

EAST RENFREWSHIRE COUNCILCABINET7 September 2023Report by Director of EnvironmentPROPOSED FLEET PURCHASING POLICY FOR GET TO ZERO**PURPOSE OF REPORT**

1. The purpose of this report is to seek approval for a new fleet purchasing policy which will support the ambitions set by the Scottish Government's Climate Change Plan 2020 and form part of the Council's Get to Zero Action Plan.

RECOMMENDATIONS

2. The Cabinet is recommended to approve the fleet purchasing policy which will see:
- a) An extension of the life and use of cars and vans due for renewal in 2025-27, unless they can be charged with the existing electric vehicle (EV) charging infrastructure at Thornliebank Depot;
 - b) No new internal combustion engine (ICE) cars or vans purchased in 2025/26 and 2026/27;
 - c) All new cars and vans purchased being EV from 2027/28;
 - d) All cars in operation being EVs by April 2027; and
 - e) All vans in operation being EVs by April 2030.

BACKGROUND

3. The Scottish Government's Climate Change Plan Update 2020 has made the following policy expectations for public sector fleet:
- a) After 2025, public bodies are expected to no longer operate cars with internal combustion engines (ICE). In practice this means all cars being used would be electric from 2025/26.
 - b) Between 2025 and 2030, public bodies are expected to have begun, and completed, ceasing the purchase of new ICE vans and light commercial vehicles (i.e. less than 3.5 tonnes).
 - c) By 2030, public bodies are expected to have plans in place that mean no new ICE heavy goods vehicles (e.g. bin lorries, gritting trucks, buses) are purchased.
4. This expectation has been re-iterated in a recent letter from the Cabinet Secretary but there is no legal requirement to fulfil this and no supporting funds from Scottish Government to assist with this transition. The Council must therefore configure their level of compliance against the cost and practicality of undertaking these commitments.

5. The Council currently has the following vehicles in its ICE fleet:
- a) 15 cars (e.g. HSCP rapid response cars (Category A of para 3)
 - b) 93 vans and other light vehicles (e.g. Housing repairs vans)(Category B of para 3)
 - c) 51 heavy goods vehicles (e.g. refuse/ gritter vehicles and buses)
 - d) 14 Other (e.g. tractor , JCB, quad bike, mini-excavator)
6. It is important to note that fuel from the Council's fleet accounts for approximately 8% of the Council's operational carbon emissions. The public sector is expected to take a leading role in the transition away from ICE vehicles as part of Climate Change plans.
7. Thornliebank Depot is the main base for the majority of council vehicles but at present it does not have sufficient power to accept a future fleet of EVs. The depot is currently utilising 98% of the available electrical capacity supplied via the national grid. £400,000 has been included in 2024/25 capital programme for the installation of a sub-station which will better meet current power requirements which are constrained and improve the depot's resilience to support future EV plans.
8. Lessons learned from other projects that have begun the transition to EVs, such as First Bus Glasgow, have demonstrated that securing the electrical power requirements for charging vehicles is vital prior to purchasing any new EVs. There is a high risk that any EVs that are purchased before addressing the lack of power and charging infrastructure will not be able to be fully utilised. This is a major constraint on the rollout of EVs across the council fleet.
9. There is limited public electric vehicle charging infrastructure in East Renfrewshire, and limited commercial charging infrastructure locally. As part of partnership work at Glasgow City Region level work is on-going to develop a business case to secure investment in an accessible, reliable and affordable public EV Charging network across the region. The business case considers the requirement for Electric Vehicle Charging Infrastructure (EVCI) across all eight of its member Local Authorities. However, there is likely to be a continued reliance on the depot or Council-owned properties to charge the Council's fleet.
10. Most of the council cars are used for the HSCP rapid response service which operates on varying shift patterns providing 24-hour cover. The lack of EV charging points and the complexity of charging vehicles between shifts will make the achievement of having solely EVs for this service difficult by 2025, in line with the Scottish Government policy expectation.

REPORT

11. Several factors were taken into consideration to reach the recommendation for the proposed fleet purchasing policy. The key factors were logistical constraints, particularly for HSCP and the consideration of the electrical power, space, garaging and workshop requirements for Thornliebank Depot.
12. The proposed fleet purchasing policy provides the most practical approach yet strives to meet Scottish Government targets. The approach is as follows
- a) Where current depot charging **can** accommodate them, ICE cars will be replaced by EVs at end of their current life;
 - b) Where current depot charging **cannot** accommodate them, the life and use of current ICE cars will be extended in 2025/26 and 2026/27 to accommodate the time for a new charging facility being secured;

- c) From 2027/28 all cars operating will be EVs which is dependent on the successful installation of a sub-station and EV charging points;
- d) The life of current ICE vans will be extended in 2025/26 and 2026/27 to accommodate the time for a new charging facility being secured; and
- e) All vans purchased from April 2027 will be EVs. ICE vans can continue to be used until the end of their life (assumed 5 years) until April 2030.

13. The proposed policy applies to cars and vans only. The policy for purchasing heavy good vehicles (HGV) will be considered in advance of the requirements to cease purchasing ICE HGV from 2030. It is anticipated that this will be brought forward for consideration circa 2026.

14. If the proposal is agreed by Cabinet, the next stages will provide a plan for each fleet-user service, with updated capital cost projections. This is expected to be completed by early 2024. Space, garaging, workshop and charging requirements for Thornliebank Depot, and any ancillary locations that may be needed to accommodate the future fleet needs, will also be assessed. This is expected to be completed by summer 2024. Following on from this, a detailed implementation plan with more accurate capital and revenue costs will be developed and subject of a future report to Cabinet.

FINANCE AND EFFICIENCY

15. Replacing cars and vans with ICE vehicles, as is current practice, is estimated to cost approximately £4.7m in the period 2023/24 to 2034/35 (i.e. 11 years). Adopting the proposed policy would cost an estimated £7m in the same period which is £2.3m more than the status quo.

16. The cost forecasts presented here are based on current capital replacement costs. It should be highlighted that costs are fluctuating, and the estimates provided are based on current framework prices, which are regularly reviewed. The costs are based on like-for-like replacement. When the detailed assessment of operational requirements is undertaken, a better understanding of any reduction or increase in vehicle numbers will be gained.

17. Capital costs presented for EVs are likely to decrease as the market for these vehicles matures. The revenue costs for EVs could be lower but there is insufficient evidence to state that vehicles will last any longer or the maintenance costs will be lower. The maintenance requirements are likely to be less given fewer parts (e.g. exhaust, clutch, gears, brakes) compared to ICE vehicles but there are shortages in skilled labour and workshop facilities for EVs that mean costs are not typically lower at present.

18. If the proposed approach is agreed, detailed budget forecasting and implementation planning will be undertaken. The Council should anticipate an uplift in the Capital Investment Strategy for fleet purchases if this proposal is approved. In 2025/26 and 2026/27 the costs could increase for maintenance of the ICE vehicles being retained longer than usual. Maintenance costs are recharged to the fleet service users and therefore increased costs will be borne by each service i.e. HSCP, Education, Roads, Housing etc.

19. The Head of Accountancy annually considers the Council's policy on purchase of fleet, which currently is to purchase through capital, outright. However with an increasing EV fleet, there may be efficiencies to be gained through leasing. This approach can be considered in a future update of the Capital Investment Strategy.

20. For operational reasons, some services are leasing vehicles. The increase in revenue costs for new leased EVs has not been included in the initial cost estimate as this is not collated centrally. The detailed budget forecasting and implementation planning exercise that is to be undertaken will provide further detail on revenue uplift.

21. The Scottish Government has not made specific funding available to accommodate this uplift in capital costs.

CONSULTATION AND PARTNERSHIP WORKING

22. Consultation has been undertaken through the established Vehicle Users' Group which comprises officers from each service with fleet vehicles (i.e. Education, Housing, Roads, Neighbourhood Services and HSCP). This group will continue to be engaged throughout the development of a practical and detailed implementation plan. The Head of Accountancy has also been consulted.

23. The policy requirements covered by this paper have been discussed with relevant council officers from Renfrewshire, West Dunbartonshire, and East Dunbartonshire, and via national Fleet Managers' fora. The challenges faced in East Renfrewshire (i.e. power and space for charging vehicles) are similar to those faced elsewhere and it has been indicated that several other councils will take similar action to the approach proposed in this paper.

IMPLICATIONS OF THE PROPOSALS

24. Retaining the 'status quo' purchasing policy is not considered feasible on the basis of achieving the Council's target for net zero carbon emissions by 2045.

25. By operating ICE cars beyond March 2025, the proposed policy means that the Council would not fully meet the Scottish Government policy expectation but puts the Council in a good position to meet targets in future years, when technology is better developed and costs are expected to reduce. The differences between full and partial compliance are set out in Appendix A, Tables 1 and 2. In order to ensure that no new ICE cars or vans are purchased after March 2025, the purchasing policy set out in this report would need to be agreed in principle by October 2023, allowing for the 18-month lead time for vehicle procurement. There are no legal, equalities, IT or HR implications from this proposal. To date, there has not been any indication that the Scottish Government will turn the policy expectations into a statutory obligation for public bodies.

26. There will be an impact on staff from across the fleet users' group, who will be required to engage with a consultant and provide operational/logistical information. It is estimated that this would be around 2-3 days input from each service area using council vehicles.

27. A Climate Change Impact Assessment was completed for this proposal. This proposal will have a moderate positive impact on council operations achieving net zero. Full adoption of the Scottish Government policy would achieve the final impact more quickly. However, given fleet accounts for only 8% of the Council's operational carbon emissions, the delays are not likely to significantly impact on the achievement of the 2045 target for net zero.

CONCLUSIONS

28. The Scottish Government expects public bodies to stop operating internal combustion engine (ICE) cars by 2025, and transition away from ICE vans from 2025-2030.

29. In response, a new fleet purchasing policy for cars and vans is proposed. The proposal acknowledges various constraints and provides the most practical approach to achieving the 2045 net zero target. If approved, the Council will stop operating from ICE cars from April 2027 and ICE vans will be phased out by 2030. Adoption of the proposed fleet purchasing policy will cost an estimated £2.3m more in capital costs in the period 2023/24 to 2034/35 (i.e. 11 years).

30. Further work is required to complete a detailed implementation plan for each fleet-user service and to better understand options for charging, garaging and workshop requirements for the future fleet. Detailed and accurate costs can only be provided on completion of this work. A proposal for HGVs will be considered in time and in advance of the Scottish Government policy to cease purchasing ICE HGVs by 2030.

RECOMMENDATIONS

31. Cabinet is recommended to approve the fleet purchasing policy which will see:
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 - b) No new internal combustion engine (ICE) cars or vans purchased in 2025/26 and 2026/27;
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 - d) All cars in operation being EVs by April 2027; and
 - e) All vans in operation being EVs by April 2030.

Director of Environment

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APPENDIX A – SUMMARY OPTIONS APPRAISAL

1. Table 1 summarises the options that have been subject to a high-level appraisal.

	Title	Implications for East Renfrewshire Council
Option 1	Full adoption of Scottish Government policy expectations	<ul style="list-style-type: none"> ▪ Only EV cars in operation beyond April 2025 ▪ No purchase of ICE vans from April 2025. Use of ICE vans continues until end-of-life, then replaced with EVs. ▪ No purchase of ICE heavy/specialist vehicles beyond April 2030. Use of ICE vehicles continues until end-of-life beyond this date.
Option 2 (Recommended option)	Most practical adoption of Scottish Government policy expectations	<ul style="list-style-type: none"> ▪ Cars to be retained longer than normal in 2025/26 and 2026/27 to accommodate new depot/sub-station being secured. Alternative will be to replace these with EVs where they can be charged. ▪ Vans to be retained longer than normal in 2025/26 and 2026/27 to accommodate new depot/sub-station being secured. ▪ ICE vans replaced with EVs at end of life from 2027/28. ▪ Heavy/specialist vehicles as Option 1

Table 1

2. The options were assessed against criteria to determine the best practicable option. This is summarised in Table 2.

	Alignment with SG Policy	Practicality for implementation in East Renfrewshire	Get to Zero Impact	Cost impact	Operational impact
Option 1	Full	Least practical	Fastest	Very significant additional cost	Very significant
Option 2 (Recommended option)	Delayed but achieved	Best	Slowest	Significant additional cost	Significant

Table 2

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