

REPORT TITLE: Fleet Replacement & Decarbonisation

To:

Cabinet Member for Climate Action and Environment

Cabinet, 07 July 2026.

Report by:

Peter Birch (Fleet Manager)

Tel: 01223 458266 Email: peter.birch@cambridge.gov.uk

Wards affected:

All

Director Approval: James Elms confirms that the report author has sought the advice of all appropriate colleagues and given due regard to that advice; that the equalities impacts and other implications of the recommended decisions have been assessed and accurately presented in the report; and that they are content for the report to be put to the Cabinet/Cabinet Member for decision.

1.	Recommendations
1.1	<p>It is recommended that Cabinet:</p> <ul style="list-style-type: none"> a) Approves the adoption of an electric vehicle first approach for future fleet replacement, where operationally suitable and economically viable. b) Notes the approved capital allocation of £2 million in 2026/27 and the indicative future capital requirements of £3 million in 2027/28 and £3 million in 2028/29 to support the Fleet Replacement and Decarbonisation Programme, with future years' funding subject to approval through the Council's annual budget-setting process. c) Delegates authority to the Director of City Services, in consultation with the Executive Councillor for Climate Action and Environment and the Chief Finance Officer, to approve individual vehicle replacement decisions and associated procurement activities within the approved capital budget and in accordance with the Council's Contract Procedure Rules.

2.	Purpose and reason for the report
2.1	<p>Cambridge City Council operates approximately 120 vehicles supporting a wide range of frontline services. A significant proportion of these vehicles are now beyond their anticipated replacement life, resulting in increasing maintenance costs, reliability concerns and growing operational risk.</p> <p>The Council has reviewed its fleet replacement requirements, future operational needs, available vehicle technologies and decarbonisation opportunities. This review identified a phased replacement programme, adopting an electric vehicle first approach where operationally suitable and economically viable, as the most practical and cost-effective approach to modernising the fleet whilst supporting the Council's net zero ambitions.</p> <p>This report sets out the proposed approach to future fleet replacement and decarbonisation and seeks approval for the adoption of an electric vehicle first replacement strategy together with the associated governance arrangements for future fleet investment decisions.</p>
3.	Alternative options considered
3.1	<p>3.1 Option 1 - Do Nothing (Rejected)</p> <p>Under this option, the Council would continue operating the existing fleet without a structured replacement programme and replace vehicles only when they become uneconomical to repair or are no longer operationally viable.</p> <p>This option was rejected as a significant proportion of the fleet is already beyond its anticipated replacement life, with some vehicles dating back to 2008.</p> <p>Continuing to defer investment would likely result in increasing maintenance costs, greater vehicle downtime, increased risk of service disruption and continued reliance on older, higher-emission vehicles. Furthermore, this option would not support the Council's climate emergency commitments or ambition to achieve net zero carbon emissions by 2030.</p>
3.2	<p>Option 2 - Replace Fleet with Like-for-Like Diesel Vehicles (Rejected)</p> <p>Under this option, vehicles would be replaced on a like-for-like basis using conventional</p>

<p>3.3</p> <p>3.4</p>	<p>diesel-powered vehicles.</p> <p>This option was rejected because it would not support the Council's Climate Change Strategy, declared climate emergency or net zero ambitions. Whilst diesel vehicles may offer lower initial capital costs in some cases, this approach would result in substantially higher lifetime carbon emissions and higher whole-life operating costs when compared with the recommended fleet replacement approach.</p> <p>Option 3 - Immediate Full Electrification of the Fleet (Rejected)</p> <p>Under this option, all fleet vehicles would be replaced with battery electric alternatives at the earliest opportunity.</p> <p>This option was rejected as several specialist vehicle categories currently do not have operationally suitable electric alternatives capable of meeting service requirements or would require disproportionate infrastructure investment and operational changes. Operational assessment identified a number of specialist and heavy-duty vehicles for which alternative solutions should continue to be explored until technology matures further.</p> <p>Option 4 - Phased Fleet Replacement and Decarbonisation Programme (Recommended)</p> <p>Under this option, the Council would implement a planned fleet replacement programme over three years, prioritising battery electric vehicles where operationally suitable and economically viable. Alternative low-carbon technologies and fuels, including Hydrotreated Vegetable Oil (HVO), would only be considered where electrification is not currently feasible and supported by a robust operational assessment and business case.</p> <p>This option was recommended because it provides a balanced and deliverable approach that supports the Council's climate objectives, renews an ageing fleet, improves operational reliability, reduces long-term operating costs and allows emerging vehicle technologies to be adopted as they become commercially viable.</p>
<p>4.</p>	<p>Background and key issues</p>
<p>4.1</p>	<p>The Council declared a Climate Emergency in 2019 and has committed to achieving net zero carbon emissions from its own operations by 2030.</p>

4.2	<p>The Council currently operates approximately 120 fleet vehicles and plant assets supporting environmental services, housing services, grounds maintenance, bereavement services and other frontline functions.</p> <p>A significant proportion of these assets are now beyond their intended operational life, with some vehicles dating back to 2008. Whilst preventative maintenance has maintained service availability, increasing vehicle age is resulting in higher maintenance costs, increased downtime risks and growing challenges in sourcing parts.</p> <p>Fleet replacement can no longer be deferred indefinitely without increasing operational and financial risk.</p> <p>The highest-risk assets are currently concentrated within Streets and Open Spaces and Housing Maintenance service areas, where vehicle age, utilisation levels and maintenance requirements present the greatest risk of service disruption if replacement is delayed</p> <p>The Council has reviewed its fleet profile, operational requirements, available vehicle technologies, infrastructure requirements and whole-life costs.</p> <p>The review identified that:</p> <ul style="list-style-type: none"> • A planned replacement programme is preferable to reactive replacement. • Many vehicle categories can now be replaced with battery electric alternatives. • An electric vehicle first approach should be adopted where operationally suitable and economically viable. • Some specialist vehicles do not yet have operationally viable electric alternatives. • Alternative lower-carbon fuels and technologies, including HVO, may be appropriate in limited circumstances where electrification is not currently feasible. <p>This approach provides the best balance between operational requirements, carbon reduction, service resilience and value for money.</p>
4.3	<p>Proposed Fleet Replacement and Decarbonisation Programme</p> <p>This report sets out a three-year Fleet Replacement and Decarbonisation Programme supported by an approved capital allocation of £2 million in 2026/27 and indicative future capital requirements of £3 million in 2027/28 and £3 million in 2028/29, subject to future approval through the Council's annual budget-setting process.</p>

The programme will prioritise replacement of the oldest, least efficient and highest-risk assets first. Vehicle replacement decisions will be informed by operational requirements, vehicle utilisation, technology availability, infrastructure requirements, whole-life costs and carbon reduction opportunities.

An electric vehicle first approach will be adopted throughout the programme. Alternative low-carbon fuels and technologies, including HVO. HVO is intended as a transitional solution for vehicle categories where electrification is not currently operationally viable. Its use will be limited to those vehicle classes where a robust operational assessment demonstrates that electric alternatives are not yet capable of meeting service requirements.

This approach provides sufficient flexibility to respond to developments in vehicle technology whilst maintaining progress towards the Council's decarbonisation commitments.

Benefits of the Programme

The programme is expected to:

- Improve fleet reliability and availability.
- Reduce maintenance requirements and operating costs in excess of £75,000 per annum upon completion.
- Reduce annual fuel costs in excess of £100,000 per annum
- Reduce fleet-related carbon emissions by approximately 320 tCO₂e per annum upon completion of the programme.
- Increase the proportion of electric vehicles in the fleet from 12% to approximately 75%.
- Where there is no viable EV to use HVO fuelled alternative, further reducing the carbon impact.
- Support delivery of the Council's ambition to achieve net zero carbon emissions from its own operations by 2030.
- Reduce service disruption risks associated with ageing vehicles.
- Provide a structured and planned approach to future fleet investment.

4.4

5.	Corporate plan
5.1	<p>The recommendations contained within this report directly support the delivery of Cambridge City Council's Corporate Plan 2022-2027, particularly Priority 1: Leading Cambridge's response to the climate change and biodiversity emergencies and creating a net zero council by 2030.</p> <p>The Fleet Replacement and Decarbonisation Programme supports the Council's commitment to reduce carbon emissions from its buildings, land, vehicles and services and contributes towards the Council's ambition to achieve net zero carbon emissions from its own operations by 2030. The programme will increase the number of electric vehicles within the Council fleet, reduce reliance on fossil fuels and support the wider transition to lower-carbon transport solutions.</p> <p>The recommendations also support Priority 4: Modernising the council to lead a greener city that is fair for all. The programme will replace ageing fleet assets, improve operational reliability, reduce the risk of service disruption and ensure that essential frontline services continue to be delivered efficiently and effectively. Investment in modern vehicle technology will improve fleet resilience, support service transformation and enable the Council to make better use of its assets through a structured and evidence-based replacement programme.</p> <p>The programme aligns with the Corporate Plan objective of using innovation and new technologies to provide high-quality services, whilst ensuring Council resources are invested in a financially sustainable manner that delivers long-term value for residents.</p>
6.	Consultation, engagement and communication
6.1	<p>The Fleet Replacement and Decarbonisation Study included engagement with Fleet Services, operational managers and service representatives across the Council to ensure that operational requirements, vehicle utilisation, service delivery needs and future fleet requirements were fully understood and reflected within the recommendations.</p> <p>In developing the programme, consultation has also taken place with Finance, Procurement and Sustainability colleagues to ensure the proposals are operationally</p>

deliverable, financially sustainable and aligned with the Council's wider corporate and climate objectives.

Subject to approval, implementation of the programme will be undertaken in partnership with affected services, employees and recognised Trade Unions. This will include ongoing engagement regarding vehicle specifications, operational requirements, charging infrastructure, implementation planning, workforce impacts and service delivery arrangements to ensure that the transition is delivered safely, effectively and with the benefit of operational expertise from those who use and manage the fleet on a day-to-day basis.

7. Anticipated outcomes, benefits or impact

7.1 Approval of the Fleet Replacement and Decarbonisation Programme will enable the Council to replace ageing fleet assets, improve operational reliability and support delivery of its net zero commitments. See section 4.4

8. Implications

8.1 Relevant risks

The principal risks associated with the Fleet Replacement and Decarbonisation Programme are:

Risk	Potential Impact	Mitigation
Inflation and market volatility	Increased vehicle and infrastructure costs may impact affordability of the programme.	Phased procurement, market testing and ongoing financial review.
Technology development	Rapid changes in vehicle and charging technology may affect future replacement decisions.	Regular review of emerging technologies and flexible replacement planning.
Limited availability of suitable electric vehicles	Some specialist fleet categories may not yet have operationally viable electric alternatives.	Electric vehicle first approach supported by alternative low-carbon solutions where justified.
Supply chain and procurement delays	Delays to vehicle delivery or infrastructure installation could impact programme delivery.	Early procurement planning and phased implementation.

	Service delivery impacts	Failure to replace ageing vehicles could result in increased breakdowns and service disruption.	Prioritisation of highest-risk and oldest assets within the replacement programme.
	Failure to achieve anticipated carbon reductions	Carbon savings may be lower than forecast if vehicle technology or operational requirements change.	Ongoing monitoring of fleet emissions and programme performance.
	Local Government Reorganisation	Changes arising from LGR could affect future fleet arrangements and investment priorities.	Programme will be regularly reviewed to ensure alignment with emerging LGR requirements and asset strategies.
	Local Government Reorganisation (LGR)		
8.2	<p>Whilst the detailed implications of Local Government Reorganisation remain uncertain, maintaining an ageing fleet is likely to increase future operational and financial liabilities. The proposed programme will ensure the Council enters any future transition period with a more modern, reliable and sustainable fleet, reducing risk to service continuity and supporting informed asset and investment planning.</p> <p>The phased nature of the investment programme also provides flexibility to respond to emerging priorities, service models and asset strategies developed by any future unitary authority, ensuring investment decisions can continue to be aligned with organisational needs as greater clarity emerges</p>		
	Financial Implications		
8.3	<p>Capital investment and leasing were both considered as potential funding approaches for future fleet replacement.</p> <p>Leasing represents a viable alternative and can reduce upfront capital requirements through predictable revenue payments. It can also transfer certain maintenance and residual value risks to the provider. However, leasing arrangements typically include financing costs, provider overheads and profit margins over the life of the agreement and can reduce flexibility around vehicle ownership, utilisation and replacement timing. For a local authority fleet operating in a demanding environment, additional charges are likely</p>		

also arise where vehicles are returned with damage, excess wear and tear or mileage beyond agreed limits.

Capital investment is considered the preferred funding approach. Whilst requiring greater upfront expenditure, it provides full ownership and control of operational assets, greater flexibility over replacement decisions and supports a long-term approach to asset management. This is particularly important given the specialist nature of parts of the Council's fleet and the need to align replacement decisions with operational priorities, emerging technologies and Local Government Reorganisation.

The Council also operates an established in-house fleet maintenance facility, employing specialist technicians and providing servicing, maintenance and repair support to operational vehicles. A significant move towards a leased fleet model would result in a considerable proportion of maintenance activity being out-sourced, reducing utilisation of the Council's workshop and increasing reliance on third-party providers and supply chains.

Strategic Option Assessment

Criteria	Option 1: Do Nothing	Option 2: Lease Fleet	Option 3: Capital Investment (Preferred)
Service Reliability	● High Risk	□ Low Risk	□ Low Risk
Climate & Net Zero Delivery	● High Risk	□ Low Risk	□ Low Risk
Affordability & Budget Impact	● High Risk	□ Medium Risk	□ Low Risk
Long-Term Value for Money	● High Risk	□ Medium Risk	□ Low Risk
Asset Control & Flexibility	● High Risk	□ Medium Risk	□ Low Risk
Overall Assessment	● Not Recommended	□ Viable Alternative	□ Recommended

Key

	<p> <input type="checkbox"/> Low Risk / Positive Outcome <input type="checkbox"/> Medium Risk / Manageable Impact <input checked="" type="radio"/> High Risk / Significant Concern </p> <p>Conclusion</p> <p>Capital investment is considered the preferred option as it provides the best balance of operational resilience, long-term value for money and support for the Council's net zero ambitions. The proposed phased programme enables the Council to address the risks associated with an ageing fleet whilst retaining flexibility to respond to future operational requirements, technological developments and Local Government Reorganisation.</p>
	<p>Legal Implications</p>
<p>8.4</p>	<p>Vehicle procurement arising from this programme will be undertaken in accordance with the Council's Contract Procedure Rules, applicable public procurement legislation and the terms of any framework agreements utilised. The proposed delegation arrangements will enable future vehicle replacement decisions to be made within approved budgets and governance arrangements, whilst ensuring compliance with the Council's legal and procurement obligations.</p> <p>There are no other significant legal implications arising directly from the recommendations contained within this report.</p>
	<p>Equalities and socio-economic Implications</p>
<p>8.5</p>	<p>An Equality Impact Assessment (EqIA) has been completed and is attached as an appendix to this report.</p> <p>The assessment identified no significant adverse equality or socio-economic impacts arising from the Fleet Replacement and Decarbonisation Programme. The programme is expected to deliver positive environmental benefits through improved air quality and reduced vehicle emissions, which may particularly benefit groups more vulnerable to the effects of air pollution, including children, older people, pregnant women and some disabled residents.</p>

	<p>The programme does not reduce access to Council services, introduce new charges or alter eligibility for service provision. Improved fleet reliability is expected to support the continued delivery of frontline services across the city.</p>
	<p>Net Zero Carbon, Climate Change and Environmental implications</p>
<p>8.6</p>	<p>The Fleet Replacement and Decarbonisation Programme has been assessed using the Council's Climate Change Rating Tool and has been assigned an overall rating of +H (High Positive Impact).</p> <p>Fleet vehicles represent one of the Council's most significant sources of direct carbon emissions. Fleet fuel consumption for 2025/26 produced 426 tCO₂e. The proposed programme is forecast to reduce emissions to approximately 106 tCO₂e per annum, representing an annual reduction of approximately 320 tCO₂e (75%).</p> <p>Where electrification is not currently operationally viable, particularly within certain specialist and heavy-duty vehicle categories, Hydrotreated Vegetable Oil (HVO) will be used as a transitional fuel. HVO can deliver substantial greenhouse gas emission reductions when compared to conventional diesel and will support continued progress towards decarbonisation whilst vehicle technology continues to develop.</p> <p>The programme is also expected to reduce maintenance requirements, improve vehicle reliability, reduce service disruption associated with ageing assets and support the long-term sustainability of frontline service delivery.</p> <p>The programme will make a significant contribution towards the Council's ambition to achieve net zero carbon emissions from its own operations by 2030 through the adoption of an electric vehicle first approach.</p> <p>The proportion of electric vehicles within the fleet is expected to increase from approximately 12% to 75%, with operational assessment indicating that approximately 85–95 fleet assets are capable of electrification using currently available technology. Current planning assumptions indicate that electric vehicles deliver approximately 66%</p>

	<p>lower carbon emissions than equivalent diesel vehicles. These savings are expected to increase over time as the UK electricity grid continues to decarbonise. The UK Government's ambition is for clean power to meet 100% of electricity demand by 2030, with at least 95% of electricity generation coming from low-carbon sources and no more than 5% from unabated gas, meaning the carbon intensity of electric vehicles is expected to reduce further throughout the life of the programme.</p>
	<p>Procurement Implications</p>
8.7	<p>Vehicle procurement will be undertaken through appropriate public sector procurement frameworks and compliant procurement routes, including frameworks made available through organisations such as Crown Commercial Service (CCS) and TPPL where appropriate. Procurement activity will be phased to align with fleet replacement priorities, market availability, technology developments and approved capital budgets.</p>
	<p>Community Safety Implications</p>
8.8	<p><i>Summarise here any Community Safety implications (if applicable).</i></p>
	<p><i>[Insert Any Other Relevant Implications]</i></p>
8.9	<p><i>Summarise here any implications related to this item, using the <u>checklist attached</u> as guidance and seek input from relevant service.</i></p>
9.	<p>Background documents</p> <p>Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985</p>
9.1	<p><i>List any documents and other information used to write this report. DO NOT include exempt items. Be specific as anything you list here must be available for public inspection for several years after the committee meeting.</i></p>

10.	Appendices
10.1	<i>Appendix A – Equality Impact Assessment (EqIA)</i> <i>Appendix B – Climate Change Rating Tool Assessment</i>
	To inspect the background papers or if you have a query on the report please contact <ul style="list-style-type: none">• Sean Cleary -Assistant Director Homes and Commercial Services• Peter Birch – Fleet Services Manager