Agenda Item No. 5

South Ayrshire Council

Report by Director of Housing, Operations and Development to Service and Partnerships Performance Panel of 21 May 2025

Subject: Fleet Strategy 2021-2026 Progress Report

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1. Purpose

1.1 The purpose of this report is to provide Elected Members with the annual review of progress in delivering the South Ayrshire Council Fleet Strategy 2021-2026.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 considers the annual review of the South Ayrshire Council Fleet Strategy 2021-2026; and

2.1.2 agrees that an annual review of the strategy be submitted to the Service and Partnerships Performance Panel.

3. Background

3.1 As detailed in the progress report submitted to Cabinet on 16 April 2024, there were a number of drivers to the development of the current Fleet Strategy. The two key drivers are detailed in 3.2 and 3.3

3.2 The first being that the Scottish Government declared a Climate and Ecological Emergency in 2019 which led to an update in 2020 of the Climate Change Plan to include 'Securing a green recovery on a path to net zero'. This set out the Scottish Governments targets of ending Scotland's contribution to climate change by 2045 with an ambition to reduce emissions by 75% by 2030.

3.3 The second was Scotland's National Transport Strategy which sets out the vision for transport for the next 20 years, outlining the need to reduce and modernise fleet, reduce the use of motorised transport and to implement the travel hierarchy.

3.4 Additionally, in November 2024, the Climate Change (Emissions Reduction Targets) (Scotland) Act 2024 came into force which introduced the framework for a carbon budget-based approach for setting emissions reduction targets up to 2045. The Zero Emissions Vehicle (ZEV) Mandate also states that car makers must achieve an EV mix of at least 28% in 2025, with the target rising incrementally each year to 80% by 2030.

3.5 The current Fleet Strategy which was approved by Leadership Panel in May 2021 has three main themes on which the Strategy's Action Plan is based:

- Renewal – Our Future Fleet;
- Relationships – Working with People; and
- Results – Delivering for the People of South Ayrshire.

3.6 In March 2024 Cabinet approved the Revised Fleet Travel and Transport Policy and the Drivers, Supervisor's, and Management Travel Handbook together with the requirement that each Service identifies a senior member of staff to act as their Fleet Liaison Officer.

3.7 Since 1 April 2024, Fleet have liaised with Fleet Liaison Officers to assess their vehicle needs and to reduce and replace existing fleet where required. The following vehicles have been procured, with the programme continuing to ensure that best value is sought through long – term contract hire and leasing over the next 5 years:

Council Service	**Total**	**Vehicle Descriptions**
HSCP	45	Diesel vans replacing long term hires/ Hybrid cars/ ALERT vans/ accessible buses.
Grounds Maintenance	24	Tipper vans/ 4x4 pick up/ 1 EV
Waste Management	26	Skip loaders/ Heavy equipment for Heathfield site/ sweepers replacing long term hires/ waste trucks/ EV's
Facilities Management	4	Electric van replacements
ICT	4	Electric van replacements
Various other services	38	Electric car replacements
Total number procured	**141**	

3.8 The provision and expansion of the electric fleet is reliant on the necessary charging infrastructure at the locations where these vehicles are based. Currently there are 72 fleet charging points throughout South Ayrshire which were funded from government grant funding which has now ceased. Significant investment will be required to expand this network further. Where new major projects are planned, such as new school builds, we have requested that charging points be considered as part of the initial project costs to allow for further expansion.

3.9 There is a still a requirement to short - term hire vehicles, all of which are subject to an annual price/rate increase of approximately 5%, but as shown above the aim is to reduce hires to a minimum and work along with services to replace hires with fleet vehicles to maximise budget savings.

3.10 All new diesel vehicles being procured have the latest engine technology such as Euro 6 and AdBlu, but there is still the need to work towards Ultra Low Emission Vehicles across the fleet. Euro 6 engine standards set the current limits for pollutants, the focus being on reducing harmful emissions such as nitrogen oxides (NOx) and particulate matter (PM), with stricter limits for diesel engines compared

to petrol. The appraisal within Appendix 1 provides benefits and drawbacks of the different fuel options.

4. Proposals

4.1 Fleet will continue to work with each Service Lead and their nominated Fleet Liaison Officers to identify opportunities to reduce the number of fleet vehicles, and to replace vehicles at lease end to ensure maximum utilisation and best value is met. While the Strategy details Council owned fleet vehicles, it does not include detail of the use of hire vehicles or of grey fleet needs. With the various different operating models which have been adopted since the pandemic such as home, agile, and hybrid working, we have seen a reduction in office-based staff and a continuing need for hired vehicles and the use of grey fleet. For short term requirements such as Waste and Grounds seasonal works and Thriving Communities activities, hiring of vehicles will continue to be the best value option.

4.2 While we continue to replace small fleet with electric vehicles, and to replace hired vehicles, there are still services that cannot make the transition to electric at this time. In the main this is due to the requirement to travel high mileages on a daily basis due to varying shift patterns that electric vehicles currently do not have the range availability to cover. As previously identified, there is a lack of charging infrastructure where these vehicles are based, mainly across Care at Home, Social Work and Alert Services. Another factor is, where staff have fleet vehicles and start from home due to service requirements and efficiencies, where installing vehicle chargers would be problematic. Medium sized electric vans up to 3.5 tonnes such as Ford Transit/ Custom and similar also have issues at this time with a mileage range reduction of around 50% when loaded to capacity compared to diesel fuelled vans.

4.3 To allow the increase of the fully electric small vehicles from Internal Combustion Engine (ICE) we will require significant investment in charging infrastructure at strategic locations. However, a limiting factor to the provision of the required infrastructure is the availability of sufficient grid power supply.

4.4 A 7kw Slow charger is approximately £10,000; a 22kw Fast charger is approximately £20,000 - £30,000 and a Rapid charger is approximately £55,000. The funding for infrastructure will be subject to a future capital investment bid.

4.5 For heavier vehicles, 3.5 tonnes and over, ranging from vans to Large Goods Vehicles and heavy plant equipment, diesel and/ or Hydrotreated Vegetable Oil (HVO) are still the only realistic options at present to assist South Ayrshire Council in the reduction of carbon.

4.6 Electric or Hydrogen options continue to have serious issues with range, availability of suitable fuelling points and a lack of infrastructure. The industry continues to indicate that over the longer term it is most likely these vehicles will be hydrogen powered. An example of the current cost difference is a 26 Tonne Refuse Collection Vehicle – Euro 6 diesel cost is £255,000. The equivalent electric option is £450,000. and hydrogen is £850,000. Once again there are also range limitations to consider, electric bin lorries cannot last a double shift without recharging.

4.7 In regard to emission reductions HVO fuel is a renewable alternative to diesel that can basically be ‘dropped in’ and provides immediate greenhouse gas emission reductions of up to 90% compared to fossil diesel. However, the cost per litre is

approximately 30% more expensive. Appendix 1 provides an options appraisal of the different fuel options.

4.8 Appendix 2 provides updates and progress relation to the Action Plan.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 ***Risk Implications of Adopting the Recommendations***

8.1.1 There is a risk that the Council will not be able to fund the transformation to Ultra Low Emission vehicles without significant financial support from the government due to the major price difference in larger vehicles compared to diesel or Internal Combustion Engine (ICE) vehicles.

8.2 ***Risk Implications of Rejecting the Recommendations***

8.2.1 There is a risk that in rejecting the recommendations the Council will be unable to meet its legislative requirements, climate change objectives or provide the Fleet Service required to deliver the approved operating model.

9. Integrated Impact Assessment (incorporating Equalities)

9.1 As this is an update report only, there is no requirement to provide an Integrated Impact Assessment.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** This report links directly to the Sustainability Development and Climate Change Strategy, approved in June 2019. An SEA will not be required as the actions of this Strategy aligns with the National Plan and relevant Legislation.

11. Options Appraisal

11.1 An options appraisal has not been required as this is an update report only.

12/

12. Link to Council Plan

12.1 The matters referred to in this report contribute to the Council Plan, Priority One, Spaces and Places – Moving around and the environment.

13. Link to Shaping Our Future Council Yes ☑ No ☐

13.1 The matters referred to in this report contribute to the Council's transformation priority area(s): our workforce; our technology; our assets; our delivery model and will deliver qualitative and quantitative benefits.

14. Results of Consultation

14.1 Consultation has taken place with Councillor Martin Kilbride, Portfolio Holder for Buildings, Housing and Environment, and the contents of this report reflect any feedback provided.

Background Papers	**Report to Leadership Panel of 25 May 2021 – Fleet Strategy** **Report to Service and Partnerships Performance Panel of 14 May 2024 – Fleet Strategy 2021-2026 Progress Report**
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Different Fuel Options-

Fuel	Advantages	Disadvantages
Diesel	**High fuel efficiency.** **Quick refuelling/ Onsite bunkered at depots.** **Discounted framework fuel costs.** **Longevity of engines.** **No supply issues.** **Low emissions if using latest technology.** **Longest range availability.**	**Fuel market costs can vary.** **Being phased out in smaller cars and vans.** **Health concerns related to NOx emissions.**
Electric	**Zero emissions.** **Cheaper to fuel than Petrol/ Diesel.** **Small vehicles range is increasing.** **Lower running and maintenance costs.** **Low noise levels.**	**Range issues across some vehicle types.** **Limited to availability of charging points.** **Long charge times depending on power rating of charger.** **Environmental impact of battery production and end of life disposal.** **Higher purchase cost** **Weight increase**
Hybrid	**Can run on electric power within towns.** **Not reliant on charging if travelling longer distances.** **Reasonably fuel efficient.**	**Higher purchase and servicing costs.** **Higher Insurance premiums.** **Weight is increased due to having engine + batteries.**
Petrol	**Relatively low purchase costs.** **Quick refuelling.** **Best fuel availability.**	**Council does not have petrol stored on site/ bunkered, so fuel cards are used = higher costs.** **Not an option for larger vehicles.**
HVO	**Saves approx. 90% greenhouse gas emissions (CO_2) compared to regular diesel.** **'Drop in' alternative with no changes in infrastructure needed.** **100% biodegradable product.**	**Approximately 30% more expensive that diesel.** **High price volatility.** **Can be limited availability at times.** **Compatibility issues with older engines.**
Hydrogen	**Zero emissions – only water vapour.** **Longer range than electric.** **Fast refuelling.** **Low running noise.** **Suitable for heavy fleet vehicles.**	**Highest vehicle purchase costs.** **Highest fuel and infrastructure cost.** **No fuelling infrastructure/ options at present time.** **Highly pressurised/ flammable gas.** **Fuel production can be energy intensive.** **Higher/ unknown maintenance and repair costs**

Appendix 2

	Action	Measurable Action	Progress	% Complete
RENEWAL Our Future Fleet	1.1	Undertake CPD to ensure we are able to horizon scan and take forward the most up to date policy and technical solutions.	Attended professional and technical seminars e.g. APSE, UK Logistics, over the past year. CPD though PDR's has been identified and will be an annual process.	100%
	1.2	Developing a prioritised fleet replacement programme to meet the 2025 target of all small vehicles being ULEV.	Programme for fleet replacement is an ongoing process. We currently have 34% of the fleet that is able to transition to Electric, with 23% of the total fleet completed. This includes Property Maintenance vehicles which are all Euro 6 engine/ emissions standard, which cannot be changed to electric due to range and charging issues. However, we will revisit when the range extends, and other options become available. We will not be able to meet the 2025 target to have all small vehicles ULEV.	100%
	1.3	Utilise available external funding opportunities for fleet renewal and associated infrastructure.	External funding was fully utilised but at this time has ceased.	100%
	1.4	Working with Ayrshire Roads Alliance, wherever possible we will maximise our use of natural resources to deliver sustainable, locally generated energy solutions, including maximising use of locally generated renewable energy and technologies to allow energy storage and peak shaving.	Ayrshire Energy Masterplan may well include aspects of this action. The energy team do collect data and report that they collected 142554kwh energy 2023/24 from building mounted solar panels. These have also been installed at council buildings at Bridge Street Depot in Girvan and Heathfield Waste Transfer site. This action will be a long-term and continuing process.	Ongoing

	Action	Measurable Action	Progress	% Complete
	1.5	Ensure the Council's new Future Operating Model incorporates our fleet ambitions as part of the green recovery.	Fleet continue to work with all services to provide ultra-low emission vehicle options where possible and to review fleet requirements.	80%
RELATIONSHIPS Working with People	2.1	Work with services to develop data to ensure we are managing our carbon and financial budgets effectively.	Carbon usage information is provided by the sustainable Development team. Fleet Management can run monthly usage reports on fuel together with utilisation reports. These Reports will form part of the ongoing meetings with Fleet Liaison Officers within each Service.	80%
	2.2	Ensure services are aware of their fleet replacement dates and when their vehicles will become ULEV	All services have been made aware of their upcoming Fleet lease end and replacement dates. Regular meetings with Fleet Liaison Officers will identify and progress where their small vehicles will transition to ULEV where possible.	80%
	2.3	Provide training, communications, and ongoing engagement to ensure services are aware of the hierarchy of travel and following this in their everyday business.	The updated Fleet Travel and Transport Policy and Drivers Handbook contain all required information regarding the Sustainable Travel Hierarchy which is available on the CORE and is sent out along with the annual driving licence checks.	100%
	2.4	Provide policies, procedures, and training opportunities to ensure drivers understand their responsibilities in relation to their vehicles and driving behaviours.	This will be ongoing over the 5 years of the strategy. Cabinet approved in March 2024 the updated Fleet Policy and Drivers Handbook. These are available on the CORE. A training module is also being created for COAST.	80%

	Action	Measurable Action	Progress	% Complete
RESULTS Delivering for the people of South Ayrshire	3.1	Support the delivery of the council's carbon budget across all services through fleet input.	The continuing procurement of new fleet vehicles will ensure that they have the latest technology, the highest fuel efficiency, and lower emissions that older vehicles they are replacing. Currently reviewing alternative fuels such as HVO as an alternative to a carbon based fuel.	80%
	3.2	Develop and implement a new approach to ensure vehicles are procured to meet council transportation needs and vehicle specification are developed based on these.	The process to procure vehicles is designed to meet the exact needs of the individual service requirements and specifications are checked prior to every purchase.	100%
	3.3	Building partnerships that deliver to help accelerate the wider Ayrshire climate change agenda, ie ARA with regard to ULEV infrastructure, other partners with regard to shared infrastructure etc.	The Pan Ayrshire EV strategy has been approved and progress is being made with Fleet working with the group to assess the options and opportunities to link in in relation to fleet charging points.	70%
	3.4	Develop internal arrangements around use of the charging infrastructure.	Processes and instruction packs for the use of charging infrastructure are provided with all electric vehicles for use by departments and drivers.	100%
	3.5	Review the use of car clubs and other vehicle sharing opportunities.	Vehicle sharing opportunities are being discussed at Fleet Liaison meetings where services share the same base locations and vehicles are not being fully utilised at present.	100%