



# EXECUTIVE BOARD DECISION

<b>REPORT OF:</b>	Executive Member for Place Executive Member for Finance and Governance
<b>LEAD OFFICERS:</b>	Director of Place Director of Finance and Governance
<b>DATE:</b>	<b>14 JULY 2022</b>

<b>PORTFOLIO/S AFFECTED:</b>	Environmental Services/Highways/Public Transport/Digital Transformation
<b>WARD/S AFFECTED:</b>	All
<b>KEY DECISION:</b>	<b>YES</b> <input checked="" type="checkbox"/> <b>NO</b> <input type="checkbox"/>

**SUBJECT: Vehicle Replacement Programme**

## 1. EXECUTIVE SUMMARY

The Council's vehicle replacement programme has identified that a number of teams across the Council have vehicles that are ageing and need replacing. There are also a number of hired vehicles on the Council's fleet which is not the most economical way of providing vehicles for the various services.

The Refuse Collection Team has two vehicles that are almost 9 years old and need replacing.  
The Environment Street Cleansing Team has an 18 tonne road sweeper on hire that needs replacing.  
The Environment Crime Team has a van that is fifteen years old, that needs replacing and the team requires another vehicle for a new member of staff.  
The Environment Amenities Team has a van on hire that needs replacing.  
The Environment Amenities Team have two small vans on hire that need replacing.  
The Environment Amenities Team have a mini-excavator on hire that need replacing.

The Head of Environment has six vans on hire that are utilised by the supervisors of the Refuse Collection, Street Cleansing and Amenities teams. These need replacing by Council owned vehicles.

The Fleet Management Services Team has a 7.5 tonne tipper that is fifteen years old that needs replacing.

The Highways Team has two gritters that are 15 and 8 years old and need replacing.

The Digital Transformation Team has a hired vehicle on the fleet that needs replacing.

The Public Transport Team have two wheel chair accessible vehicles that are 16 and 17 years old and need replacing.

## 2. RECOMMENDATIONS

It is recommended that Executive Board authorise the replacement of these old and hired vehicles, and the addition of £1,300,000 to the capital programme for this purpose, as part of the Council's vehicle replacement programme.

That delegated authority is given to the Director of Finance to determine the most appropriate method of financing the acquisition of these vehicles.

### **3. BACKGROUND**

The Council has a fleet of 7 frontline refuse collection vehicles that are currently utilised for collecting household waste and trade waste throughout the Borough, with a pool provision of 3 spare vehicles. In addition, the council is maximising the use of the Refuse Collection fleet with 4 vehicles from the fleet being used each week on a Friday and Saturday to collect the garden waste generated within the borough. The vehicles are of varying ages. The oldest two vehicles are now eight and 10 years old and becoming increasingly unreliable with increased maintenance costs and by virtue, increased costs for overtime for service completion, to ensure that the work is completed and income generated from trade waste is not lost.

In April 2020, the Council's recycling contract came back in house and saw the addition of 6 refuse collection vehicles added to the fleet. This means in effect that the 3 spare vehicles now have to cover 13 rounds. It is important that refuse collection and recycling vehicles are reliable because to hire a vehicle costs over £1,000 per week, which is the minimum hire period, and currently availability is an issue, as hire companies do not carry as many refuse collection vehicles on their hire fleets, as they used to.

The two new vehicles would be utilised as front line vehicles with one 7 year old and one 6 year old vehicle being used for pool provision to service the 13 round fleet. Should the service need to reduce the collection vehicles on the fleet at a later date, any of the pool vehicles could be returned to the relevant leasing company, as the primary lease period has elapsed and the vehicles are being used on secondary leases, and can be terminated at a much-reduced rate. The approximate cost of two new refuse collection vehicles would be £180,000 each.

The Street Cleansing section has recently reviewed and changed how it operates its fleet of road sweepers. This has resulted in a reduction of two compact sweepers on the fleet. This has allowed them to hire in an 18 tonne sweeper that is better suited for sweeping larger areas thus reducing downtime by not having to return to the depot until the end of the shift to tip off. The current hire cost is approximately £42,000 per annum. Purchasing a Council owned vehicle through the Capital Leasing Programme would see a significant saving over the five-year period even after taking in to account the extra associated costs for tax, tyres and parts. The approximate cost of a new 18 tonne sweeper would be £140,000.

The Council has four frontline vehicles that are utilised by the Environment Crime team. One of these vehicles is fifteen years old and becoming increasingly unreliable with increased maintenance costs resulting in the vehicle being off the road and lost productivity for the team. The service has also taken on a new member of staff and as such needs another vehicle for this new member to operate from. The two new vehicles to be purchased would be electric powered and would cost approximately £23,000 each.

The Grounds Maintenance team currently uses a hired van to service and repair all of the play areas within the Borough. The cost for this is approximately £5,000 per annum and is not the most economical way of providing the service with a vehicle. It is intended to investigate the market to replace this vehicle with an electric vehicle should a suitable model be available. The approximate cost would be £36,000.

The Grounds Maintenance team currently uses two small hired vans to undertake the weed spraying contract that was brought back in-house at the start of the summer. The current hire cost is approximately £4,500 each per annum and is not the most economical way of providing the service. It is intended to investigate the market to replace this vehicle with an electric vehicle should a suitable model be available. Approximate cost would be £36,000 each.

The Grounds Maintenance cemeteries team currently hire a mini-excavator to assist with the digging of graves. The annual hire cost is approximately £10,000 and is not the most economical way of providing the service. It is intended to purchase their own mini-excavator. Approximate cost would be £30,000.

The Environment management team currently utilise six hired vehicles as pooled vehicles to replace using their own cars for work related journeys and claiming back mileage allowance. A review has taken place and established that there will be a need for five pooled vehicles going forward. The pooled fleet would consist of 4 small vans and one larger short wheel base van. The Head of Environment wishes to replace the hired vans with Council owned electric vehicles to assist with the target of the Council becoming carbon neutral by 2030. Approximate cost of small vans is £23,000 each. Approximate cost of short wheel base van is £36,000.

Fleet Management Services has a 7.5 tonne tipper that is 15 years old and becoming unreliable. The vehicle is used as a spare to cover for servicing and repairs to the Environment and Highways tippers. The utilisation of this vehicle prevents the Council paying unnecessary hire costs for a replacement vehicle. This vehicle would be replaced with a second hand vehicle. Approximate cost of a second hand vehicle would be £25,000.

The Highways team has a fleet of six gritters. The oldest gritter is almost 15 years old and is becoming unreliable and needs replacing with a new gritter. The next oldest gritter is 8 years old and the Highways team would like to replace this with a demountable gritter/tarmac vehicle. The new vehicle have a demountable body that can be used for gritting and a separate demountable insulated tarmac body to be used for collecting tarmac on a daily basis to carry out pot hole repairs. Approximate cost for the gritter would be £100,000. Approximate cost for the Demount would be £150,000.

The Digital Transformation Team has a hired van that they utilise for transporting IT equipment to the various Council premises around the Borough. Purchasing a Council owned vehicle through the Capital Leasing Programme would give an opportunity to add another electric vehicle to the fleet and therefore be another step towards the Council becoming carbon neutral by 2030. The current cost for the hire vehicle is £4,500 per annum. Should the Digital Transformation Team no longer require the vehicle in a couple of years' time then the vehicle could be utilised elsewhere on the fleet. The anticipated purchase price for the vehicle would be £23,000, which would see the Council paying approximately £4,000 per Annum for the next five years.

The Public Transport Team have a number of wheel chair accessible vehicles that are used to transport individuals that are wheel chair bound in to schools. Two of these vehicles are 16 and 17 years old and are becoming increasingly unreliable. The intention is to replace these with new vehicles. The approximate cost would be £75,000 each.

#### **4. KEY ISSUES & RISKS**

The main cause for concern in not replacing the two refuse collection vehicles would be reliability, which could result in a shortage of vehicles to complete the refuse, recycling and trade waste rounds, thus affecting service delivery to customers and jeopardising the £1,000,000 per year trade waste income the Council generates. The availability of hire vehicles around the country is limited and as such, we are fully dependent on the availability of our own refuse collection vehicles.

The main cause for concern in not replacing the other vehicles referenced in the report would be reliability, which could result in a shortage of vehicles to provide the services, thus affecting service delivery around the borough and jeopardising the income generated by the Department, as well as customer service.

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## 5. POLICY IMPLICATIONS

Priority 6 for the council identifies that the council will ‘make your money go further’, which this report aims to provide.

## 6. FINANCIAL IMPLICATIONS

The approximate cost for all of the new vehicles would be £1,261,000. The Council would seek to finance the purchase of the new vehicles through a “sale and lease back” deal. Assuming this was the best option, the Council would lease the vehicles over a five-year period, at an estimated cost of £220,000 per annum to be borne by the respective revenue budgets.

If leasing was not the most economic or a viable option, the Council would finance the vehicles through prudential borrowing. Delegated authority to the Director of Finance to determine the most appropriate method of financing the vehicles is requested as part of this report and subject to that, the respective revenue budgets would then be adjusted to finance this cost.

The Council has been set a target of becoming carbon neutral by 2030. In this report, there are plans to purchase eleven electric vehicles to help achieving the target. The additional capital cost in changing these vehicles from diesel to electric as opposed to changing like for like is approximately £121,000.

As a result of these purchases, and subject to the chosen method of financing the acquisitions, there is estimated to be an additional revenue cost of £20,000 that will be met from existing portfolio budgets.

## 7. LEGAL IMPLICATIONS

The Council as a Waste Collection Authority (WCA) and a Waste Disposal Authority (WDA) has a legal duty under the Environmental Protection Act 1990 to provide waste collection and disposal services in the borough.

A procurement exercise will be undertaken in accordance with the Council’s Contract Procurement Procedure Rules and Contracts shall be in a form approved by legal officers in the Contracts and Procurement Team.

## 8. RESOURCE IMPLICATIONS

The procurement of the new vehicles can be accommodated within existing resources.

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## 9. EQUALITY AND HEALTH IMPLICATIONS

**Please select one of the options below. Where appropriate please include the hyperlink to the EIA.**

Option 1  Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2  In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3  In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

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**10. CONSULTATIONS**

Consultation with the respective management teams has taken place to identify the best option going forward to deliver the service.

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**11. STATEMENT OF COMPLIANCE**

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

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**12. DECLARATION OF INTEREST**

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

<b>VERSION:</b>	<b>1</b>
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<b>CONTACT OFFICER:</b>	<b>Martin Eden, Director of Place</b> <b>Dean Langton, Finance and Governance</b> <b>Neil Bolton, Fleet Transport Manager</b>
<b>DATE:</b>	15/11/2021
<b>BACKGROUND PAPER:</b>	Procurement guidelines for the Council.