

Meeting of:	CABINET
Date of Meeting:	23 JULY 2024
Report Title:	WASTE SERVICES ROLLING FLEET REPLACEMENT SCHEME
Report Owner / Corporate Director:	CORPORATE DIRECTOR COMMUNITIES
Responsible Officer:	ZAK SHELL, HEAD OF OPERATIONS – COMMUNITY SERVICES
Policy Framework and Procedure Rules:	There is no impact on the policy framework and procedure rules.
Executive Summary:	A decision was made under the urgency provisions in the Council’s Scheme of Delegation approving the purchase of five new recycling vehicles. However the deadline to place the orders stated in the Delegated Power report has now passed. In addition, the cost for the purchase of the vehicles, along with the cost for refurbishing 3 other vehicles, is above the values set out in the Delegated Power report, and also exceeds the available funding limit. Subject to Council approving the updated capital programme report on 24th July 2024, which will include additional funding for these vehicles, Cabinet approval is sought to purchase five vehicles and refurbish three existing recycling vehicles.

1. Purpose of Report

- 1.1 Due to the urgent nature and need to move ahead with fleet investment, an initial £980,500 for year one fleet procurement via our service contractor Plan B Ltd, was approved via a delegated power decision (DP) (CMM-SS-24-024) on the 19th June 2024. It was noted in the DP that orders needed to be placed by 30th June. Unfortunately, due to delays in final prices being received from the manufacturer, the orders were not placed by this deadline. This report seeks Cabinet approval to place the orders planned, past the approved date of the 30th June.
- 1.2 Further to ongoing negotiations with the vehicle supplier via Plan B, it became apparent that original quotations provided did not include costings of livery or the camera systems required for the vehicles. This has resulted in an increased cost for the five vehicles of £56,000. Subject to Council approving the capital programme report on 24th July 2024, Cabinet approval is sought to purchase the vehicles for the increased value.

- 1.3 The original DP also referred to the need to refurbishment the existing recycling fleet. However the cost of refurbishment was not included at this stage for approval. The cost of the refurbishment of the existing fleet is in the order of £30,000 per vehicle. Subject to Council approving the capital programme report on 24th July 2024, Cabinet approval is also sought to refurbish the first three existing recycling vehicles only. A further report will be presented to full Council later in the year for approval of funding in the Council's overall Capital Programme for the remaining recycling vehicles that require refurbishment.
- 1.4 The Council's current services contract with Plan B Management will need to be amended to reflect Council ownership of the five new vehicles and approval is sought to delegate authority to the Corporate Director – Communities in consultation with the Chief Officer Finance, Housing and Change and the Chief Officer – Legal and Regulatory Services, HR and Corporate Policy to negotiate any amendments and to execute any documents on behalf of the Council to implement such changes.
- 1.5 As mentioned in previous reports, an ongoing programme of vehicle refurbishment and a plant and equipment replacement programme related to the delivery of the waste and recycling service is required. The capital requirement for this ongoing programme will be presented to full Council later in the year for consideration for inclusion the Council's overall Capital Programme.

2. Background

- 2.1 A future waste services options post 2026 report was agreed by Cabinet on the 16th April 2024. This report considered the findings of the commissioned report from Eunomia Research and Consulting Ltd (Eunomia) on future recycling and waste options from April 2026, following the two-year contract with Plan B Management Solutions which ends 31st March 2026.
- 2.2 In the meeting, Cabinet noted the contents of this report and the qualitative and financial analysis undertaken by Eunomia.
- 2.3 Cabinet considered the three options of bringing the servicing in-house, setting up a LATCo and re-procurement. Cabinet concluded that a procured contract would not be the future method of service delivery and further information was requested with regard to the LATco and in-house models. This will be the subject of a future Cabinet report.
- 2.4 Cabinet noted the intent to move to a new rolling fleet replacement programme for waste service vehicles from 2024. It was acknowledged that this would need to be through a separate report to Council for approval for inclusion in the Council's capital programme.

- 2.5 Further to a report to Cabinet of 16th April 2024 where, amongst other items, the benefits to moving to a rolling waste and recycling fleet and plant replacement programme were explored, further draft reports to Cabinet and Council on the subject were prepared. The intention was to take these to June's Cabinet and Council meetings and, subject to approval, move ahead with investment in the fleet to improve reliability and public service in the area.
- 2.6 However due to the pre-election period in June, Cabinet and Council meetings were cancelled resulting in the above reports not being able to be presented for consideration. Due to the urgent nature and need to move ahead with the fleet investment, spend of £980,500 for year one fleet procurement, to be administered via our service contractor Plan B Ltd, was approved under the urgency provisions in the Council's Scheme of Delegation via DP report reference CMM-SS-24-024, on 19th June 2024.

3. Current situation / proposal

- 3.1 Historically, since 2003, the authority has procured contracts with third party contractors for the provision of waste and recycling services. This has resulted in new vehicles and plant being provided by the incumbent contractor as part of this service approximately every seven years, being paid for from the annual revenue contribution by the Communities Directorate
- 3.2 A significant disadvantage of this situation is that all of the vehicles and plant typically become less reliable in their latter operational years and reach end of life at the same time. This has resulted in issues with service and reliability including increasing the risk that collections do not take place on the expected days.
- 3.3 In the report to Cabinet of 16th April 2024 it was acknowledged that the local authority was best placed to provide the capital for all vehicle and plant to be utilised for the service due to preferential borrowing rates meaning that the local authority would own the vehicles and plant.
- 3.4 The Eunomia report presented to Cabinet on 16th April 2024 also identified, that when in contract with a service provider, it would be financially beneficial for the contractor to undertake the purchasing of the vehicles and plant on the authority's behalf to use their buying power to leverage lower vehicle prices. The urgent DP reflected this advice and gave approval for Plan B Management Solutions to purchase 5 new recycling vehicles .

4.0 Equality implications (including Socio-economic Duty and Welsh Language)

- 4.1 The protected characteristics identified within the Equality Act, Socio-economic duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services, and functions. As this report does not deal with changes to how

the waste services are operationally provided to the public. It is considered that there will be no significant or unacceptable equality impacts because of this report.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives, as a result of this report.

6. Climate Change Implications

6.1 There are no adverse climate change implications.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from this report.

8. Financial Implications

8.1 Irrespective of whether the vehicles, plant and equipment used for the delivery of the waste service is purchased periodically or on a rolling program, directly purchased or via a contractor, ultimately the Council will and always has been responsible for the overall cost of the fleet.

8.2 The total purchase cost from new for all plant and equipment and vehicles currently utilised in the delivery of the waste and recycling service is in the region of £12.4 million based on traditionally diesel-powered vehicles (note, current ULEV vehicles are currently in the region of twice the cost of traditional diesel-powered vehicles).

8.3 From initial discussions with the current contractor, the move to a rolling fleet replacement system over a seven-year period, would require an initial investment of circa £1.126 million in year one which includes the purchase of 5 vehicles and refurbishment of an additional 3 recycling vehicles currently in use on the contract.

8.4 On 19th June 2024, an urgent Delegated Power Authority (CMM-SS-24-024) was approved for spend of £980,500 for the purchase of 5 vehicles.

8.5 The additional increased cost for livery and camera systems of £56,000 and the refurbishment costs in the region of £90,000 have increased this sum to £1,126,500. This is a higher cost than was approved in the urgent Delegated Power report and exceeds the available budget. Therefore, the funding of the replacement vehicles and refurbishment of current vehicles will be considered as part of the capital programme report being presented to Council (subject to Cabinet's approval of this report) on the 24th July. Subject to Cabinet approval of the recommendations set out below, should Council be minded not to approve the additional capital funding request, the

Directorate will rely on the approved budget limit previously authorised under the urgent DP to purchase and refurbish vehicles.

- 8.6 Any ULEV vehicles purchased in future years would be dependent on availability of relevant grant support.

9. Recommendations

It is recommended that Cabinet: -

- 9.1 Approves the placement of an order for 5 new recycling vehicles with Plan B Management Solutions, which will be further subject to approval of the revised capital programme by Council on 24th July 2024 .
- 9.2 Approves the placement of an order with Plan B Management Solutions for the first 3 existing recycling vehicles to be refurbished, which will be further subject to approval of the revised capital programme by Council on 24th July 2024.
- 9.3 Delegates authority to the Corporate Director – Communities in consultation with the Chief Officer Finance, Housing and Change and the Chief Officer – Legal and Regulatory Services, HR and Corporate Policy to negotiate any amendments to the current contract for waste services with Plan B Management Ltd and to execute any documents on behalf of the Council to implement such changes.

Background documents None