



Report Reference Number: C/19/02

To: Council
Date: 17th September 2019
Ward(s) Affected: All
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Lead Executive Member: Cllr Chris Pearson, Lead Executive Member for Housing, Health and Culture / Cliff Lunn, Lead Executive Member for Finance and Resources
Lead Officer: Julie Slatter, Director of Corporate Services and Commissioning

Title: Funding of Waste and Recycling Collection Fleet

Summary:

The Executive on 7th March approved the replacement of the current fleet with standard rear loading collection vehicles and in addition a public consultation exercise to inform the future decision for a new recycling service. The Executive on 5th September approved the implementation of a new wheeled bin recycling service to commence in April 2020. The approved service uses standard rear loading collection vehicles to be financed by the Council which will generate an annual saving to the Council due to the lower cost of borrowing by the Council.

Recommendations:

It is recommended that:

- i. That Council approve the scheme for the purchase of the new fleet and it is added to the capital programme for 2019/20 at an estimated cost of £4m.
- ii. The purchase is funded from prudential borrowing with the associated net revenue saving of £185k p.a. contributing to the Council's savings plan.

Reasons for recommendation

The current fleet will be 10 years old by April 2020 and requires replacement. The decision to implement a wheeled bin recycling service from April 2020 enables the procurement of a standard rear loading collection fleet.

The Council funding a replacement fleet will deliver annual revenue savings of approximately £185k subject to final tender prices, making a significant contribution

to the Councils savings target. A public procurement exercise is required to be undertaken and Officers have identified an appropriate procurement framework. Tender documents have been issued and contract award is subject to funding approval. Standard rear loading vehicles provide the basis of a more efficient collection service resulting in two less vehicles than are currently used. In addition the purchase and distribution of 37,400 wheeled bins to all households is required in advance of the commencement of the new service as referenced in Executive Report E/19/10.

1. Report

- 1.1 Detailed implementation plans are in place including the procurement of a replacement fleet. Due to anticipated manufacturing timescales the procurement of the replacement fleet has commenced with an anticipated contract award at the end of September 2019. Conducting a procurement exercise does not commit the Council to awarding a contract and contract award is dependent on Council approval of funding.
- 1.2 The framework managers have advised that delivery of similar sized refuse fleets takes between 24 and 26 weeks. Awarding a contract at the end of September 2019 will ensure delivery of the new fleet to commence the new service as planned. However, contingency plans are in place should there be any delay in delivery of the new vehicles.

2. Implications

2.1 Legal Implications

- 2.1.1 The pre-procurement work has identified a suitable procurement framework for the supply of a new fleet. Using this framework ensures a full European Union Compliant procurement exercise is undertaken.

2.2 Financial Implications

- 2.2.1 The option of purchasing the vehicles ourselves versus continuing to lease the vehicles through the Amey Plc contract has been modelled based on the assumption that we would need to replace the fleet every 9 years. The saving is generated based on the preferential borrowing rates that Selby District Council can achieve against the reduction in the contract of £660k that Amey Plc have confirmed. The results are shown below and demonstrate a £185k saving per annum over 9 years subject to final tendered prices for the vehicles.

Cost to Selby of Acquiring the Vehicles				
Total Capital Cost	PWLB (1.84%) discounted by 0.2%	Selby Annual Cost	Amey Annual Contract Saving	Annual Saving
153,531.85				
172,828.63				
3,615,309.40				
3,941,669.88	4,271,894.62	474,654.96	-660,000.00	-185,345.04

2.2.2 The financial business case works on the prudent assumption that the vehicles would be purchased through borrowing in order to ensure future sustainability of the service. As with all prudential borrowing the decision to actually borrow will be taken as part of the Council's overall cash flow management and treasury activities. The saving illustrated above has been modelled based on borrowing the money at PWLB less 0.2% and the revenue savings generated will be added to the Council's savings plan.

2.3 Policy and Risk Implications

The decisions to standardise the fleet with rear loading vehicles and to implement a wheeled bin recycling service requires the purchase of a new fleet. The Council funding the new fleet also requires a public procurement exercise is undertaken. Approval of the funding ensures financial efficiencies are delivered, the new service can be implemented and customer demand for a wheeled bin recycling service is met.

2.4 Corporate Plan Implications

By appraising the options for domestic recycling the Council is 'making a difference' through the communication and feedback process that will take place, involving residents and stakeholders in the things that we are planning to do and 'delivering great value' though listening to customers about what matters to them around this element of service, and working with our delivery partner to develop great value options.

2.5 Resource Implications

The procurement of the new fleet has been conducted using internal resource with advice and support from Amey Plc fleet management.

2.6 Other Implications

These have been considered within the Executive report E/19/10

2.7 Equalities Impact Assessment

The options identified all use current collection systems which include bespoke solutions for locations with potential storage and presentation issues. In addition the service design includes the flexibility to provide appropriate containment and assistance to meet individuals with protected characteristics need to access the service.

3. Conclusion

- 3.1 The recommendation enables meaningful progress to be made to improve the service to customers, maximise recycling whilst also addressing the issues within the Waste Strategy 2018.

4. Background Documents

Waste Strategy 2018
Recycling Service Options Appraisal
Household Waste and Recycling Satisfaction Survey 2013
Customer comments from public consultation exercise
Executive report E/19/10 Future options for recycling collection service

5. Appendices

None

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