

BOLSOVER DISTRICT COUNCIL**EXECUTIVE****10TH SEPTEMBER 2018****Vehicle Replacements - Streetscene Waste Services Team****Report of Councillor B.R. Murray-Carr, Portfolio Holder for Streetscene****Purpose of the Report**

- To seek Executive's approval in the purchase of 2No refuse collection vehicles operated by the Council's Streetscene Waste Services Team.

1 Report Details

- 1.1 Streetscene Waste Services Team operate a fleet of heavy commercial vehicles, two of which fall due for replacement in the 2018/19 financial period.
- 1.2 Utilisation of 8x4 (32tonne) vehicles in 2013 increased waste collection productivity and was central to the business case of the 2016 Waste Services review which reduced prime domestic refuse operating vehicles from 7 (26tonne) to 6 (32tonne) yielding efficiencies to re-invest elsewhere in the service and offer wider savings to the Council.
- 1.3 Refuse collection vehicles (RCV's) are procured via the Nottinghamshire Procurement Partnership framework contract which meets European procurement requirements. The Council's refuse vehicle fleet currently consist of:

Quantity	Chassis Type	Utilisation
6No	8x4 (32tonne)	Urban domestic waste collection arrangements
2No	6x4 (26tonne)	1No Commercial waste collection arrangements. 1No relief vehicle with part domestic collection
1No	6x2 (26tonne) Rear-Steer	Rural domestic waste collection arrangements
1No	4x2 (18tonne) Narrow Track	Rural and bulky domestic waste collection
1No	4x2 (7.5tonne) Caged Wagon	Bulky domestic waste collection

- 1.4 Proposals aim to replace 2No 6x4 (26tonne) with 2No 8x4 (32tonne) vehicles to increase operational performance and meet anticipated housing growth over course of the vehicle's utilised (7years) lifespan. However, in the interim period following their replacement, only one 6x4 (26tonne) vehicle will be disposed of ensuring 2 relief vehicles are available to provide greater fleet service continuity and access versatility.

2 Conclusions and Reasons for Recommendation

- 2.1 Large commercial vehicles identified in this report fall due for replacement in 2018\19. It is proposed they are replaced by way of an established framework contract and financed via prudential borrowing.

- 2.2 The Council has previously relied on finance lease arrangements for vehicle acquisitions; however, over the past five years the Council has changed its approach from one of using finance leasing to one of acquiring vehicles by outright purchase. The switch in approach reflects the fact that a combination of low interest rates, the fact that modern vehicles can operate effectively beyond a 5 year period; together, with the greater flexibility afforded by ownership rather than leasing making ownership the more cost effective option.
- 2.3 The vehicle replacements will be funded by way of the Council's approved (2018\19) Capital Budget providing the Council with greater flexibility throughout the course of their depreciation period; in particular, if at some stage in the future it was considered appropriate to take vehicles out of use or if a decision made to extend their operational life then; this of which, can be accomplished in a more cost effective fashion.
- 2.4 Delivery time from the time of placing orders is 25 weeks; however, due to the Council being part of the Nottingham Procurement Consortium, lead time will be 21 weeks (approx.) resulting in the Council taking delivery March 2019.
- 2.5 Smaller payload vehicles are unable to contain increased service demand arising from housing growth and seasonal variation and increased risk of collection round non-completion and complaints. Proposed vehicle replacements mitigate this over the course of their anticipated 7years life span.

3 Consultation and Equality Impact

- 3.1 Streetscene managers have consulted staff (collection teams) on suitability of vehicles proposed to help ensure they are appropriate to meet service delivery requirements. Refuse staff (prime domestic collection teams) preference is the utilisation of 8x4 (32tonne) vehicles.
- 3.2 The Council's citizen panel is periodically consulted to establish satisfaction with waste collection arrangements. The table below sets out satisfaction between 2015 and 2017 and illustrates satisfaction levels in Bolsover have improved; in particular, over the course of operational service delivery arrangements touched on within this report being introduced. Replacement of vehicles set out in this report aim to sustain and/or improve customer satisfaction levels.

2015 Citizen Panel Survey			2017 Citizen Panel Survey		
Black	Green	Burgundy	Black	Green	Burgundy
88%	85%	85%	91%	87%	89%

4 Alternative Options and Reasons for Rejection

- 4.1 The replacement of vehicles by way of finance lease arrangements was not considered to offer good value to the Council and reduces the scope for flexibility concerning how vehicles are managed throughout the course of their anticipated life; in particular, where vehicles may require releasing from the leasing agreement prior to their natural end date.
- 4.2 Vehicle replacement proposed in this report are diesel (combustion) engine powered; in particular, as alternative electric (EV) or ultra-low emission (ULEV) vehicle options are not available in this vehicle class and weight range. Vehicles proposed meet current Euro-VI emission standards. Vehicles are also fitted with electric bin hoist which further reduce engine emissions.

4.3 Currently, there is no large goods EV chassis configuration to meet the Council's refuse vehicle specification requirements; albeit, Dennis Eagle is developing a 26tonne (6x2 chassis) configuration, this will not go in to production until 2020 at the earliest. EV chassis configuration vehicles being developed at this time do not meet the Council's payload requirements and would demand increased vehicle and staffing resource as set out at 5.1.7 to 5.1.9 below.

5 Implications

5.1 Finance and Risk Implications

5.1.1 The cost of refuse collection vehicle replacements set out in this report is as follows:

Vehicle	Qty	Renewal Period	£\Per	£\Total
Dennis Eagle Olympus (Euro 6) Elite 2 (8x4) 32 tonne refuse collection vehicle	2	2018/19	£182,845	365,690
<i>Note: In the interim period only 1No 6x4 (26tonne) vehicle will be disposed of to provide greater relief vehicle cover. Anticipated residual value of the vehicle to be disposed is £10,000 (approx.).</i>			Total	365,690

5.1.4 In total 2No vehicle replacements are proposed by way of this report; prior to which, approval has previously been secured to meet costs via the approved Capital Programme, funded by prudential borrowing as agreed as part of the Council's Treasury Management Strategy.

5.1.5 Prudential borrowing provides the Council with greater flexibility concerning the period of utilisation of the vehicle. While the main advantage of this flexibility is the ability to extend the working life of vehicles at a relatively low cost, it can also help avoid heavy costs associated with early return of a vehicles and/or an extended lease term. Contract hire and leasing are relatively inflexible arrangements and changes during the course of the contract would clearly have potential costs for the Council

5.1.6 The table below summarises risks associated with management of fleet vehicles:

Risk Type	Risk Detail	Control Measure
Corporate Ambitions and Priorities	Service delivery supports Council Priorities which would be undermined by ineffective and inefficient fleet vehicles.	Vehicles and specialist bodies specified to meet service needs. Standardised vehicle specification may facilitate wider joint working with the Council's Strategic Partner; in particular, benefits arising from fleet maintenance and procurement.
Staff	Changes in vehicle types and specification could affect the staff using them for service delivery.	Consult with staff and users on vehicle specifications and types to ensure fit for purpose.
Reputation	Customer satisfaction with services has a significant impact on the Council's reputation.	Ensure vehicles employed meet needs of service and are maintained to high standards.

Risk Type	Risk Detail	Control Measure
Regulatory	European emission standards not met.	Specify vehicles which meet current EU emission standards including electric bin hoists. Maintenance of vehicles meets Council's statutory Duty of Care. Developing 'Low Carbon Strategy' will consider integration of EV & ULEV technology.
Operational	Service performance and standards affected by fleet type and reliability.	Vehicle replacements sourced within effective utilisation period and appropriate specification. Planned maintenance and safety inspections undertaken. Access issues managed utilising a combination of vehicle sizes and collection times (i.e. around schools). Streetscene continue to provide response via planning application consultation process on street design in respect of vehicle access
Financial	Increased cost of vehicle replacements and maintenance place service budgets under greater pressure.	On the basis of the procurement exercise this risk is mitigated through effective purchasing. Service specification consider fuel efficiency, maintenance costs and operational flexibility to minimise ongoing revenue costs. <i>In absence of mainstream vehicle manufactures providing (ex-stock) EV solutions, retro-build options remain cost-prohibitive at this time.</i>

5.1.7 Fleet vehicles are an essential tool in effecting efficient service delivery. In the case of refuse collection, the Council now operate 32tonne (8x4 chassis) configurations facilitating daily (9.25hour) workload contained in two deliveries to disposal points. Prior to their introduction (2013) collection teams utilised 26tonne (6x4 chassis) vehicles incurring 3 (minimum) deliveries to tips per day and incurring increased non-productive time. Introduction of 8x4 vehicles increased productivity and was central to the business case of the 2016 Waste Services review which reduced prime domestic refuse operating vehicles from 7 (26tonne) to 6 (32tonne) yielding efficiencies to re-invest elsewhere in the service and offer savings to the Council.

5.1.8 Moving back to a 26tonne (6x4) chassis configuration would require increased vehicle resource and staffing at a minimum £130,000 (approx.) per annum; also, teams would not be able to contain their daily workload on 26tonne vehicles resulting in the District collections zones having to be remodelled which may also affect contractual arrangements with Ward Recycling (Burgundy Bin) collections due to zones being synchronised across the '3 bin' alternate week collection infrastructure.

5.1.9 Vehicles with larger payload potential (8x4) Therefore, orders were placed July 2018 so that delivery could be achieved late December\January to better ensure new vehicles with larger payloads were operational during the winter period when collected weight increases in solid fuel burning areas; these of which, vehicles with smaller payloads are unable to contain daily workload and increased payload within their targeted daily performance.

5.1.10 A number of 'hot spot' access locations exist within the District at which collection teams on occasion have difficulties manoeuvring vehicles, resulting in collections being delayed and complaints. Whilst it may be perceived that larger (8x4) vehicles may exasperate risk of access issues at 'hot spot' locations, access problems at these locations are long standing and have resulted when accessing with 8x4 (32tonne) 6x4 (26tonne) 6x2 (26tonne rear steer) and 4x2 (18tonne) chassis configurations; in particular, due to the nature of the road layout and extent of parking on all points of the junction head making access difficult even when using a 3.5tonne Light Commercial Vehicle (LCV). The Council's Burgundy Bin collection contractor utilises 6x4 vehicles and has experienced like access issues at 'hot spots'.

5.2 Legal Implications including Data Protection

5.2.1 The combined value of vehicle replacements considered by this report exceed the European Procurement thresholds for supply of goods and services (£181,302 or €221,000); hence, why procurement is proposed via Nottinghamshire Procurement Partnership Framework Contracts which meet European requirements.

5.3 Human Resources Implications

5.3.1 None arising directly from this report.

6 Recommendations

6.1 It recommended that:

- (a) Executive approves replacement of 2 No refuse collection vehicles as set out at 5.1.1 of this report, procured by way of the Nottinghamshire Procurement Partnership Framework Contract for the provision of Refuse Collection Vehicles.
- (b) Financing of the vehicles is undertaken by way of Prudential Borrowing, as previously approved within the Council's (2018\19) Capital Programme and Treasury Management Strategy.

7 Decision Information

Is the decision a Key Decision?		Yes
A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:		
<i>BDC:</i>	<i>Revenue - £75,000</i> <input type="checkbox"/>	
	<i>Capital - £150,000</i> <input checked="" type="checkbox"/>	
<i>NEDDC:</i>	<i>Revenue - £100,000</i> <input type="checkbox"/>	
	<i>Capital - £250,000</i> <input type="checkbox"/>	
<input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>		
Is the decision subject to Call-In?		Yes

(Only Key Decisions are subject to Call-In)	
Has the relevant Portfolio Holder been informed	Yes
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

Appendix No	Title
N/a	N/a
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
N/a	
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