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Report to CABINET

Waste Collection Vehicles (NC-21-12)

Portfolio Holder: Cllr Amanda Chadderton, Deputy Leader and Cabinet Member for Neighbourhoods

Officer Contact: Helen Lockwood, Deputy Chief Executive

Report Author: Mark Husdan – Op's Manager (Waste & Fleet)
Ext. 2144

18th October 2021

Reason for Decision

The waste management service (WMS) seek approval to purchase 5 new waste collection vehicles. The vehicles will replace 5 old vehicle (2012 plates) and allow the waste management service to maintain and appropriately manage its statutory duties around domestic and commercial waste collections.

Executive Summary

Oldham Council's Waste Management Service requires 5 new vehicles to maintain. After exploring all options available to us the service is seeking approval to purchase the new vehicle fleet through the procurement process outlined within the report.

Recommendations

To purchase 5 new waste collection vehicles via the ESPO framework for Specialist Vehicles.

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1.0 Background

- 1.1 Oldham Council's Waste Management Service require 5 new vehicles to maintain efficient and effective waste collections across the Borough.
- 1.2 The vehicles they will be replacing are over schedule on being replaced as waste vehicles are end life of after 7 years. After this point the cost of maintaining and repairing vehicles generally exceeds the borrowing costs of a new vehicle.

2.0 Current Position

- 2.1 The WMS currently operate a fleet of Dennis Eagle (narrow track) vehicles for all domestic and commercial waste collection activity. After a major purchase of new vehicle fleet in 2019 (18 vehicles) the WMS is looking to now replace the last 5 vehicles of its old 2012 vehicle fleet. The WMS has been using a narrow track Dennis Eagle vehicle due to access issues when collecting from terrace property and rural village areas. Standard fleet vehicles would significantly increase the amount of 'no access' missed collections we experience. The service has during the lifespan of the fleet trialed a number of vehicles and lifting machinery (different manufacturers) to challenge their current Dennis Eagle (vehicle) and Terberg (lifting machinery) option. However after considering all key factors (i.e. cost, vehicle reliability, fleet/repair experience, driver experience and maintaining efficient collections) and following the appropriate procurement process the service would like to proceed with its current vehicle model/option.
- 2.2 We continue to monitor the scope and potential for electric and hydrogen vehicles. A number of trials by other Councils are underway and we are keen to evaluate how their experience can support Oldham transition towards a zero-emission fleet. Transition to alternative fuels would require depot charging and recharging which we currently do not have but will investigate for future vehicle replacement across the council fleet.

3.0 Options/Alternatives

- 3.1 To award the purchase of 5 Refuse Collection Vehicles to Dennis Eagle Ltd. The vehicles offered match the specification and are the only vehicles available with a narrow track chassis which is crucial to the way Oldham operate within the borough.
- 3.2 **Delay replacing the vehicle fleet.** The advantages of this would be that we would not incur any costs this financial year on replacing the vehicle fleet. The main disadvantage would be an increased risk in vehicle break downs and a significant increase in repair costs as the vehicles get older. This has the potential to cause significant impact on waste collections due to vehicles becoming unavailable and cause increased costs through hiring replacement vehicles (approx. £1,000 per week).

4.0 Preferred Option

4.1 Option 1) To award the purchase of 5 Refuse Collection Vehicles to Dennis Eagle Ltd. The vehicles offered match the specification and are the only vehicles available with a narrow track chassis which is crucial to the way Oldham operate within the borough.

5.0 Consultation

5.1 N/A

6.0 Financial Implications

6.1 This is a proposal to purchase five refuse collection vehicles (RCVs) from Dennis Eagle Ltd in 2021/22.

6.2 It is proposed that the acquisition is financed via capital receipts in lieu of utilising the Fleet Replacement reserve. The capital expenditure allocation will be taken from funds for emerging priorities which is included within the Council's approved Capital Strategy. Monies from the fleet reserve will instead be transferred to corporate reserves to support the Council's Medium Term Financial Strategy and underpin its financial resilience.

6.3 This request follows an appraisal of the long-term vehicle requirements of the Waste Management service by its operational management team. The review confirmed that the service requires a permanent fleet of 27 RCVs to meet its on-going waste collection obligations in a cost-efficient manner.

6.4 The vehicle requirement takes into account identified trends and growth in demand including:

- Seasonal customer demand (which peaks in the Spring and Summer months);
- Additional domestic waste collections caused by new property developments;
- Growth in the Trade Waste function (which continues to grow its customer base);
- The need to maintain adequate capacity to cover vehicle maintenance intervals and breakdowns.

6.5 The programme for renewing the RCV fleet is contained within the Fleet Replacement programme (and consolidated subsequently within the Council's approved Capital Programme).

6.6 The Council's most recent Fleet Replacement Programme was approved by Cabinet in 2019. In line with earlier programmes, this included the acquisition of 22 RCVs (as part of a 7-year rolling programme of vehicle acquisitions). This is 5 units fewer than the number required by the service (27 minus 22).

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- 6.7 Prior to 2019/20, the shortfall in RCVs was bridged by short term vehicle hiring financed from within the Waste Management revenue budget. The replacement of a significant element of the RCV fleet in 2019/20, however, allowed opportunity to cease the hiring of RCVs in the medium term by retaining five older vehicles which would otherwise have been sold. This initiative generated a saving which was approved as part of the 2019/20 Revenue Budget and Medium Term Financial Strategy (Reference: PPL-BR1-217).
- 6.8 As the report states above, these vehicles are now at least 9 years old (bought in 2012) and have become worn out. There are frequent breakdowns which is leading to more frequent and increased repair charges. More frequent breakdowns have an adverse impact on service delivery. As a further complicating factor, the GMCA is introducing Clean Air Zone charges for non-compliant heavy goods vehicles from May 2022. These older vehicles are non-compliant and will therefore incur a levy of £60 for each day they are used. If these vehicles are retained and used for 200 days per annum each, the Council would incur additional running costs.
- 6.9 The utilisation of an existing reserve seeks to address the identified funding gap in the current Fleet Replacement/ Capital programme (2019/20-2023/24). The acquisition of new, more efficient vehicles will also address the pollution / service-related issues referred to above.
- 6.10 This proposal will allow the identified structural gap within the next Fleet Replacement/Capital programme (2024/25-2028/29) to be addressed.
- 6.11 The forecast maintenance costs associated with the new RCVs will be met from within the existing revenue budget for the Waste Management Service.
- 6.12 A comparison between three alternative methods of acquiring the usage of these vehicles has been produced (information provided within the confidential approval report).
- 6.13 Whilst hiring is a reasonably efficient and effective short-term method of acquiring vehicle usage, the table shows that, over the long term, it is a relatively expensive option for high value vehicles such as RCVs.
- 6.14 The above table shows that the use of reserves is the most cost-effective option in this case. It is less expensive than borrowing because it negates the need to incur interest charges of £0.104m over the 7-year borrowing period.
- 6.15 The disadvantage of using reserves, however, is that they are a one-off funding source and although earmarked for the fleet replacement programme, their use reduces the financial resilience of the Authority. (Nigel Howard)

7.0 **Legal Services Comments**

- 7.1 Legal Services supports the recommendation outlined in the report. The procurement has been undertaken in line with the Council's Contract Procedure Rules and the YPO framework terms which is a compliant framework agreement that can be used by the Council. Sukie Kaur - Solicitor

8.0 **Co-operative Agenda**

8.1 This proposal is a commercial business decision based on service need and the continuation of delivery. The contract is being awarded through an approved commissioning process. Submissions from local companies and organisations should be reviewed from a social value standpoint and wherever possible benefit the Oldham economy.

Sarah Whittle – Policy Manager Ext 3480 20/8/21

9.0 **Human Resources Comments**

9.1 n/a

10.0 **Risk Assessments**

10.1 n/a

11.0 **IT Implications**

11.1 n/a

12.0 **Property Implications**

12.1 None

13.0 **Procurement Implications**

13.1 The Commercial Procurement Unit supports the recommendation outlined in the report. The procurement has been undertaken in line with the Council's Contract Procedure Rules and the YPO framework terms. (Emily Molden)

14.0 **Environmental and Health & Safety Implications**

14.1 None

15.0 **Equality, community cohesion and crime implications**

15.1 None

16.0 **Equality Impact Assessment Completed?**

16.1 No – not required.

17.0 **Key Decision**

17.1 Yes

18.0 **Key Decision Reference**

18.1 NC-21-12

19.0 **Background Papers**

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: DN557830

Name of File: Purchase of 5 Refuse Collection Vehicles

Records held on the Chest e-procurement portal (www.the-chest.org.uk).

Officer Name: Emily Molden

Contact No: 07515 187 975

20 **Appendices**

20.1 N/A