ITEM No …3……..

REPORT TO: **FAIR WORK, ECONOMIC GROWTH AND INFRASTRUCTURE COMMITTEE – 20 NOVEMBER 2023**

REPORT ON: **FLEET ASSET MANAGEMENT PLAN**

REPORT BY: **EXECUTIVE DIRECTOR OF CITY DEVELOPMENT**

REPORT NO: **319-2023**

1 PURPOSE OF REPORT

1.1 This report seeks approval of the Fleet Asset Management Plan for 2023-2028.

2 RECOMMENDATION

2.1 It is recommended that the Committee:

a note the fleet decarbonisation and emission reduction progress referenced in the plan; and

b approve the Fleet Asset Management Plan.

3 FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications arising from this report.

4 BACKGROUND

4.1 With reference to Article IV of the Minute of the Meeting of the Policy and Resources Committee of 26 June 2023 (Report 177-2023 refers), the Committee approved the Council's Corporate Asset Management Plan for the period of 2023-2028.

4.2 The Fleet Asset Management Plan is an asset category plan structured to be read in conjunction with the overarching Corporate Asset Management Plan which provides the strategic context for the management of Council assets.

5 POLICY IMPLICATIONS

5.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

6 CONSULTATIONS

6.1 The Council Leadership Team were consulted in the preparation of this report.

7 BACKGROUND PAPERS

7.1 None.

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17 October 2023

FLEET ASSET MANAGEMENT PLAN 2023-2028

STRATEGIC OBJECTIVES

The Fleet Asset Management Plan sets out the Council's plans for the management of the Council's fleet asset up to 2028. It has been produced in accordance with requirements contained in the Road Vehicle (Construction and Use) Regulations 1986, and Goods Vehicles (Licensing of Operators) Regulations 1995.

The Fleet Asset Management Plan provides a strategic plan to deliver the best value in the management and maintenance of our vehicles and plant. It details the standards applied to the management of each asset group and informs the Council's investment decisions that affect the provision of fleet assets.

The Council requires to maintain fleet assets in a safe and serviceable condition to conform with legislative requirements and safeguard against service failure due to vehicle and plant unavailability. An aging fleet leads to increased maintenance cost as component parts require replaced. To achieve best value both the optimum life cycle replacement opportunity for the asset requires to be considered, and also whether outright purchase, leasing, or hire presents best whole life cost value. For some items of specialist, adapted, or operational vehicles and plant, outright purchase is the only viable option available, which is a prioritisation consideration of the Capital Plan.

The Council utilises a number of national frameworks for purchase, leasing, and hire of plant and vehicles, and regularly reviews the procurement options available to secure best value. The frameworks provide a greater reach of suppliers and competitive pricing at a national level while allowing the Council to utilise local suppliers and dealerships for the provision of assets.

An overarching strategic objective for the Council is to decarbonise transport, and Dundee is leading nationally in terms of percentage of zero emission fleet. The challenge remains that the majority of the fleet is currently operating with internal combustion engine fuelling (ICE) and external grants to finance the cost differential between ICE and zero emission vehicles has now ended. In terms of whole life cost, EV cars and small vans present optimum value over ICE and accordingly the fleet replacement of these vehicles is progressing on this basis. More challenging are larger vehicles where zero emission technology can remain more expensive, and currently some items of operational plant have no viable zero emission alternative due to issues of weight (towing or carrying capacity) or adaptations such as lifting equipment.

For Dundee City Council it is vitally important that fleet assets are maintained efficiently and that the best value possible is obtained from budgets. The Plan adds support to existing knowledge and provides a comprehensive inventory of the size and condition of our assets.

The asset management plan will be used to inform the budget setting process, target spending, and help forecast the impact that funding levels may have on the on-going condition of the asset.

The Council utilises a number of electronic asset management systems which record inventory details, inspection records, repairs, and maintenance intervention history. The Council regularly updates asset records and continuously builds upon the level of data maturity held digitally. The Council reviews advancements in asset management technology and in conjunction with the Association of Public Service Excellence (APSE) Fleet Group seeks to modernise systems to benefit from technology advancement. In the previous 5 years this has included upgrading the Council's Transport Management System (Tranman) to expand record information.

The Council's fleet operation is regulated by the Driver and Vehicle Standards Agency (DVSA) under it's Operators Licence. This requires the Council to undertake inspections at set frequencies attributed to the type of vehicle, and maintain records of inspections and maintenance undertaken. The service is subject to regular audit by the Freight Transport Association (FTA) Vehicle Inspection Service to ensure compliance with standards is maintained.

DOCUMENT CONTROL

Version Date	**Version**
20 November 2023	Version 1 – Issued to the Fair Work, Economic Growth & Infrastructure Committee
Update Due	November 2028

RESPONSIBILITY FOR THE PLAN

The responsibility for the delivery of the plan are shown below:

Council Officer	**Responsibility For**
Transport Manager	Preparation and drafting of the plan
Corporate Fleet Manager	Review and checking of the draft plan
Head of Sustainable Transport & Roads	Approval of draft plan presented to committee for consideration of approval

1 INTRODUCTION

A Corporate Asset Management Plan for the period of 2023 to 2028 (Report No 177-2023) was approved to the Policy and Resources Committee on 26 June 2023.

This plan provides further detail of the Council's management of its Plant and Vehicle assets and a basis for implementing the overall Council Objectives.

2 CORPORATE CONTEXT

The Council's ownership of assets is categorised into 6 key areas;

- Buildings and Property;
- Roads Infrastructure;
- Housing;
- Open Space;
- Vehicle Fleet; and
- Information and Communications Technology.

The overarching management of these assets is guided by the Corporate Asset Management Plan approved in June 2023. This ensures that all assets are optimally structured and financed to provide best value and efficient service delivery. Asset Management Plans have been prepared for each of the above assets areas which detail how the Council will achieve its overall objectives, improve the performance of its assets and yield the required efficiencies. This plan deals with the Councils Plant and Vehicle Assets.

Strategic Asset Management seeks, through a better planned alignment of assets and service demand, to achieve the best possible match of assets with the Council's service delivery strategies. This is best ensured by the systematic management of all decision making processes taken throughout the useful life of assets. This strategy will guide the acquisition, use and disposal of assets to make the most of their service delivery potential and manage the related risks and costs over their entire life.

The main benefits of a Corporate Asset Management Plan are that it:

- aligns asset plans with organisational objectives;
- ensures overall efficient and effective use of assets;
- provides a platform for structured forward planning and a basis for future decision making;
- gives an explicit description of the direction that the Council wishes to take with its assets;
- brings clarity to the way assets are managed in the Council; and
- identifies future levels of funding required to provide services.

3 OBJECTIVES OF THE PLAN

This Asset Management Plan sets out the Councils approach to the strategic management of its plant and vehicles and contributes to the Council Plan 2022-2027. The key priorities relating to Fleet Management are:

- tackle climate change and reach net zero emissions by 2045;
- decarbonise transport;
- reduce Dundee City Council's corporate emissions; and
- ensure the Council remains financially sustainable and continues to provide quality and efficient services.

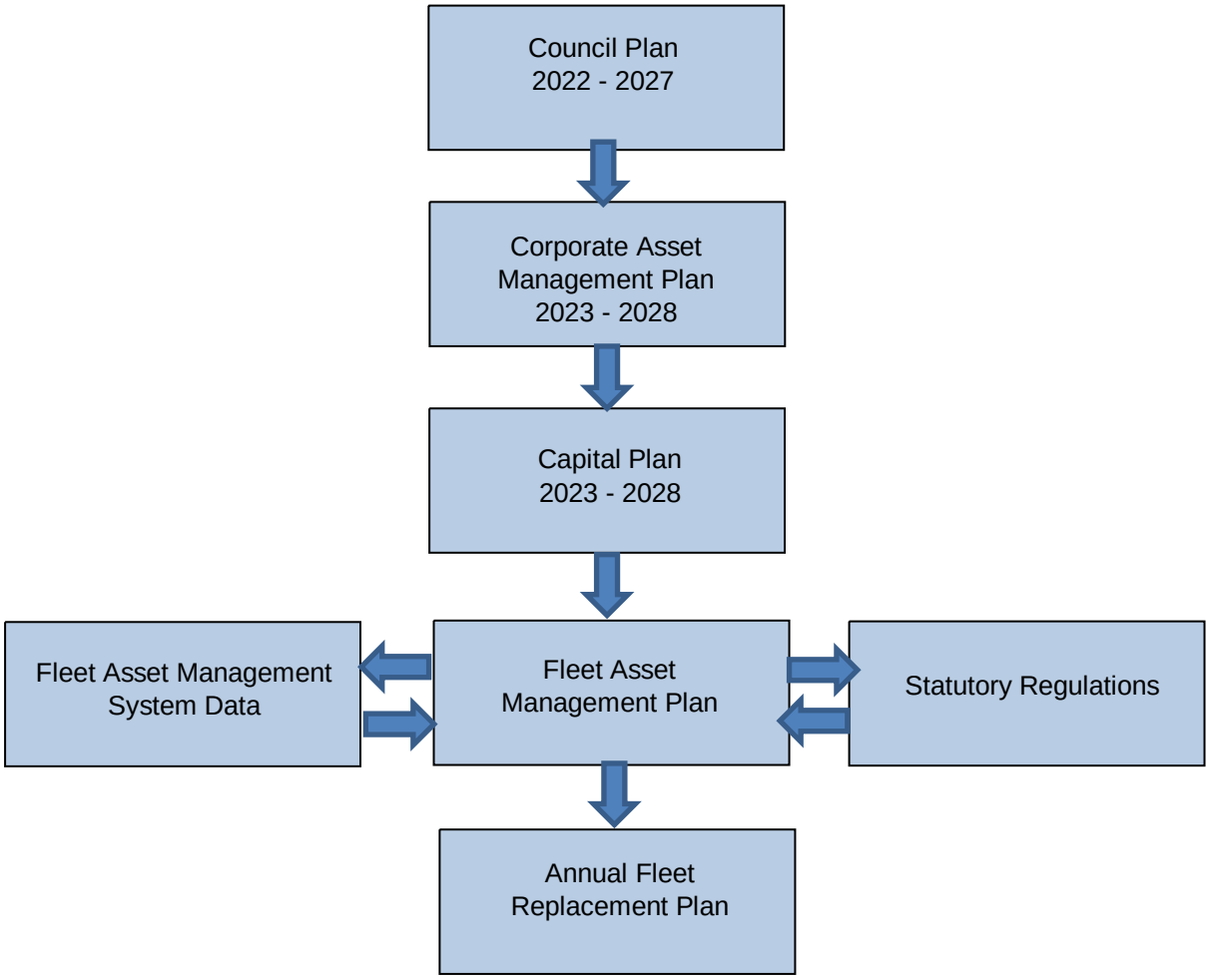
As well as assisting the Council in meeting the above priorities the Corporate Fleet Section are also involved in contributing towards the Air Quality Action Plan for the Council as part of the Council's overall efforts to reduce its carbon emissions and maximise efficiency of its resources. Many of the actions within this Asset Management Plan are aligned to these mutual objectives.

Some of the key elements of the Asset Management Plan are:

- procurement and disposal practices;
- levels of service – specifying the levels of service to be provided to the user Departments;
- future demand and growth – future predictions of fleet size and type and how this will impact on service delivery;
- Life Cycle Management – how the Fleet Section will manage its existing and future assets to provide the required level of service to the user Departments, this includes expenditure projections for fuel and capital;
- financial summary – funds required to provide the required services;
- Asset Management Practices – this section will provide details on the Fleet Management software and how the Fleet workshops ensure vehicles are regularly maintained to industry standards.

4 FLEET ASSET MANAGEMENT PLAN INTERFACE WITH OTHER PLANS

The Fleet Asset Management Plan relates to other plans as illustrated below:

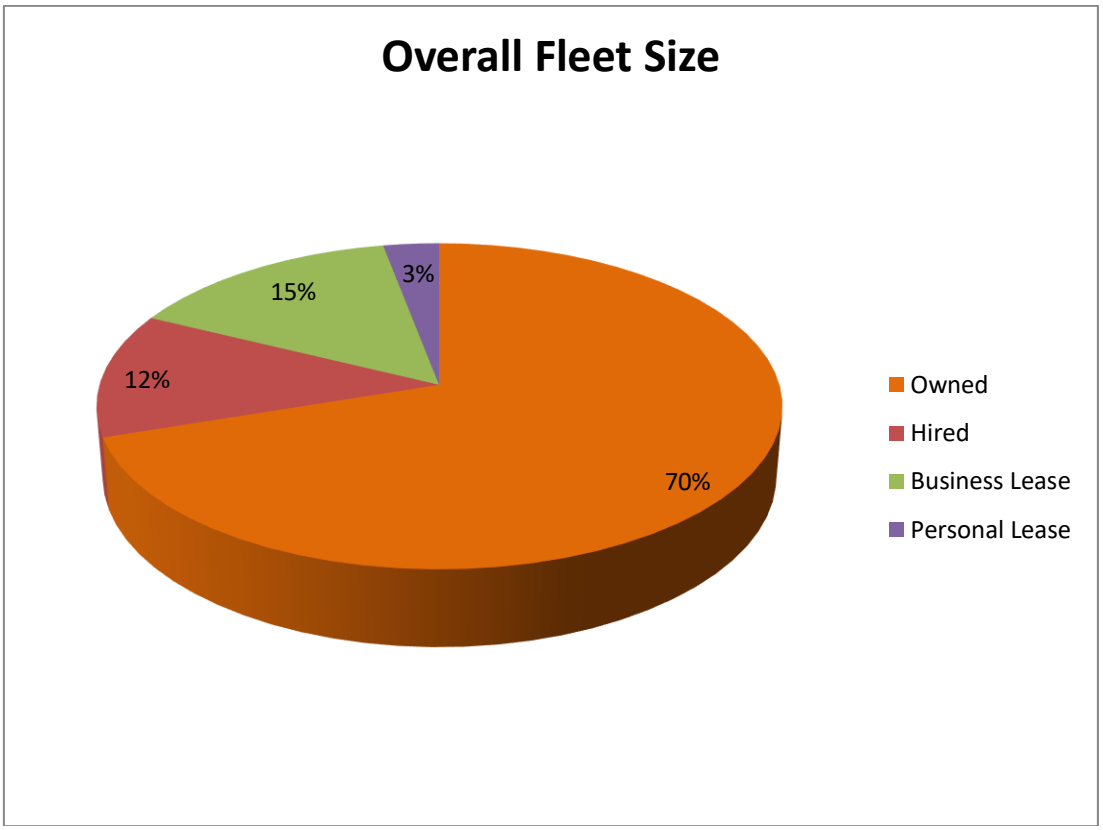


Targets and strategies contained in the Fleet Asset Management Plan are used to develop annual fleet replacement programmes once the Council's annual budget for fleet assets has been agreed.

The Fleet Asset Management Plan links to the Dundee City Council Plan 2022-2027 and the Capital Plan 2023-2028. These all align with the overarching objectives set out in the City Plan for Dundee 2022-2032. Targets and strategies contained in the Fleet Asset Management Plan are used to develop annual fleet replacement programmes based upon Dundee City Council's Fleet budget allocations.

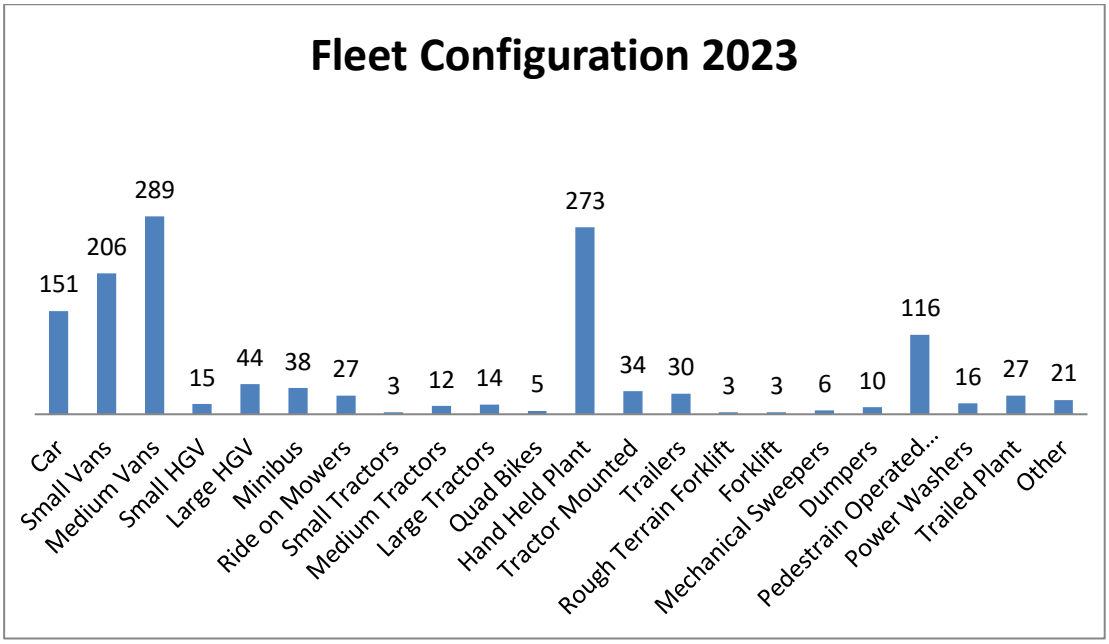
5 ASSETS

The Council has a large and extensive fleet of plant and vehicles which is currently in the region of 1,342 items, these range from small hand machines to large Refuse Collection Vehicles. The following graph details the Council's assets as a whole, including personal leases which are managed by the Council.



For the purpose of this Asset Management Plan all vehicles and plant whether purchased, hired or leased will be treated as a Council assets. The asset management plan considers vehicles, plant and machinery generally being any motorised, self propelled or portable item that is maintained within the Corporate Workshops. The purpose of this is to ensure that all vehicles and plant are being dealt with in a consistent and standardised manner.

The table below shows a breakdown of the current fleet as at September 2023.



6 FLEET EMISSIONS

Dundee City Council is internationally recognised as one of the leading UK authorities in the decarbonisation of transport with a particular focus on the electrification of fleets across the city. In 2011 Dundee City Council introduced our first four electric vehicles and over the next 12 years have grown this to 28% of our fleet being fully electric.

During the transition to electric vehicles, Dundee has installed some of the UK's most comprehensive infrastructure that supports the public and businesses. The Council has also invested in infrastructure to enable electrification of our own fleet and currently have 6 rapid chargers and 70 fast chargers across 22 locations solely for the purpose of charging Dundee City Council vehicles.

The Council's fleet comprises of;

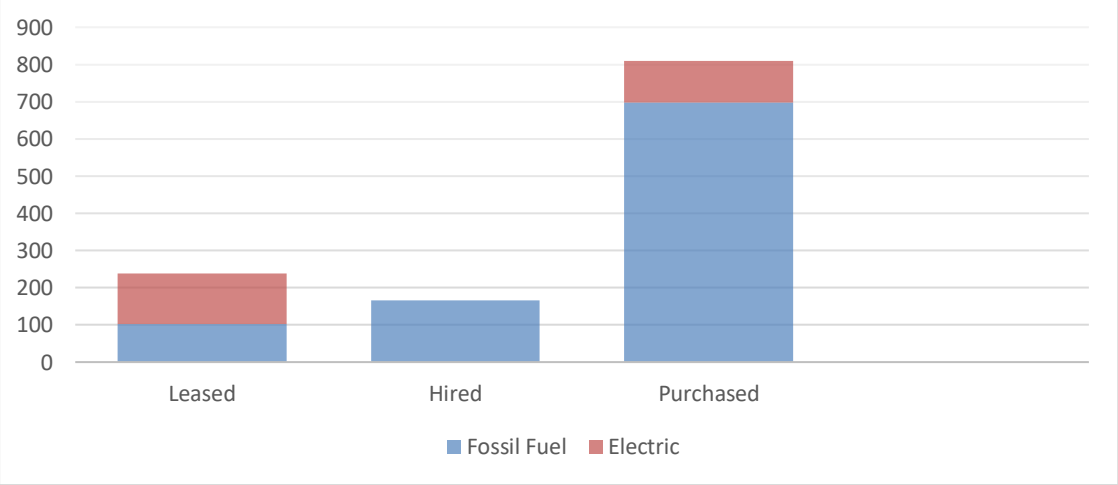
- 250 electric assets
- 965 fossil fuelled assets
- 127 non-fuelled assets

To transition to a 100% zero emission fleet by 2030 will take significant additional capital investment compared to the amount currently allocated in the Council's Capital Plan. This is due to the higher upfront capital cost of electric vehicles currently. This will also incur additional spending on infrastructure as the Council moves away from the traditional refuelling system.

The total zero emission fleet replacement cost for all plant items and vehicles is estimated to be between £28.16 million and £37.04 million, and with requirement for £3 million further investment in electric vehicle charging infrastructure.

As the industry is still at a relatively early stage of maturity, the exact cost of the full replacement plan is not yet known as zero emission vehicles are not currently available for all vehicle types, and battery prices continue to fall for more established vehicle types.

The chart below provides a summary of the vehicle fleet within Dundee City Council by fuel type and procurement route.



The Council currently has 239 assets that it leases, of these 137 are fully electric with the remaining 102 requiring fossil fuel at present.

The Council also has 166 assets that it hires, all of which require to be fuelled by fossil fuels at present. The 166 assets are an annual average of items on hire.

Dundee City Council has engaged with the leasing and hire companies and expects all leased and hired vehicles to be fully electric by 2025 with any increase in finance costs and a decrease in operating costs managed through the internal billing process. The transitioning of cars and vans will align with lease terms ending, and zero emission hire alternatives entering the market.

Of the Council's 937 assets that it purchased outright, there are currently 810 assets that require to be fuelled in some form, 113 of which are fully electric, with the remaining 697 requiring fossil fuel.

One of the significant benefits of the transition to electric vehicles is the improvement in the environmental impact of travel within the city. The two main areas of improvement are a reduction in CO2 and an improvement in air quality. Since 2014, the Council's current electric fleet has reduced emissions compared to fossil fuelled alternatives by the following amounts per annum:

- 1.52 million kg CO_2; and
- 22,148 kg particulates.

With 993 items in the current fleet that require fossil fuel, approximately 900 thousand litres of diesel are currently used per annum. This equates to:

- 2.86 million kg CO_2; and
- 41,674 kg particulates.

The Scottish Government has two targets for phasing out the need for new petrol and diesel vehicles in Scotland's public sector fleet. The first target is for cars and light vans by 2025. The Council has already made significant progress on transitioning these vehicle types and as the whole life cost differential between EV cars and light vans is favourable, with lease and hire options providing the most efficient procurement route in most cases, this target is considered to be achievable.

The second Scottish Government target is to phase out the need for all new petrol and diesel vehicles in public sector fleets by 2030. This second target implicates a number practical and financial implications presently. Currently the Capital cost of zero emission HGVs is high, and leasing and hire options (where available) often don't present the optimum whole life cost for these vehicle types. Secondly the operational nature of the vehicles presents some constraints in utilising zero emission fuelling, principally related to vehicle adaptations, load carrying capacity, and towing. It's expected industry advancements will adapt over the remaining decade both in terms of cost as more zero emission HGV's are manufactured, and also in solutions to operational requirements.

7 ASSET ACQUISITION

At present the Council has a variety of methods of acquiring vehicles, this includes outright purchase, hire, business lease, personal lease, and purchase at end of lease. Each vehicle is considered on its own circumstances and the appropriate and best value method of acquisition will be used, taking into consideration, total cost, conversion costs, length of ownership, users, and any asset specific factors.

All vehicles and plant will be replaced on a cost and condition basis where the fleet manager will consider the whole life costs and condition of the vehicle before any acquisition. Fleet rationalisation is also considered in conjunction with service users to identify opportunities to remove, downsize, or share assets, and consider alternative fuelled vehicles and plant.

A specification for each replacement asset is produced in conjunction with service users which considers value opportunities associated with standardised specifications and national framework best value options. The Fleet Section will then source a suitable asset through a compliant route in accordance with the Council's sourcing strategy for fleet assets.

During each replacement process the Corporate Fleet Section will look at whether the items require to be replaced, and where it does, it will look to replace the item with a Low Emission or alternatively fuelled vehicle. The Council is already a leading authority in decarbonising its fleet and currently has the greenest fleet of any local authority in Scotland.

When every new asset is introduced to the fleet section it is subject to a set procedure to ensure that all the correct procedures and systems are updated with the data to ensure that the vehicle is fit for work before it is released to the client department.

8 ASSET DISPOSAL

All assets will be disposed of in a consistent and controlled manner. The majority of plant and vehicles will are disposed of at an appropriate auction. This ensures that there is transparency in the sale of the vehicles and also that the Council achieve current market value for the asset. The auction utilised is selected through the auction services framework agreement. Any money received for the assets is then added to the capital budget to purchase more vehicles or plant.

In some circumstances the fleet section may trade in some specific assets in order to increase the financial return on the asset. A number of the Council's specialised vehicles may receive a better price through trade-in compared to public auction due to the limited market. This route will be asset specific and encompassed with in the procurement process.

9 LEVELS OF SERVICE

The Fleet Section is an internal service provider to a large number of Council departments and the levels of service required will differ for each section. The Fleet Section provides overall management of the assets and holds regular meetings with the customers review the following:

- downtime and reliability;
- personal and general safety;
- capital and operating costs;
- fuel consumption rates;
- environmental impact; and
- legislative requirements.

The table below details the key performance measures for fleet asset management.

Key Performance Measure	**Performance Measure Process**	**Performance Target**
Legislative compliance	Statutory inspection regime compliance (HGV test history)	>90%
Statutory compliance	FTA Infringement rate	<7%
Risk	DVSA Operator Compliance Risk Score (band rating: red, amber, green)	Green band rating
Quality	FTA Inspection Quality Audit	>95%
Safety	DVSA Prohibition Notices	Zero
Availability	Vehicle and plant unavailability average percentage	<5%
Response	24hr Breakdown Response	95% attendance rate with 1 hour
Environmental Impact	% of fleet to ultra-low emission standard (Euro 6 standard)	>90%

10 FUTURE DEMAND AND GROWTH

It is vital that the Fleet Section fully understand each user department's future demand for vehicles and plant as this may have an effect on how the asset is managed throughout its life. Factors that may affect the future demand include changing working practices or patterns, seasonal factors, economic pressures, customer's preferences, changing technology, changing society, and environmental factors.

Some of the main impacts on future demand that have been identified are:

- Low emission zone (LEZ) – to improve air quality in Dundee and achieve air quality targets an LEZ will be enforced from 30 May 2024 within the city inner ring road. Vehicles operating within the LEZ will need to meet specific requirements in relation to emissions.

- Price of fuel – with the price of fuel set to continue to rise in the long term, departments will be under increased pressure to look at alternative methods of delivering their service as revenue budgets balance competing priorities.

- Working Patterns – any fundamental change to working practices may lead to the improved utilisation of vehicles and change the long term shape of the fleet.

- Changes to Services – the current financial pressures have required departments to consider in greater detail whether or how they deliver a service. Changes to legal requirements can also lead to a change in service delivery.

- Construction Market – a major customer of the Fleet section in the Construction Services and so changes in the future demand for their services will have a direct impact on the Fleet Section and its assets.

- Environmental Awareness – with the increasing awareness of the environmental impact of the Council's assets, this may lead to a change in the number and type of vehicles required to continue to deliver the service.

- Ongoing Savings Exercises – a number of the savings initiatives may have a knock on effect to the assets managed by the Fleet Section eg a reduction in casual mileage payments may lead to an increase demand in pool vehicles or any further reduction to personal lease vehicles may lead to an increased demand for vehicles.

- Changes in Technology - technology changes are forecast to affect the ability to manage the assets due to increased complexity of vehicles (further use of external companies with specialised equipment, and training in alternative fuels or alternative fuelled vehicles).

11 FLEET RATIONALISATION

Since 2019 the Council has rationalised the fleet with the removal of 17 items of plant from Neighbourhood Services saving £31,000 per annum.

With the introduction of post-pandemic hybrid working arrangements the Council has also reduced the pool car fleet by 9 vehicles achieving a £30,000 reoccurring saving on pre-pandemic costs. As hybrid working arrangements stabilise the Corporate Fleet Team will undertake further review of the Council's car assets to realise any further rationalisation savings attainable.

With Neighbourhood Services holding the predominant allocation of Council fleet assets (87% of the Council's fleet assets are allocated to Neighbourhood Services), this provides the greatest opportunity for rationalisation savings. Savings can be derived from either policy change resulting in requirement for less plant and vehicles, and also potentially process change in service delivery.

It is noted that Neighbourhood Services are currently undertaking a service led approach to potential opportunities attributed to policy areas such as waste collection regimes, and consequential fleet rationalisation will be assessed and quantified as part of this exercise.

Vehicle utilisation data is reviewed with service clients annually as part of the fleet replacement plan and identifies potential opportunities for consolidation of vehicles. To enable fleet rationalisation requires operational change in the deployment of frontline service delivery, ie programming and resourcing of activities to operate the service utilising a reduced allocation of plant and vehicles.

If fleet asset consolidation (informed by utilisation data) is implemented without change in the operational delivery of services, there is likelihood of either savings being nullified by increased hires to retain working practices, or potentially risk of service delivery failure through plant unavailability.

The service led approach to resource allocation and programme management to maximise the utilisation of assets has identified the following potential areas with implications for further fleet rationalisation attainable.

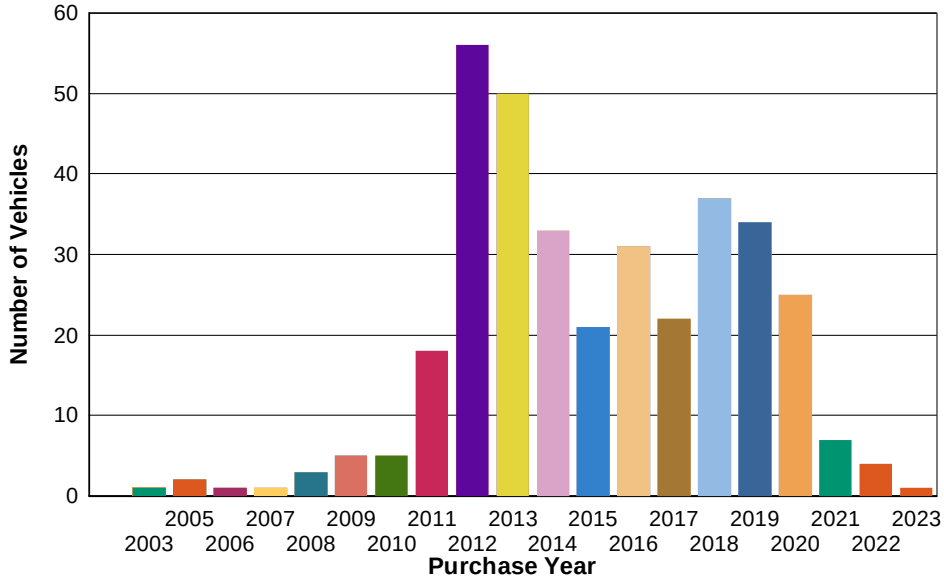
Fleet Rationalisation Area	Enabling Requirements
Waste Collections Change in collection regime frequency service standard. This option is aligned to current service transformation projects which have been identified by Neighbourhood Services, in relation to reduced food waste collections and a further optimisation of waste collection routes being planned, following introduction of the Scottish Government's Deposit Return Scheme. These transformation projects are examining the potential reduction of refuse collection vehicles as part of wider benefits to support transformational change. The Scottish Government is currently consulting on a Circular Economy Bill, and a route to waste targets route map, to meet future recycling targets.	Policy
Multi-Purpose Plant Rationalisation of Neighbourhood Services plant by replacement with multi use assets	Activity Assessments
Resource Programming Consolidation review of Neighbourhood Services plant and vehicles to identify opportunities to reduce the fleet and increase utilisation through alternate programme deployment of assets.	Service led resource allocation review
Short Term Hires Disposing of low utilisation assets and replacing with short term hires.	Service led resource allocation review
Grass Cutting Reduction of grass cutting frequencies and/or areas, enabling a reduction of plant (expansion of bio-diversity habit areas).	Policy
Car Fleet Reduction of cars in respect to hybrid working.	All Service Resource Assessment

12 LIFE CYCLE MANAGEMENT

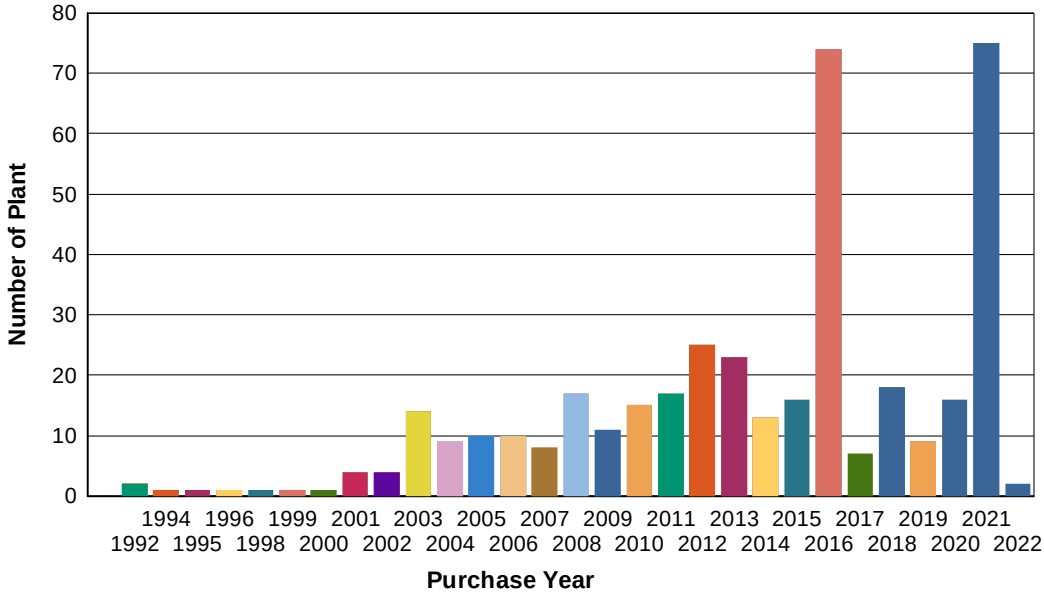
The Council's fleet asset management system (Tranman) enables the Fleet Section to assess the whole life cost of assets to assist in the replacement plan. The Fleet Section has moved move away from a fixed replacement plan to a Cost & Condition based replacement plan. The procurement of the assets utilises a blended funding model with purchase, lease and hire all considered on a case by case basis to ensure the Council is making the most efficient choice. This better reflects the wide range of plant and vehicles and services that the Council provides.

The graphs below show the age profile of the current Council assets and highlights the ageing fleet, especially within the plant assets.

Vehicle Age Profile



Plant Age Profile



Some of the main areas of concern are:

- The overall age profile of the plant and vehicles shows a large number of older vehicles and plant that need to be replaced. An annual analysis of the ongoing costs is completed as part of the fleet replacement plan to identify any items that need urgently replaced.

- The ageing profile of small & medium sized vans requires additional operational planning by service users to ensure complaint vehicles are scheduled when attending locations within the Low emission zone (LEZ).

While condition can allow extension of service life of assets, the following table details the typical optimum whole life cost replacement opportunity for the Council's main asset types.

Asset Type	Optimum Replacement Age
Cars	8 years
Small Vans	8 years
Medium Vans	8 years
Small HGV	8 years
RCV	7 years
Minibus	10 years
Ride on Mowers	8 years
Tractors	10 years

13 ASSET MANAGEMENT PRACTICES

All assets under the management of the Fleet Section are subject to the required legal standards, or the manufactures requirement in regard to maintenance. The Fleet Section work to the highest industry standards and use the DVSA Guide to Roadworthiness as a standard for maintaining levels of service.

The "Guide To Maintaining Roadworthiness" provides guidance to all Operator Licence holders on the following areas:

- daily checks and inspection;
- inspection and repair facilities;
- regular safety inspections;
- responsibilities for roadworthiness; and
- monitoring.

All scheduled inspections are managed by the Workshop management team through the Fleet Management System (Tranman) and where required the schedule of inspections is communicated to customers to ensure the above requirements are met. Each group of vehicles has an associated maintenance schedule in Tranman which covers MOT, services, inspections, tachograph checks, and oil changes where appropriate, and the schedule is set for at least 1 year in advance. These services are monitored on a regular basis by the Fleet Management Team to ensure that maintenance is up to date. An end of month review is carried out by the Fleet Manager to ensure all overdue service are understood and all vehicles and plant remain legal if in use.

The Fleet workshops will ensure vehicles are maintained to DVSA standards by:

- carrying out safety inspections every 8 weeks (6 weeks if vehicle over 12 years old) to all vehicles weighing over 3.5 tonnes.
- carry out safety inspections every 10 weeks to all minibuses;
- carrying out pre-Mot checks to all vehicles where required;

- ensuring all vehicles and plant are regularly serviced, maintained and are fit for purpose.

To ensure compliance with the legislative requirements regular maintenance audits carried out by the Freight Transport Associations (FTA) Vehicle Inspection Service team. All workshop staff are provided regular training updates on all types of vehicles and plant.

All records in relation to maintenance are stored against the particular asset within Tranman. This allows cost comparisons across vehicle types and departments as well as whole life costs and exceptional circumstance to be easily identified.

All vehicles managed by the Council are subject to a pre-start / first use check and this is recorded on standard forms which are kept in the vehicle / plant. The only exemption to this is for pool cars which are subject to a check by the driver before use, due to the multiple users each day. To ensure compliance regular random gate checks are carried out by the Freight Transport Associations (FTA) Vehicle Inspection Service team which involves stopping random vehicles at a random location to ensure documents have been filled in correctly and checking of the vehicle to ensure the check has in fact been carried out.

The Operator's Licence is managed by a team of qualified Transport Managers who each have their own areas of responsibility. With this being overseen by the main Transport Manager as designated on the licence. This team monitor on a monthly basis a number of KPI's in relation to MOT Pass Rate, OCRS score and FTA Infringement Score. Regular meetings of all Transport Managers takes place to deal with any issues that arise from the monitoring.

The Fleet Management system holds the next due date for both the MOT and the Road Fund Licence renewals, this is displayed on the fleet management system dashboard and is reviewed by fleet staff on a regular basis.

Tranman has a number of reporting options and the Fleet Section work with service users to establish the content of each report to help improve the effective and efficient use of the Council's assets. The base line data that is gathered in Tranman includes miles travelled, fuel used, maintenance costs, costs per class, total costs, and compliance.

The Fleet Section uses a combination of in-house and specialist external suppliers to maintain the fleet to the legally required standards, and the Council continues to explore commercially viable collaboration opportunities with other public sector organisations operating in the region.

The Fleet Section complies with the Scottish Motor Trade Association standards in relation to the MOT centre and utilises external organisations to carry out regular compliance audits on the standard of daily walk around checks and scheduled vehicle inspections.

14 FLEET TELEMATICS

The Fleet Section continues to use telematics in a number of assets to ensure that they are being used in the most efficient and effective manner. The telematics system can report on a number of key issues that help monitor the use of the vehicles. These include, total miles, average daily mileage, non-utilised days, idling time, and speeding events. This data can be used to improve utilisation of the vehicles and reduce their environmental impact.

The telematics system is also able to identify the exact location of the 451 assets that have telematics installed which can assist with stolen vehicles.

All HGV vehicles purchased after 2015 are fitted with 360 cameras, this allows the fleet section to review any incidents in real time and helps to improve the safety by clearly identifying any incidents or issues and allowing these to be shared across the Council.

15 FUEL

The Council fleet is fuelled by a number of methods: diesel, unleaded petrol, electric and gas oil.

This is through a mixture of fuel cards and bunkered fuel.

The fuel usage for the Council has been:

Year	Litres
2015/2016	1,280,202
2016/2017	1,263,093
2017/2018	1,234,199
2018/2019	1,159,102
2019/2020	1,174,340
2020/2021	928,922
2021/2022	988,763
2022/2023	953,197

The Fleet Section as part of its commitment to reducing carbon emissions and improving air quality will reduce the emissions from assets by:

- Capital Replacement Plan;
- alternative fuelled vehicles;
- reduced mileage/improved utilisation;
- reduction in idling; and
- improved driver training.

The impact of fuel price increases in the long term is set to continue and will impact on transport budgets for all fleet customers. This highlights the importance of the above measures to try and combat this effect.

16 FINANCIAL SUMMARY

The table below provides details of the overall value of the assets being managed by the Corporate Fleet Section. This is broken down to the various ownership types. Where the original or actual purchase value was not available an estimate has been included to ensure the overall cost is known.

	%	Number	Estimated Value
Owned	70	938	£19,667,125
Hired	12	166	£3,320,000
Business Lease	15	198	£3,960,000
Personal Lease	3	40	£800,000
Total		**1,342**	**£28,244,588**

These values also do not consider the ongoing increases in vehicle costs eg RCV original cost in 2007 was £125,000 a replacement will now cost £295,000 (or £400,000 for an EV variant).

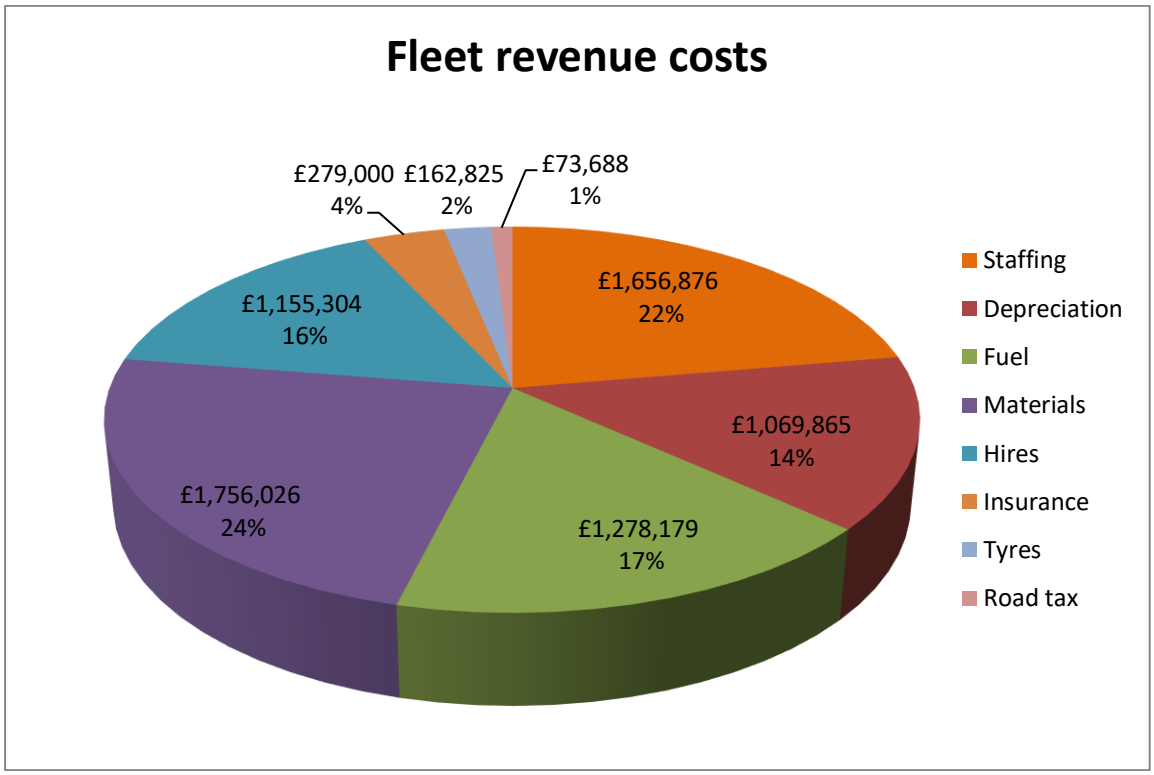
The table below gives details of the capital required to replace the fleet on a like for like basis over the next 8 years (eight years being the expected service life of a vehicle). Also noted within this table are the projected income from receipts and capital allocations included in the Council Capital Plan 2023-2028.

Capital Age	Value	Capital + Receipts	Year
9 years old +	£4,922,591	£1,300,000 + £100,000	2024/2025
8 years old	£1,611,100	£1,300,000 + £100,000	2025/2026
7 years old	£1,494,155	£1,300,000 + £100,000	2026/2027
6 years old	£823,731	£1,300,000 + £100,000	2027/2028
5 years old	£2,350,406	£1,300,000 + £100,000	2028/2029
4 years old	£1,281,002	£1,300,000 + £100,000	2029/2030
3 years old	£2,262,718	£1,300,000 + £100,000	2030/2031
2 years old	£2,542,159	£1,300,000 + £100,000	2031/2032
	£17,287,862	**£11,200,000**	

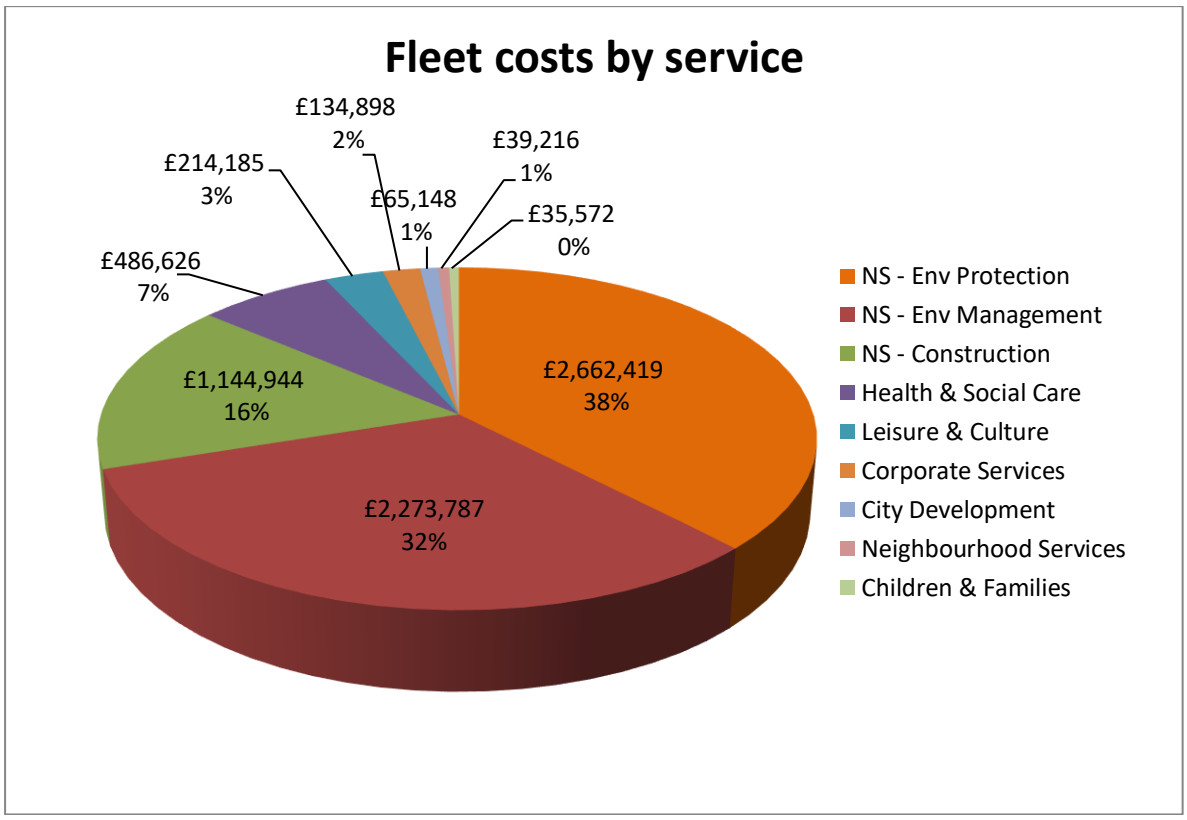
The above table shows there is an overall shortfall in the funding. To manage this shortfall, the Fleet Section will rationalise the number of assets held. The strategy of the fleet replacement plan is to replace key life expired assets, but dispose of assets without replacement where utilisation capacity with the overall asset group can be consolidated. This replacement plan strategy will rationalise the fleet over the period of this plan within current budget levels.

The rationalisation of assets may associate service led redesign of resource deployment to optimise the use of assets available in the delivery of services. The rationalisation of the fleet will also mitigate inflationary pressures in revenue costs associated with fuelling and maintenance.

The Fleet expenditure reflects the demands of departmental service users. For each specific vehicle or plant item, a recharge is administered which considers capital cost, ongoing maintenance, fuel use etc. The annual cost for Fleet in 2022/23 is detailed in the graphs over page.



These costs are then recharged to each department as followed;



17 RISKS TO THE FLEET ASSET MANAGEMENT PLAN

The following section looks at some of the main risks associated with the plan and the management of the Council's assets.

Risk Statement	Risk Category	Likelihood and Consequence = Rating	Current Treatment or Control	Proposed Treatment or Control
Risk that the new vehicle supplied does not meet customers current or future needs	Operational	Rare and moderate = low	Feedback is sought from operational departments before acquisition	Written confirmation required from senior manager.
Risk that downtime leads to operational difficulties	Operational	Possible and moderate = Medium	Ensure spare equipment available for essential assets or spares can be hired.	Standardise where possible to reduce downtime and ensure more flexibility within fleet.
Risk that operational resource deployment redesign does not keep pace with fleet rationalisation requirements.	Financial/ Operational	Possible and Significant = High	Service led fleet rationalisation progressed in tandem with the fleet replacement programme	Accelerated rationalisation in line with fleet disposal and affordability requirements of the replacement plan.
Risk that price and supply of fuel increases without additional budget.	Financial	Possible and Significant = High	Look at alternative fuelled vehicles.	Increase number of electric vehicles and alternative fuelled assets so not solely reliant on diesel supplies and prices.
Risk of not completing our undertakings to Traffic Commissioner in regards to our Operators License.	Operational	Possible and Moderate = Medium	Continue with internal and external audits on our maintenance systems.	Ensure staffing levels are appropriate to work required and have contingency plans in place.

The risk has been evaluated in accordance with the Council's corporate risk management strategy. In addition to the risks identified above a departmental risk register is maintained recording the risks associated with the Sustainable Transport & Roads service.