

## Report of the Portfolio Holder for Environment and Climate Change

**DECARBONISATION OF THE FLEET (TRANSITION TO BIOFUEL)**1. Purpose of Report

To seek approval for additional funds to be allocated within the 2022/23 budget cycle to support with the transition to Biofuel.

2. Recommendation

**The Committee is asked to RECOMMEND that a budget of £42,000 for the transition to biofuel be approved within the 2022/23 budget cycle.**

3. Detail

The Council has committed to become carbon neutral by 31 December 2027. In 2020/21 the Council's emissions from transport fuel accounted for 26% (810 tCO<sub>2</sub>e) of the Council's total emissions. Investigating ways to decarbonise the fleet and reduce emissions is therefore a key priority for the Council.

This report is the first in a series of reports which will be presented to Members with regards to how the Council plans to decarbonise its fleet over the short, medium and long term.

Whilst alternatives such as electrification and hydrogen fuel are a longer term concept, a reduction in fleet emissions can still be achieved in the shorter term through the use of alternative fuels, which require no capital or infrastructure investment.

Biofuel in the form of Hydrotreated Vegetable Oil (HVO), is a premium, high quality vehicle fuel made from renewable, sustainable raw materials and is an alternative fuel to diesel. HVO is compatible with all diesel vehicles from 2019 onwards and all refuse collection vehicles, irrespective of the year of manufacture. In 2020/21, a total of 70% (566 tCO<sub>2</sub>e) of emissions were generated by the Council's refuse collection vehicles.

The existing fuel storage tank infrastructure within Kimberley Depot can be utilised for the transition to HVO. All that is needed to facilitate this transition is a change in the fuels used on site and by the Council's vehicles.

The Council would no longer use Gas Oil (red diesel) within its grounds maintenance fleet but would instead use DERV (diesel). The Council would have the following fuels on site:

- HVO (biofuel)
- DERV (diesel)
- Petrol

Of the 83 vehicles within the Council fleet, 34 (41%) are HVO compatible. Based on fuel usage for 2020/21, the total tCO<sub>2</sub>e savings each year will be in the region of 606 tCO<sub>2</sub>e. This represents a 74.8% reduction in the Council's fuel emissions and a reduction of 19.6% in the Council's total CO<sub>2</sub> emissions.

HVO typically is around 15p per litre more expensive to purchase than diesel. Based on fuel usage figures for 2020/21, the additional cost of using HVO would be in the region of £38,952 per annum. It should be noted that the additional cost will increase as old vehicles are replaced with newer vehicles compatible with HVO. However, in line with this, the Council's CO<sub>2</sub> emissions from the fleet will continue to reduce.

Whilst transition to HVO will require an increase in the budget in the longer term, the relative investment to pay back in terms CO<sub>2</sub> emission reduction means that the additional expense represents an environmentally sound investment and demonstrates that the Council is committed to achieving carbon neutrality by 31 December 2027.

It should be noted there has been an increase in the cost of fuel within the last few months. The average price per litre of DERV in 2021/22 (between April 2021 and February 2022) was £0.89. The average price per litre for March and April 2022 was £1.28. This represents a 35% increase.

This situation will be monitored and should the trend continue a report will be brought to committee to inform Members of additional funds needed to support the cost of fuel. It should be noted that throughout this period the cost of HVO has remained around £0.15p per litre higher than DERV so the increase in cost of £38,952 per annum for the use of HVO remains consistent.

In addition to the additional cost per litre, there would also be a one off cost of £2950 incurred from the requirement to clean out the current Gas Oil tank to remove the likelihood of any impurities contaminating the DERV.

Further information of the transition to HVO is shown in the report shown in the appendix.

#### 4. Financial Implications

The comments from the Head of Finance Services were as follows:

The additional cost of facilitating the transition to HVO due to higher prices relative to DERV are estimated at £39,000 per annum. A further one-off cost of £2,950 is also required in 2022/23 for the cleansing of the fuel tank.

The total cost of around £42,000 can be met from the General Fund Reserve in 2022/23 and then be considered as part of the regular annual budget setting going forward. Any additional income generated over and above budgeted amounts from Environmental Services activities can also be reinvested back into this green initiative.

5. Legal Implications

No comments.

6. Human Resources Implications

No comments.

7. Union Comments

No comments.

8. Data Protection Compliance Implications

No comments.

9. Equality Impact Assessment

As this change only relates to a change in fuel type rather than a policy change an Equality Impact Assessment is not required.

10. Background Papers

Nil.