

Wiltshire Council

Cabinet

12 December 2023

Subject: Fleet Strategy 2023 - 2030

Cabinet Member: Cllr Caroline Thomas - Cabinet Member for Highways & Transport, Streetscene and Flooding

Key Decision: Key

Executive Summary

A sustainable, efficient, and effective fleet provision maximises resources to best deliver the Council's key priorities.

The Fleet Strategy gives a clear road map from 2023 to 2030 for capital investment, vehicle replacement, revenue funding and climate outcomes.

Engine and fuel types have been identified to ensure climate impacts are minimised, whilst delivering business continuity resilience.

New technology is planned to allow monitoring of the Council's Fleet assets to permit data led decisions.

Formal processes will be introduced to ensure services justify their vehicle provision, with replacements being based on lifetime costs to deliver the most effective provision.

The Fleet Strategy capital requirement for 2023/ 24 to 2025/ 26 has already been approved and the identified vehicles are in the process of being ordered.

The Strategy and its Plans have rolling review periods to consider new data and improvements in technology to deliver continued best value. The next major review will be completed in 2024/ 25.

The Waste Service is currently undertaking a review of their waste vehicle requirements with a capital bid being undertaken on its completion.

Whilst the Fleet Strategy details how the Council manages its owned fleet, it also considers other associated Council travel, such as contractor and Grey Fleet (personal vehicles) travel.

The Fleet Strategy is linked to the emerging Depot Plan. The Depot Plan contains the future infrastructure requirements to allow long term planning for the Council's travel from remote workplaces.

Proposal

That Cabinet:

- 1) Approves the Wiltshire Fleet Strategy 2023 – 2030.
- 2) Notes the Fleet capital and revenue vehicle replacement funding for 2023 – 2025 has already been approved and is being implemented in line with the Strategy.
- 3) Notes the vehicle review being undertaken by the Waste Service and that a capital bid will be made on its completion.
- 4) Recommends that Full Council approves the Fleet capital and revenue vehicle replacement requirement for 2026 – 2030 as detailed in the Strategy and adds the phase two - £7,145,955 and phase three - £4,057,430 requirements to the Capital Programme.

Reason for Proposal

To support the Council to evolve its travel to deliver the Climate Pledge, to meet the Financial Plan, to have a vehicle replacement programme that meets the needs of its services, to ensure data led decisions and to detail a capital replacement programme.

Terence Herbert
Chief Executive

Wiltshire Council

Cabinet

12 December 2023

Subject: Fleet Strategy 2023 - 2030

Cabinet Member: Cllr Caroline Thomas - Cabinet Member for Highways & Transport, Streetscene and Flooding

Key Decision: Key

Purpose of Report

1. That Cabinet:
 - (i) Approves the Wiltshire Fleet Strategy 2023 – 2030.
 - (ii) Notes the Fleet capital and revenue vehicle replacement funding for 2023 – 2025 has already been approved and is being implemented in line with the Strategy.
 - (iii) Notes the vehicle review being undertaken by the Waste Service and that a capital bid will be made on its completion.
 - (iv) Approves the Fleet capital and revenue vehicle replacement requirement for 2026 – 2030 as detailed in the Strategy.

Relevance to the Council's Business Plan

2. The Fleet Strategy details how we will use, run, manage, and optimise our fleet that is owned or leased by the Council.
3. It defines how the Council will manage the day-to-day operations of its fleet resources to support services in delivering the Council's Business Plan, including the compliance of any Grey Fleet (staff's private vehicles used for Council journeys). A sustainable, efficient, and effective fleet provision maximises resources to best deliver the Council's key priorities.

Background

4. The current Fleet strategy was written in 2014 and is no longer fit for purpose.
5. The new Fleet Strategy will cover the period 2023 to 2030. It details how the management of the fleet will ensure we are a high performing organisation. It recognises effort by monitoring outcomes with rewards for achievement. It focusses operations on making a difference by maximising the use of resources to deliver the best outcomes for our communities and the environment.
6. The Strategy underpins the move to sustainable business travel by ensuring the fleet provides the best environmental, cost and compliance outcomes. Wiltshire Council is committed to working towards zero carbon emissions by 2030 and its fleet will play a

major role in achieving this by being innovative and introducing new technologies where required.

7. A review by the Energy Saving Trust (EST) was undertaken in 2020/21 of Wiltshire Council's Fleet operations to establish a baseline and outcomes for a new strategy. EST is an independent organisation specialising in various operations, including fleet transport. They help councils to make links between multiple policies and develop effective, informed strategies.
8. Following the review an officer group was established, with a 12-month timetable, to detail the strategy and the action plan to deliver the outcomes identified by the EST.
9. In 2022/ 23 the capital funding was approved to deliver the Strategy's 2023/ 24 to 2025/ 26 vehicle replacement programme.

Main Considerations for the Council

10. The new strategy priorities are:
 - For Council owned and operated fleet operations to be carbon neutral by 2030.
 - To meet the requirements of the Council's Medium-Term Financial Strategy.
 - To provide fleet vehicles that are fit for purpose, safe to operate and meet our statutory commitment.
 - To meet the Service objectives of the Council and the requirements for best value; and
 - To maximise the Council's performance and the opportunity for innovative ways of working.
11. Improving driving standards will be achieved with in cab alerts (audible alarms linked to vehicle usage) with the support of modern technology (sat navs etc.) to improve driver behaviour (efficient driving), reduce miles travelled and emissions.
12. Sustainable electric will be the preferred form of fuel, but other sustainable fuels will be used for business continuity reasons and where electric technology is not yet mature enough. This may require off-setting to achieve our carbon neutral pledge.
13. A reduction in the baseline fleet vehicle number, weight and size will be delivered by using data led (telematics) decision making.
14. We will use fleet data (workshop systems etc.) to maximise the use of limited resources by giving managers vehicle service performance data, thereby enabling them to better plan their Council travel by considering other opportunities such as pool vehicles.
15. By scheduling maintenance to avoid service interruptions, and with the replacement of vehicles before they become unreliable, we will minimise down time and maximise vehicle availability to deliver vital Council services.
16. Best fleet support will be achieved by a skilled workforce delivering high quality repairs so the Fleet Service will aim for the Driver and Vehicle Standards Agency Earned Recognition status.

17. A service challenge process for the replacement of vehicles will be introduced, requiring a business case to support the requirements and consider whether alternative provisions might offer better service support.
18. When vehicles are due for replacement, telematic information, whole life cycle costs and vehicle trials will be used to inform what the replacement provision will be.
19. Due to some lengthy delivery times, a vehicle delivery programme was developed at the time of the 2023-2025 capital bid, to ensure the planned replacement of vehicles is achieved on a timely basis to meet service needs and that the cost of replacement is reported in the appropriate financial year.
20. Scheduled reviews to consider best value financing and procurement options. This will consider capital costs to revenue leasing, inhouse maintenance provision or contracted to the commercial sector and how the vehicles should be purchased (direct award framework, framework with mini competition or a full competitive tendering exercise etc.).
21. A Capital and Revenue Replacement Plan has been produced (**Appendix B**) to support delivery of the Strategy with long term financial planning. The funding for 2023 – 2025 has already been approved. The Plan details the capital funding and revenue requirements for 2023 -2030 and is detailed below:

Capital Vehicle Replacement

(Does not include service fleet growth vehicles as unknown)

	Phase 1 – Approved			Phase 2			Phase 3
Capital Investment	2023	2024	2025	2026	2027	2028	2029
Vehicle Replacement	£2,362,835	£1,879,403	£2,221,500	£1,599,360	£2,426,775	£3,119,820	£4,057,430
Cost Avoidance	2023	2024	2025	2026	2027	2028	2029
Operating Costs	£15,000	£10,000	£54,000	£10,000	£17,500	£10,000	
Reduce Vehicle size	£24,000	£15,000	£60,000	£30,000	£30,000	£15,000	
Total	£39,000	£25,000	£114,000	£40,000	£47,500	£25,000	£0

Capital Investment Vehicle Numbers	2023	2024	2025	2026	2027	2028	2029
Vehicle Replacement Numbers	49	32	37	28	42	45	38

Revenue Vehicle Leasing

Revenue Costs built in to existing budgets	2023	2024	2025	2026	2027	2028	2029
17 - Lease Vans	£114,861	£114,861	£114,861	£114,861	£126,347	£126,347	£126,347
24 - Hirer Gritters Costs contract figures confirmed 5 years from 2024/25 subject to retendering in 2029/ 30	£704,600	£774,477	£774,477	£774,477	£774,477	£774,477	£952,723
Total	£819,461	£889,338	£889,338	£889,338	£900,824	£900,824	£1,079,070
Cost Avoidance	2023	2024	2025	2026	2027	2028	2029
Operating Costs					£11,486		£90,000
Total	£0	£0	£0	£0	£11,486	£0	£90,000

22. Where services anticipate an increase in fleet requirements between 2023 and 2030, a separate growth bid by the service will be considered, with the assumed replacement being post 2030. The engine types specified are expected to use sustainable alternative fuel or be electric to meet the Council's carbon commitment.
23. The Waste Service is currently undertaking a review of replacement and new waste vehicles for 2023 – 2030. This review will directly impact the Fleet Strategy, with the Waste Service making separate capital bids following the outcome of their review.
24. Ensuring Grey Fleet compliance with the Council's statutory obligations will be required and supported with advice on best practice operations to deliver safer travel.
25. The replacement of contractor vehicles will be undertaken where this offers best value.
26. The Fleet Service will be in a position to embrace advances in technology by operating a three-year rolling plan for incorporating replacement vehicles into the Council's fleet. The plan will enable consideration of alternative emerging fuels and engine design along with the requirement for new infrastructure, software and hardware IT to facilitate data led decision making for greater performance.
27. To ensure the Strategy outcomes can be measured, an Action Plan (**Appendix C**) has been developed with Specific, Measurable, Achievable, Relevant, and Time-Bound (SMART) targets.
28. It needs to be noted that the Fleet Strategy is linked to the emerging Depot Plan that details the future infrastructure requirements for the Council's remote workplaces. Investment in the Depot infrastructure is required to support the ongoing move to electric vehicles. If the necessary sustainable infrastructure is not available, alternative fuels such as HVO will be used, which carry associated increased revenue costs.

Overview and Scrutiny Engagement

29. The Environment Select Committee received a briefing on the report on 7 November 2023.

Safeguarding Implications

30. The provision of Fleet supports the Safeguarding provision and their effectiveness.

Public Health Implications

31. With the move to lower emission vehicles this delivers better air quality outcomes.

Procurement Implications

32. Strategic Procurement has been, and will continue to be, involved in the procurement of all vehicles and equipment to ensure it is done within legislation.

Equalities Impact of the Proposal (detailing conclusions identified from Equality Analysis, sections 4 and 5)

33. None.

Environmental and Climate Change Considerations

34. The Strategy has a number of required environmental outcomes including year on year carbon reductions to achieve carbon neutrality by 2030. The carbon outcomes will be delivered by the move to an electric fleet and use of alternative fuels such as sustainable Hydrotreated Vegetable Oil (HVO).

35. The performance against these targets is part of the Key Performance Indicator assessment reported to the Place Outcome Group and Board.

Risks that may arise if the proposed decision and related work is not taken

36. The risks of extended down time, non-compliance with the Council's climate pledge, high vehicle maintenance costs, extended time vehicles are off the road and the need to hire in extra vehicles, will drive increased costs and reputational damage should the Council not be able to provide services to its residents to current standards.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

37. Vehicle technology and supporting industries may be unable to meet the Council's requirement for the full range of electric vehicles. The Fleet Strategy and Action Plans have built in contingencies for the use of alternative fuels and use of offsetting to deliver expected climate outcomes.

Financial Implications

38. Phase 1 of the capital budget requirement for the fleet strategy is currently built into the capital programme until 2025/26 totalling £6.467m, the new capital budget requirement for phase 2 of the programme is £7.146m covering the period from 2026/27 to 2028/29 and £4.057m for phase 3 in 2029/30.

39. The capital budget requirement for phase 2 and 3 includes 2% inflation uplift each year.
40. The revenue cost of borrowing covers minimum revenue provision and interest payable. Minimum revenue provision has been allowed for the immediate term capital requirements in the year after investment.
41. Asset life has been based on 5 years as per the Council's accounting policy. Interest has been allowed for at 100% of borrowing, which has been assumed at the end of each financial year. Interest rates are based 3.8% per year. The actual costs will differ as this is a treasury management decision and depends on the actual borrowing undertaken. The revenue cost of borrowing is unfunded so would be a pressure that would need to be addressed through the budget setting process, either by identifying savings, reducing current service spend or reviewing the existing capital programme and removing and reallocating £9.2m of borrowing funded schemes. The tables below summarise the capital investment and Revenue cost of borrowing.

Capital Vehicle Investment:

	Cost	2026/27	2027/28	2028/29	2029/30
TOTAL Capital Costs	11,203,385	1,599,360	2,426,775	3,119,820	4,057,430
Already Approved in Capital Programme	2,000,000	500,000	500,000	500,000	500,000
Total Additional Borrowing	9,203,385	1,099,360	1,926,775	2,619,820	3,557,430

Revenue Cost of Additional Borrowing:

	Cost	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	Future years
MRP (5 years)	9,203,385		219,872	605,227	1,129,191	1,840,677	1,840,677	1,620,805	1,946,936
Interest	1,748,643	0	41,776	114,993	214,546	349,729	349,729	307,953	369,918
<i>Interest Rate</i>		3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Total Revenue Cost of Borrowing	10,952,028	0	261,648	720,220	1,343,737	2,190,406	2,190,406	1,928,758	2,316,854

42. A high level review of operating costs has been undertaken and ignoring normal inflation increases is showing a reduction in operating expenditure. More detailed modelling is required in this area to allow it to be built into future budget setting.

Reduction in Revenue Operating costs Table:

Estimated Reduction in costs	2026	2027	2028	2029
Operating Costs	£10,000	£17,500	£10,000	
Reduce Vehicle size	£30,000	£30,000	£15,000	

Total	£40,000	£47,500	£25,000	£0
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43. As with all capital projects there is a risk that inflation will be higher than forecast, which could lead to increased costs.
44. Revenue lease arrangements have also been reviewed with a new gritter hire contract agreed for 5 years from 2024/25. These costs are included in current revenue budgets.

Revenue Vehicle Leasing Table:

Revenue Costs built into current budgets	2023	2024	2025	2026	2027	2028	2029
17 - Lease Vans	£114,861	£114,861	£114,861	£114,861	£126,347	£126,347	£126,347
24 - Hirer Gritters	£704,600	£774,477	£774,477	£774,477	£774,477	£774,477	£952,723
Total	£819,461	£889,338	£889,338	£889,338	£900,824	£900,824	£1,079,070
Cost Avoidance	2023	2024	2025	2026	2027	2028	2029
Operating Costs					£11,486		£90,000
Total	£0	£0	£0	£0	£11,486	£0	£90,000

45. The costs provided in this report are based on current assumptions and forecasts. There is a risk that interest rates could be higher in the future which would increase borrowing costs and actual operating costs could be higher.
46. The Fleet Strategy is linked to the emerging Depot Plan that details the future infrastructure requirements for the Council's remote workplaces. Investment in the Depot infrastructure is required to support the ongoing move to electric vehicles. If the necessary sustainable infrastructure is not available, alternative fuels such as HVO will be used, which carry associated increased revenue costs.
47. The capital and revenue implications for the Council's owned and maintained fleet replacement has been identified until 2030. However, the replacement requirements for Waste vehicles, maintained and operated by the contractor, remains to be identified, due to the specialist nature of the vehicles and the infrastructure required to support the service. The replacement requirements will not be known until the Waste Service Review has been completed and is tendered. The capital replacement for waste vehicles will sit outside of the current capital costings and a separate capital replacement bid will be made when the service requirements have been identified.
48. The capital and revenue programme is based on the replacement of the Council's current fleet. Any additional vehicles will need a capital/ revenue bid to be made at the time and the replacement costing built into the financial plan if required.

Workforce Implications

49. With the Fleet Strategy's move to electric vehicles, vehicles will need to be left overnight and at weekends at approved charging locations.

50. Charging points will be installed at the Council's workplaces to facilitate charging. This will ensure a consistent approach to staff whether assigned a Council vehicle or not, as all staff will commute in their personal vehicles to a workplace, before commencing work.
51. The Fleet Strategy recognises that a small number of drivers may require home storage when on 'standby' to offer an immediate onsite response. For these drivers, HVO fuelled vehicles, or another alternative fuel, may be provided.
52. Electric vehicle maintenance requires specialist knowledge and the Council's Fleet Service will be upskilled to meet this requirement.

Legal Implications

53. Legal Services have been engaged and will continue to provide advice and support.

Options Considered

54. To retain the existing vehicle fleet and continue to extend it beyond its useful life. This option is not recommended as it would lead to further increases in disruption to key services, maintenance costs, downtime and hire vehicles due to more complex repairs becoming necessary. This would also prevent the Council from utilising newer technology and lower/zero emission vehicles.
55. To make annual capital bids for vehicle replacement. This option is not recommended as without a clear Fleet Strategy for the replacement of vehicles meeting the Council's climate and service plans is unlikely to be achieved as much of the investment and consideration can only be delivered over a number of years, not in any one given twelve-month period.

Conclusions

56. The Fleet Strategy gives a clear road map from 2023 to 2030 for capital investment, vehicle replacement, revenue funding and climate outcomes.
57. The Strategy requires timely reviews of the capital and revenue budgets to ensure they consider emerging technologies and infrastructure improvements, with an Action Plan that will ensure the Strategy is delivered.
58. The Strategy and its Plans have contingencies built into their delivery to mitigate the risks in their provision.
59. Engine and fuel types have been identified to ensure the climate impacts are minimised, whilst delivering business continuity resilience to mitigate the loss of any one fuel provision.
60. The types of vehicles are identified to meet the service needs of the Council and maximise the benefit of the fleet resources, with formal processes introduced to deliver best value. Replacement vehicles will be based on lifetime costs to deliver the most effective provision.

61. New technology is planned to allow monitoring of the Council's Fleet assets to support data led decisions.
62. The Fleet capital requirements have been approved for the next three years (2023/ 24 – 2025/ 26). The Fleet Strategy details the capital requirement for 2026 to 2030 for approval.
63. The Waste Service is currently undertaking a review of replacement and new waste vehicles (2023 – 2030). This review will directly impact the Fleet Strategy, so the Waste Service will make separate capital bids following the outcome of their review.
64. Whilst the Fleet Strategy details how the Council manages its owned fleet, it also considers other associated Council travel, such as contractor and Grey Fleet (personal vehicles) travel. It seeks to support other forms of travel, to ensure staff are safe when travelling on Council business and everyone has options to minimise climate impacts, for example using electric pool cars or including the fleet outcomes in any contracts.
65. The Fleet Strategy is linked to the emerging Depot Plan. The Depot Plan details the future vehicle infrastructure requirements to allow long term planning for the Council's remote workplaces.

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1 December 2023

Background Papers

None

Appendices

- Appendix A - Fleet Strategy 2023 -2030
- Appendix B - Fleet Capital Programme 2023 – 30
- Appendix C - Fleet Action Plan and Measures 2023 - 30