

## Bath & North East Somerset Council

MEETING/ DECISION MAKER:	<b>Cllr Martin Veal, Cabinet Member for Community Services</b> <b>Cllr Charles Gerrish, Cabinet Member for Finance &amp; Efficiency</b>	
MEETING/ DECISION DATE:	<b>Joint Single Member Decision</b>	EXECUTIVE FORWARD PLAN REFERENCE:
	<b>On or after 31 January 2017</b>	<b>E2928</b>
TITLE:	<b>Approval of Capital Funding for Waste Vehicle, Plant &amp; Equipment Requirements 2017/18</b>	
WARD:	All	
<i>Attachments: None</i>		

### 1 THE ISSUE

- 1.1 Approval is needed to release funding to progress with the procurement of vehicles for the collection of residual waste, business waste, garden waste and recycling within B&NES.
- 1.2 Due to the lengthy lead times for new vehicles a procurement exercise needs to begin for orders to be placed in February and March 2017 to secure vehicles in time for the delivery of the new service.

### 2 RECOMMENDATION

Cabinet Members are asked to;

- 2.1 Approve the release of capital funding of up to £6.853m.

### 3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 Although orders will need to be raised in this financial year, due to the lead times for building new vehicles capital funds will not be spent until the 2017/18 financial year.
- 3.2 The estimated SSB of £950k p.a. has been factored into the overall costs presented to the Council for decision making through the 'redesign' budget process. Running costs & maintenance amounting to c. £1.42m p.a. and the cost of borrowing have been modelled within the wider waste project.
- 3.3 The vehicles will enable savings through the waste service redesign, in terms of both the service method changes as well as by providing improved reliability and therefore reduced running and maintenance costs.

### 4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 The Cabinet at its July 13<sup>th</sup> 2016 meeting agreed to implement wheeled bins for waste collection (in 2017/18) and so commissioned the waste service redesign project.
- 4.2 The Council is required as a statutory requirement to collect household waste.
- 4.3 The Council is required to achieve recycling rates and targets as set for the UK.

## **5 THE REPORT**

- 5.1 These replacement and new vehicles are for key frontline collection services. The arrangements agreed by members in the service redesign mean a change to wheeled bins and thus require collection vehicles fitted with bin lifts, the current residual fleet are not equipped with bin lifts.
- 5.2 The agreed insourcing of the Kerbside Recycling Contract requires a new recycling fleet to be purchased by the council due to the current state of the vehicles which will all be at the end of their useful life. The new vehicles will all be fitted with the latest specification of engines leading to reduced emissions and better fuel efficiency.
- 5.3 The vehicles are the core component to enable changes in the service delivery and in achieving the benefits (both financial and non-financial).
- 5.4 Through the refuse vehicles being equipped with bin lifts, the efficiency of collections will be increased resulting in less resource required to carry out collections.
- 5.5 New recycling vehicles will also allow higher volumes of waste to be collected due to the improved design and compaction of materials, resulting in more efficient collection.
- 5.6 The procurement of waste vehicles is required in time for the new collection service changes in November 2017.
- 5.7 Each vehicle will have a service life of between 7 and 10 years (detailed on PID) depending on the use and configuration.
- 5.8 The procurement process will begin in February 2017 in order to allow suitable lead times to build all of the required vehicles prior to service roll out.
- 5.9 The procurement will be undertaken through established national frameworks like ESPO, allowing for an element of competition between vetted suppliers or direct award for specialised vehicles. The most advantageous tenders will be secured, and delivery schedules will be agreed in line with wider project rollout plans.
- 5.10 All of the new diesel vehicles will be fitted with engines that comply to Euro 6. This is the 6th generation of European standards that started in 1992 requiring cleaner engines. Officers are also talking to manufactures regarding the merits of electric bin lifts or hybrid hydraulic systems, to reduce the requirement of the higher engine revs while the vehicle is stationary (thus reducing emissions).

5.11 Euro-6 imposes the toughest vehicle emissions limits yet, and has the potential to all but eliminate exhaust pollutants that impact air quality. The previous Euro-5 standard, introduced in 2011, focused on PM (or soot) from diesel vehicles, requiring an 80% reduction in these emissions.

## **6 RATIONALE**

6.1 The rationale is included in Sections 4 and 5. In addition, this is to provide a capital fund for the procurement of vehicles for the collection of residual waste, business waste, garden waste and recycling within B&NES. A number of the vehicles are end of life replacements with the recycling vehicles being new purchases due to the insourcing of the contract. This project will ensure that the frontline services within Neighbourhood Environmental Services continue to be managed effectively using vehicles and plant built to the latest standards and regulations regarding safety and emissions, operate with greater fuel efficiency and meet the changing requirements of the evolving services in line with the following Council objectives:-

- (1) Promoting independence and positive lives for everyone
- (2) Creating neighbourhoods where people are proud to live.

## **7 OTHER OPTIONS CONSIDERED**

7.1 There were several other options considered as part of this process. These included:

- service options (alternative ways of providing the service)
- lease versus capital (the capital approach has proved to be significantly better value for money)
- vehicle options (assessing the different manufacturers and build options and quality)
- fitting bin lifting equipment to current fleet (too expensive and not value for money). The existing fleet has an asset life of 7 years, and that ends in November 2017. Any further use of these vehicles would therefore not only be very unreliable for the service but unsustainable going forward due to very high costs of maintenance and unpredictability of performance/service.
- Kier purchasing the vehicles as part of an extension to their contract (not best value for money and higher capital loan cost) This is also not an option as Kier are not prepared to purchase the vehicles.
- To procure as part of the revised service through a new contract. However, soft market testing has shown that this will not be cost effective and that providers are not keen to provide the vehicles as part of the contract, and as such will price this issue into the contract
- Do nothing. This would in effect mean not purchasing new vehicles and continuing with the existing fleet. As referenced above, this would have a significant impact on the reliability of the service and be unsustainable going forward

**8 CONSULTATION**

- 8.1 Consultation took place with Kier regarding the nature of the vehicle types and the potential approach to purchase. Their views were considered in relation to their own experience of using vehicles on other contracts, and what they considered were the best vehicles and why.
- 8.2 Focus groups will be formulated within the service area to determine the outline specifications for tendering, fed from vehicle evaluation demonstrations and trials currently underway from various manufacturers. This will be with input from operational staff, supervisors, management and the vehicle workshops. The bids received will be evaluated by operational staff, supervisors, management and the redesign project team.
- 8.3 The Monitoring and Section 151 officers have had opportunity to review and input to this report.
- 8.4 Public engagement has taken place since September 2016 regarding the change in service.
- 8.5 A wider review of the vehicle market has been carried out by officers, to determine the best option available.

**9 RISK MANAGEMENT**

- 9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

<b>Contact person</b>	Carol Maclellan, Group Manager, Neighbourhood Environmental Services 01225 394106
<b>Background papers</b>	<a href="https://democracy.bathnes.gov.uk/ieDecisionDetails.aspx?ID=899">https://democracy.bathnes.gov.uk/ieDecisionDetails.aspx?ID=899</a> Cabinet decision 13 <sup>th</sup> July 2016  <a href="http://www.bathnes.gov.uk/services/bins-rubbish-and-recycling/waste-strategy-statistics-and-health-safety/waste-strategy">http://www.bathnes.gov.uk/services/bins-rubbish-and-recycling/waste-strategy-statistics-and-health-safety/waste-strategy</a>  Towards Zero Waste 2020 – The Council’s adopted waste strategy – 2014 update

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