

Agenda Item No 18

Executive Board

16 June 2015

**Report of the
Assistant Director (Streetscape)**

**Replacement Waste Management
Vehicles – Capital Programme**

1 Summary

- 1.1 This report updates Members on the outcome of the recent tender exercise for the purchase of various waste management vehicles and proposes changes to the capital programme to reflect the revised replacement costs.

Recommendation to the Board

- a That £196,000 is brought forward into 2015/16 from the 2016/17 capital programme; and
- b That the additional cost of £48,437 is added to the 2015/16 capital programme

2 Background

- 2.1 Six refuse collection vehicles (RCVs), two smaller compaction vehicles and the cesspool tanker require replacement during the current financial year. Provision of £190,000 per RCV, £60,000 and £85,000 for the smaller vehicles and £85,000 for the tanker was made in the current capital programme. A further refuse collection vehicle utilised predominantly on the trade waste service is scheduled for replacement in 2016/17 for which a further £196,000 has been allocated in the provisional programme for that year.
- 2.2 The new vehicles are essential to the continued efficient delivery of the Council's refuse and recycling collections and the cesspool emptying service. The table at 3.1.1 sets out the most economically advantageous prices obtained for each type of vehicle following the recent tendering exercise and highlights the shortfall against the provision within the current capital programme. Overall the total shortfall is £244,437.
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2.3 The amount of the budget allocated in the capital programme was based on previous vehicle purchases and discussions with a number of suppliers. The move from Euro V to Euro VI engines looks to have significantly increased the unit cost for HGVs. Several manufacturers submitted RCV bids all of which were within a few thousand pounds of each other which would suggest that the market price for vehicles has risen across the board within the waste management sector. This was reflected in the tendered prices for the smaller vehicles which are more specialist in nature and for which fewer bids were

received, despite the use of an extensive and very thorough procurement process.

- 2.4 It is proposed that the shortfall within the 2015/16 capital programme could largely be offset by pushing back the proposed RCV replacement scheduled in 2016/17 by a number of years given the good condition and nature of the work undertaken by the current vehicle. This would save £196,000. A further £22,000 is likely to be realised from the sale of the redundant vehicles being replaced.

3 Report Implications

3.1 Finance and Value for Money Implications

- 3.1.1 The table below details the budgets and tendered costs of the proposed vehicle replacements.

Vehicles to be replaced	Budget 2015/16 £	Budget 2016/17 £	Tender Sums £	Shortfall £
6 X Mercedes Econic Refuse Collection Vehicles	1,140,000	-	1,314,558	174,558
1 X Mercedes Econic Refuse Collection Vehicles (replacement delayed)	-	196,000	-	(196,000)
2 X Farid Minimatic small Refuse Collection Vehicles	145,000	-	197,229	52,229
1 X 2000 Gallon Vac Cesspool Tanker	85,000	-	102,650	17,650
Total	1,370,000	196,000	1,614,437	48,437

- 3.1.2 The table above shows the tendered price of the vehicles is £1,614,437. We currently have budget provision of £1,566,000 in the capital programme, split £1,370,000 in 2015-2016 and £196,000 in 2016-2017, which would need to be bought forward into 2015-16 programme. This would leave a shortfall of £48,437.

- 3.1.3 The shortfall of £48,437 will need to be added to the capital programme. Funding of around £22,000 is expected to be realised from the sale of the old vehicles. The financial implications for the General Fund will therefore be the cost of the remaining £26,437. Use of the earmarked capital reserve or internal borrowing would reduce investment income by around £250 per annum. Expected fuel efficiency savings should more than offset this cost.

- 3.1.4 The final funding arrangements would be decided during the year end close down procedure and when exact sale proceeds are known.

3.2 Risk Management Implications

- 3.2.1 If the Council does not renew its waste management vehicle fleet the refuse and recycling and cesspool emptying services will become increasingly less reliable, less efficient and far more costly to operate. Certain elements of the service may become unsustainable in their current form.

3.3 Environment and Sustainability Implications

- 3.3.1 The Euro V1 engines comply with the European regulations for reduced emissions.

The Contact Officer for this report is Richard Dobbs (719440).