



Title: **Procurement of Refuse Collection Vehicles**

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1 Introduction

The purpose of this report is to seek approval from members for the replacement of Council refuse vehicles, which are at the end of their useful life.

One of the declared main priorities of the Oadby & Wigston Borough Council and fundamental expectations of residents is that the Council operates an effective weekly refuse collection service for the whole borough.

Critical to providing this service is that the Council must operate a modern, safe and efficient fleet of refuse collections vehicles. The Council now has seven vehicles that are old and require urgent replacement.

The Council received a grant from the Department of Communities and Local Government (DCLG) which has to be spent by the end of March 2015. The main purpose of the fund and one of the main areas of spend for the grant was identified as being for the purchase of new refuse vehicles in order to maintain a weekly refuse collection service.

2 Recommendations

2.1 That approval is given to procure seven new refuse collection vehicles in order to ensure that an efficient and safe weekly borough wide refuse collection service continues to be provided.

3 Information

3.1 It is proposed that seven refuse collection vehicles are replaced. All are over seven years old and have therefore worked well past their recommended effective and operational lifespan.

<u>Vehicle Registration</u>	<u>Make</u>	<u>Leased/Owned</u>	<u>Lease Expiry</u>
FD51 FRC	Seddon Atkinson	Owned	
FG03 JWU	Seddon Atkinson	Owned	
FG03 JWM	Seddon Atkinson	Owned	
YJ05 SYZ	Seddon Atkinson	Owned	
YJ05 SZC	Seddon Atkinson	Owned	
FJ08 TXV	Mercedes Benz	Leased	21 October 2015
FJ08 YTA	Mercedes Benz	Leased	21 October 2015

3.2 All these refuse collection vehicles are owned by the Council with the exception of the two 2008 vehicles which are leased. These leases have already been extended to October 2015 when both vehicles will be returned to the lease company.

3.3 The industry expected lifespan of new vehicles, if operated and maintained correctly, should be a minimum of seven years. The specification will therefore need to ensure that when procured these vehicles will be the most reliable, modern and flexible available so as to be best placed to be able to operate and comply with any legislative or policy changes that may occur in the future.

3.4 Vehicles made to this required specification are estimated to cost £160,000 each. It is essential that the Council procures the refuse vehicles in accordance with the terms of the waste bid by the end of March 2015 otherwise the funding could be lost. The general industry lead in time for vehicle delivery of is understood to be up to six months. It is important that the Council procure these vehicles in line with its approved Financial Regulations and Contract Procedure Rules. To obtain best possible value, the Council has in the past used a purchasing framework that complies with the Official Journal of the European Union (OJEU) regulations.

3.5 Replacing the two leased vehicles by purchasing two new vehicles using the DCLG grant will result in a saving to the General Fund of approximately £16,000 per annum based on current rentals. However replacing these with further leased vehicles would cost the Authority around £24,000 per vehicle per annum. It is likely that the Council will receive a small receipt for the sale of its own vehicles totalling around £15,000.

3.6 The Council was awarded £1.6million by DCLG and approximately £900,000 is available to spend on new refuse collection vehicles. It is hoped that the bulk discount, which will be gained by procuring the fleet as one package, will be considerable. However, if the total cost of the vehicles does exceed the DCLG grant available, it is proposed that that the excess will be funded through borrowing from the Public Loans Works Board.

3.7 At present, the interest rate would be around 3.2% for a seven-year loan. However, the Council is obliged to make a Minimum Revenue Provision against borrowing made. The cost to the Council's General Fund, relating to this, is set out below.

Cost of Borrowing per £100,000 over 7 years	
Interest at 3.2%	£3,200
Minimum Revenue Provision	£14,285

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Implications	
Financial (CR)	Contained in the report
Risk (CR)	Not having a robust vehicle replacement programme is a risk to both health and safety and service provision
Equalities (KG)	None save for that an EIA is completed at the time of procurement.
Legal (KG)	It is vital that the terms of the waste bid are met and the monies are allocated and spent in accordance with this report to avoid losing the funding altogether. It is similarly vital to ensure compliance with the contract procedure rules to procure the vehicles, which by doing so would alleviate the Council from potential and escalating health & safety concerns that presently exist.