

**REPLACEMENT OF THE RECYCLING AND REFUSE
COLLECTION FLEET**

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

AGENDA ITEM: 4

Reason for this Report

1. To recommend the Cabinet approve the phased purchasing of a new recycling and refuse collection fleet over a two-year period with a value estimated at £9.7M.

Background

2. The current fleet of recycling and Refuse Collection Vehicles (RCVs) were procured in 2013/14 via a contract hire agreement. On conclusion of the agreement in 2018/19, the vehicle fleet was purchased and maintained by Central Transport Services.
3. The majority of the fleet is now at the end of its working life and at a point where maintenance costs have significantly increased and reliability reduced. A replacement program is required to provide resilience to maintain frontline operations supporting the Councils objective to deliver a world-class waste collection service and high recycling performance.
4. The recycling and refuse collection service provided by the Council, comprises of several elements:
 - Domestic general waste
 - Recycling collections
 - Food waste
 - Garden Waste
 - Commercial trade recycling and waste services
5. To deliver these services a Refuse Collection Vehicle fleet of approximately 70 vehicles is utilised.

Issues

6. An initial procurement exercise was carried out in 2020 and 12 recycling and refuse vehicles were purchased to replace a number of the existing fleet.
7. This exercise verified current market prices and confirmed the best value approach is to continue with purchasing vehicles in comparison to leasing to replace the existing vehicle fleet and to acquire interim hire vehicles to facilitate the change to four day working.
8. Based on current vehicle prices, the anticipated cost of the procurement of the replacement fleet will be £10.8M as shown in Appendix A
9. The procurement would be carried out as a direct award to the vehicle manufacturer via the Halton Housing Framework.
10. Halton Housing is a housing association in the North West with a fleet procurement framework designed to reduce fleet procurement costs. The framework covers nine separate types of vehicles, ranging from small cars to 26 tonne refuse and recycling vehicles. The framework results in a fixed rebate paid by supplier (£50 per vehicle) to framework, rather than a percentage of the overall cost resulting in a saving to the authority.
11. The procurement strategy must consider the service requirements over the next seven year following purchase. A phased approach over a two-year period allows the Council to continue vehicle trials to determine recycling methodology in line with Welsh Government Waste Strategy for both domestic and trade waste collections.
12. All vehicles to be procured support the future recycling strategy for Cardiff, albeit the vehicles in the final phase will be in line with the new recycling strategy.
13. Fully electric vehicles are available and included in the vehicle replacement program. However, due to the increased cost of this vehicle type, consideration can only be given where additional funding for uplift vehicle costs and vehicle charging infrastructure. The two year phased approach will allow the Council to continue to seek opportunities for additional funding in this area and support reviewing the performance of electric RCV's and associated running costs.
14. The Council has been supported by Welsh Government to replace 4 diesel vehicles within the procurement of new fleet electric Refuse Collection vehicles within this procurement.
15. All new vehicles will all be fitted with the latest Euro VI diesel engines and will produce 90% less particulates and Nitrogen Oxide than the 2013/14 vehicle fleet being replaced thus support the environmental objectives of the Council.

16. The vehicle delivery is approximately 6 months from the date of the purchase order.
17. Vehicles will be fully supported by Central Transport Services. The preferred vehicle manufacturer will enable CTS to undertake and recharge remedial work under the vehicle warranty. The manufacturer will provide training, free of charge, to support this initiative.

Reason for Recommendations

18. To support the programme of service improvements in Recycling Services.
19. To support the Council meeting the statutory requirement to collect household waste and maintain a goods vehicle operator's licence.

Financial Implications

20. The costs of the vehicles will need to be met from the existing revenue budgets held by the Directorate. The cost of replacing existing fleet vehicles can be met from existing budgets and any allowance for increased costs held as part of the Medium Term Financial Plan. The cost of any additional vehicles required as part of changes in collection practices are assumed to be recoverable from the financial benefits assumed in the business case supporting that change.
21. It is proposed that the best value approach to the sourcing of these vehicles will follow the first phase and be outright acquisition rather than lease.
22. The Council's budget framework approved in March 2021, includes a capital programme budget for the vehicles to be acquired. Where the business case for acquisition assumes a residual value, careful management and maintenance of vehicles should take place over its useful life to ensure any such value is recoverable. The acquisition of vehicles will be via additional Council borrowing, with the directorate commitment to repay any acquisition costs over a 5 - 7 year period. To ensure the financial sustainability of this policy approach to acquisition of vehicles, any variations to this should be made in exceptional circumstances only, with the reasons and rationale for this reported by the S151 as part of budget monitoring reports to Cabinet.
23. Disposal proceeds of replaced vehicles will be used to reduce any invest to loan charges arising from the initial acquisition of vehicles. Robust processes will need to be developed between vehicle users, CTS and financial services in order to ensure clarity of charges for vehicles and recovery of the initial cost of vehicles as approved in this report over the agreed period of time.
24. The procurement of these vehicles is based on the maintenance of vehicles by the Council. The operating and maintaining departments of

the council deem this best value and confirm these can be managed within existing budgets.

Legal Implications

25. The report recommends that approval to award a contract off a framework. Any Call off contract must be carried out in accordance with the Call Off Process set out in the Framework Agreement. Legal Services are instructed that the recommendation proposed accords with the Framework Agreement and call off process. It should be noted that the terms and conditions will be those as set down by the Framework Agreement and the client department should satisfy themselves as to whether they are suitable for their requirements.

Equalities Duties.

26. In considering this matter the decision maker must have regard to the Council's duties under the Equality Act 2010. Pursuant to these legal duties Councils must, in making decisions, have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: (a) Age, (b) Gender reassignment, (c) Sex (d) Race – including ethnic or national origin, colour or nationality, (e) Disability, (f) Pregnancy and maternity, (g) Marriage and civil partnership, (h) Sexual orientation (i) Religion or belief – including lack of belief.
27. Well Being of Future Generations (Wales) Act 2015 - Standard legal imps The Well-Being of Future Generations (Wales) Act 2015 ('the Act') places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.
28. In discharging its duties under the Act, the Council has set and published well being objectives designed to maximise its contribution to achieving the national well being goals. The well being objectives are set out in Cardiff's Corporate Plan 2020-23. When exercising its functions, the Council is required to take all reasonable steps to meet its well being objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the well being objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.
29. The well being duty also requires the Council to act in accordance with a 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:
Look to the long term

- Focus on prevention by understanding the root causes of problems
 - Deliver an integrated approach to achieving the 7 national well-being goals
 - Work in collaboration with others to find shared sustainable solutions
 - Involve people from all sections of the community in the decisions which affect them
30. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

General

31. The decision maker should be satisfied that the procurement is in accordance within the financial and budgetary policy and represents value for money for the council.
32. The decision maker should also have regard to, when making its decision, to the Council's wider obligations under the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards."

HR Implications

33. There are no employee implications to be considered in this report.

Property Implications

34. There are no property implications for this report

RECOMMENDATIONS

Cabinet is recommend to approve the direct award to Dennis Eagle off a framework for the phased purchasing of a new recycling and refuse collection fleet over a two-year period with a value estimated at £9.7M.

SENIOR RESPONSIBLE OFFICER	NEIL HANRATTY Director Economic Development
	12 March 2021

The following appendices are attached:

Appendix A – Waste RCV Procurement