

Report of the Portfolio Holder for Environment and Climate Change

Hydrotreated Vegetable Oil Update

1. Purpose of Report

To update Members on the transition to Hydrotreated Vegetable Oil (HVO) for the Council's fleet vehicles.

2. Recommendation

Cabinet is asked to NOTE the report.

3. Detail

The Council has set an ambitious target of being carbon neutral by the end of 2027. In May 2022, Members approved an additional £42,000 budget to transition to HVO in support of decarbonising the fleet and reducing the Council's carbon footprint. Following the approval of these funds, the price of both DERV (Diesel) and HVO increased significantly. The result of the price escalation was that the funds approved would not cover the transition to HVO. Consequently, the project was put on hold to allow the price to stabilise.

In October 2023, a further report was taken to Cabinet highlighting that the additional cost per annum for HVO would be in the region of £116,500 (compared to the price of DERV), but in order to maintain 10-days' worth of contingency fuel supply the additional cost rose to £126,000 as a consequence of more frequent deliveries. The budgetary increase was justified in light of the long term benefits with reduced carbon emissions (77% on the Council's transport emissions and an overall reduction of 26% in the Council's total carbon emissions).

In the October 2023 report, it was initially indicated that HVO was only compatible with vehicles manufactured from 2019 onwards, thereby limiting its usage to 45 vehicles or 48% of the fleet. However, further analysis revealed that there is no compelling evidence to restrict HVO application solely to vehicles pre 2019. Research demonstrated that HVO can be utilised as a direct drop in replacement to DERV, necessitating no modifications in its use or storage.

Given the that there was sufficient budget, it was determined that HVO could be used across all compatible fleet (91% or 85 out of the Council's current 93 vehicles). The transition to HVO would result in a 91% reduction in Council fleet emissions. In March 2024, the transition to HVO was completed and it is anticipated that this will contribute to a 31.5% reduction in the Council's own operation carbon footprint (this excludes nearly all of scope 3).

Whilst initial analysis indicates that the transition to HVO will incur an additional cost of £65,000 compared to maintaining a DERV fleet, the long term environmental benefits justify this investment.

Further detail on fuel pricing and the impact additional HVO usage has on the fleet is detailed in the **Appendix**.

4. Key Decision

This report is a key decision as defined under Regulation 8 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 as it effects communities living or working in an area comprising two or more Wards or electoral divisions in the Council's area.

5. Updates from Scrutiny

Not applicable.

6. Financial Implications

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

There are no direct financial implications arising from this noting report. Budget implications will be closely monitored to ensure that the transition to HVO remains financially viable within the allocated revenue budgets. Any uplifts required for the 2025/26 will be incorporated into the budget setting process.

7. Legal Implications

The comments from the Monitoring Officer / Head of Legal Services were as follows:

There are no direct legal implications arising from this report.

8. Human Resources Implications

Not applicable.

9. Union Comments

Not applicable.

10. Climate Change Implications

Transitioning to nearly full fleet utilisation of HVO has significantly reduced the Council's Carbon footprint, demonstrating commitment to the Council's carbon neutral target.

Although HVO is currently more expensive than diesel, its price, at the moment is on a declining trend. The sensitivity of fuel prices does remain a concern. The Environment team actively monitors these fluctuations to ensure that budgetary constraints are balanced against carbon savings.

The long term benefit of this transition will support the Council's ambition to become not only carbon neutral but net zero beyond that.

11. Data Protection Compliance Implications

Not applicable.

12. Equality Impact Assessment

Not applicable.

13. Background Papers

Nil.