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**THE FLEET REPLACEMENT OF REFUSE, STREET SWEEPERS  
AND HOOK LOADERS**

**CLEAN STREETS, RECYCLING AND ENVIRONMENT  
(COUNCILLOR MICHAEL MICHAEL)**

**AGENDA ITEM:2**

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**DIRECTOR OF ECONOMIC DEVELOPMENT**

**Reason for this Report**

1. To provide an update on the procurement approach of the new recycling and waste collection fleet.
2. To seek approval for the proposed Procurement Strategy and to delegate final approval to the Cabinet Member for Clean Streets, Recycling and Environment and appropriate Directors in respect of the procurement of;
  - a) New recycling and waste collection fleet.
  - b) New small mechanical sweeper fleet.
  - c) New skip hook loader fleet.

**Background**

3. Following the initial procurement proposal, considered by Cabinet in September 2017, for the next Recycling and Waste Collection Vehicles (RCVs), it was agreed that the finalised procurement approach would be returned to the Cabinet for approval.
4. This fleet procurement will embrace the Capital Ambition's commitments, working to support the administration's five-year plan for the city, ensuring that our public services are delivered efficiently, safely, effectively and sustainably in the face of the rising demands of a growing city with reducing budgets. This procurement not only supports the capital ambition to deliver world class recycling waste collection services and high recycling performance, but also aids the implementation of an emerging Clean Air Strategy by delivering innovative low-emission and safer vehicles within the Council's fleet. At the heart of these services are our key resources of staff and vehicles, safety of our staff and the public, efficient delivery and sustainable solutions are therefore key to this fundamental core statutory service.

5. The final procurement approach recommended is a standalone procurement for these specialist vehicles, that would be tendered in line with the service's specifications, budget and numbers required. The contracts will be for the hire and full servicing and maintenance of specialist vehicles. An agreement inclusive of maintenance mitigates the immediate service risks associated with servicing, maintenance and breakdown repairs, alongside vehicle return costs, as these risks would remain with the contractor.
6. This round of procurement will also allow time for the reskilling and development of an in house specialist maintenance service ahead of future procurement exercises.
7. Building on the approach taken for the RCV fleet and to ensure that the Council delivers a sustainable, holistic best value approach while remaining compliant with contract management arrangements, the following further procurements are also recommended;
  - a) Small Mechanical Sweepers for street cleansing activities
  - b) Hook loader vehicles that service the household waste recycling centres and commercial waste roll on-off skips.

#### **Small Mechanical Sweepers & Hook Loaders**

8. The existing hook loader fleet is on a short-term hire agreement which is more costly than a fixed term arrangement, changing this arrangement to fixed contract hire and maintain should support the fleet management savings programme. The vehicles would be procured in line with the service's specifications, budget and numbers required.
9. The small mechanical sweeper hire contract is due for renewal in spring 2018, therefore these vehicles need replacing, in line with the service's specifications, budget and numbers required.
10. By combining the three specialist vehicle procurements this will deliver an economy of scale to the relevant services for vehicle fitters, maintenance and contractor management overheads. A robust performance led contract hire agreement will fully support the requirements of the service and improve resilience to service delivery failure.

#### **Health & Safety Technologies (all vehicles)**

11. Operating a waste and cleansing fleet creates a significant health and safety risk for the Council as these vehicles work in areas where space can be restricted, plus in close proximity to pedestrians and other moving vehicles. Therefore, additional technologies are recommended as assistance tools. The current fleet has mixed coverage of cyclist safety devices audible reversing alarms, additional reversing lights, spotlights for working at the rear of vehicles, additional LED flashing lights and 360° CCTV camera systems. It is intended to expand these technologies across new fleet and to seek new products that the market place may

offer, to continue to innovate in reducing accidents or theft such as drive-locks and immobiliser systems.

### **Vehicle Emissions & alternative-fuels mediums (all vehicles)**

12. In line with the Capital Ambition and an emerging clean air strategy, the Cabinet are fully committed to reducing emissions from vehicles within its control, which would set a precedence to follow for other major operators of fleets in the City. Therefore, the procurement will seek to deliver low carbon and low-emission vehicles as part of the quality aspects of the bid scoring.
13. The Euro 6 engine is the latest and best standard engine for new commercial vehicles that carry heavy goods that exceed 3.5 Tonnes. The Euro 6 engine harnesses the latest automotive technology to significantly reduce emissions. Compared to its predecessor the Euro 5 standard, Euro 6 vehicles reduce nitrogen oxide emissions by a further 77% and cut soot particle emissions by 66%. All large recycling waste collection vehicles and the Hook Lift roll on-off skips will be specified to this standard as a minimum.
14. Whilst new markets in alternative fuels such as compressed natural gas, electric and hydrogen are still emerging for heavy goods vehicle fleets, the Council will seek options within the tender to ensure there are no restrictions in moving forwards with trialling and using vehicles operating on alternative fuels. Therefore, an option for considering alternative fuels and working with the Council on further progressing the Capital Ambition will be included in the vehicle tenders.
15. The Council are activity seeking the development of alternative fuel operated areas of the fleet and the development of a supply network that will be vital for a securing a sustainable fleet. While such a network for suitable refuelling may take time to establish, the current procurement will be careful to consider the place of alternative fuels in the coming years within the contract and will enable flexibility for such opportunities as they emerge. Currently, discussions with the industry leaders on alternative fuel options places a viable operational permanent infrastructure fuel network at three years away at least.

### **Strategy**

16. By delivering, the full range of vehicles proposed it is envisaged that the procurement can deliver economies of scale, so in turn better value for money. Any supplier can potentially provide improved maintenance rates, with a long-term commitment from the Council. If further vehicles are required due to infrastructure or commercial growth these will be considered and priced as optional in the tender in order to retain flexibility and the ability to consider alternative fuel technologies going forwards.
17. The existing contracts for the Recycling Waste Collection Vehicles, Small Mechanical Sweepers and Hook Loader Roll On-Off Skip

vehicles were a mix of 3 and 5 years in length as this was the industry standard at the time. This procurement will replace the RCV and Hook Loader Roll On-Off Skip vehicles on a contract hire basis over a 5-year period and 3 year for the Small Mechanical Sweepers. Five and three years are now the industry standard for these types of vehicles, due to the advances in vehicle technology and the support associated with a contract hire arrangement. For these reasons the product lifecycle can be extended and deliver better value for money. Market testing and existing spends support this approach. Please refer to appendix 2 for further explanation.

18. In order to meet customer expectations in terms of a high quality, reliable and safe service, it is essential the Council operate a modern, reliable and well-maintained fleet of vehicles. Therefore, a new procurement exercise is required to satisfy statutory requirements and customer expectations. As referenced above, options within the tenders will be explored to ensure flexibility on sustainable fuels and service delivery are maximised over the contract periods.
19. As the value will exceed the OJEU threshold, the Council will be required to publish this opportunity via an open process in line with EU procurement regulations.

#### **Evaluation criteria**

20. The procurement will be advertised and evaluated as two individual lots;
  - a) Lot 1 – HGV (RCV's and Hook Loaders), as the two vehicle types carry synergies.
  - b) Lot 2 – Small Mechanical Sweepers

The evaluation will be carried out in a 2-stage process. The first stage will be a mandatory pass or fail and minimum threshold requirement, ensuring only suppliers who can demonstrate their ability to deliver this provision are selected for stage 2 which will be undertaken on a most economically advantageous tender (MEAT). Details are all outlined in Appendix 2 – Waste Vehicles (RCV, sweepers, and hook loaders) - The Procurement Plan.

21. The specification for these specialist vehicles is very detailed where quality will be a significant requirement therefore, the evaluation criteria for stage 2 is recommended at 60% Price and 40% Quality. The increased weighting on quality will mean that the contracts will attract partner/s that can provide the support required to work with the Council over the next procurement period to deliver flexibility and robust service provision.
22. The Quality criteria are detailed in Appendix 2 – Waste Vehicles (RCV, sweepers, and hook loaders) - The Procurement Plan. The quality criteria high level overview is as follows;

- a) Supplier's ability to maintain an operational fleet during the Councils specified operating hours. The current range of hours will allow flexibility in the future should the Council wish a change to the collection widow. Full maintenance of the fleet will also deliver the most low risk approach to ensuring a robust fleet and that is well maintained.
  - b) Provision and transparency of contract management and the supply of relevant management information.
  - c) Provision of information to accurately monitor vehicle fuel usage and carbon footprint. Advantage would be given to reducing the carbon footprint of the fleet.
  - d) Ability to deliver the vehicles within the required timescales.
  - e) The proposed implementation plan to avoid service delivery interruption.
  - f) Health & Safety procedures including the management of sub contractors.
  - g) Vehicle characterisation, the adherence to specification.
  - h) Warranty durations, this applies to all relevant warranties on chassis, body and bin lifts.
  - i) Aftersales and account management.
23. Options will be included in the tender to allow a partnership approach to move forward with the alternative fuels agenda. The requirement for tenderers to assist the Council in this agenda will form part of the quality evaluation. The successful tenderer will be required to facilitate the Council with flexibility to explore and trial alternative vehicles within the contract period. Any specific improvements would be subject to a business case analysis at the appropriate time.

#### Proposed Indicative timetable for procurement process

<b>Key Milestones</b>	<b>Target Date</b>
Cabinet approval	January 2018
Place OJEU Contract Notice	February 2018
Tender Close & Evaluation,	March 2018
Cabinet Approval	April 2018
Standstill Period	April 2018
Contract Award	May 2018
Delivery of New Fleet (phased delivery)	July 2018 - March 2019

#### Financial Implications

24. The Directorate consider that value for money will be enhanced with the greater certainty for bidders provided by the commitment to a contract term of 5 years compared to the current contract term of 3 years. The

directorate consider that the annual costs of the new contracts will be broadly in line with the current costs for the existing 3 year contract. However, the financial implications facing the council will be clearer once the procurement exercise has been completed. Given the existing pressures on medium term council budgets it is essential that such arrangements continue to provide value for money and deliver cost efficiencies.

25. The Cabinet Report proposes a continuation of vehicle repair maintenance being delivered by the successful bidder(s). The performance requirements of this service need to be clearly stated within the procurement documentation in order to demonstrate value for money compared to other alternative forms of delivery.

### **Legal Implications**

#### **Procurement approach for the new recycling and waste collection fleet**

26. The report provides an update on the approach and recommends delegating authority to the Director to approve commencing the procurement and generally deal with all aspects of the procurement. As set out in the report, the value of the procurement is over the threshold set out in the EU procurement regulations and accordingly they intend to procure in accordance with those regulations and the EU treaty principles.
27. Any requirements (including possible future ones) by the Authority should be clearly set out in the procurement documents along with the criteria for assessing tenders.
28. Further legal implications, if required, will be set out in the delegated report.

### **Generic Advice**

29. In respect of the proposed contractual arrangements (both interim and longer term arrangements) detailed advice should be sought as to whether they raise any employment law issues, in particular whether TUPE shall apply to the services element of the contractual arrangements and reference should be made to the HR advice.
30. The report identifies that an Equality Impact Assessment has been carried out and is appended to the report. The purpose of the Equality Impact Assessment is to ensure that the Council has understood the potential impacts of the proposal in terms of equality so that it can ensure that it is making proportionate and rational decisions having due regard to its public sector equality duty. The decision maker must have due regard to the Equality Impact Assessment in making its decision.
31. The decision maker should also have regard, when making its decision, to the Council's wider obligations under the Social Services and Wellbeing (Wales) Act 2014 and the Wellbeing of Future generations

(Wales) Act 2015. In brief, both acts make provision concerning promoting/improving wellbeing.

32. To the extent that any of the proposed contractual arrangements are grant funded then prior to concluding any such contracts (including direct awards) the terms and conditions attaching to such grants should be checked to ensure the same can be complied with.

### **Procurement Implications**

33. Commissioning and Procurement have been working with the Central transport services to support the ongoing vehicle replacement program and will support this tender process working closely with the Service area to ensure compliance with OJEU Guidelines. The directorate will have to be mindful on the type vehicles and specification it goes to market as this may potentially extend lead and build times.
34. The recommended procurement approach is to combine the requirement for sweepers and hook loaders to this specialist fleet procurement, as they are all in need of immediate replacement. There are potential synergies as all the vehicle types are currently maintained externally and all vehicles provide a related service provision. The Council has potential to benefit from economies of scale and achieve more competitive pricing whilst making best use of resources in carrying out a single procurement exercise as opposed to three individual procurements.

### **HR Implications**

35. There are no direct employee implications through this contract.
36. Local employee and trade union engagement has been undertaken as part of the development of the specifications.

## **RECOMMENDATIONS**

Cabinet is recommended to:

- 1) Note the content of this report;
- 2) Approve the procurement approach and the high level evaluation criteria of the new Recycling Waste Collections fleet, the Hook Lift Roll on-off vehicles and the small mechanical sweeper vehicles ;
- 3) Delegate to the appropriate Director in consultation with the Cabinet Member to a) approve commencement of the procurement and issuing of documentation; and b) generally deal with all aspects of the procurement process and ancillary matters up to and including award of contract.

**NEIL HANRATTY**  
**DIRECTOR OF ECONOMIC DEVELOPMENT**  
12 January 2018

*The following appendices are attached:*

Appendix 1 - Waste Vehicles (RCV, sweepers, hook loaders) - The Equality Impact Assessment

Appendix 2 – Waste Vehicles (RCV, sweepers, hook loaders) - The Procurement Plan