

11 March 2020

Report of	Assistant Director of Environment	Author	Rosa Tanfield
Title	<div> <div>□ 8047</div> Request for Authority for Procurement of Fleet: Food Waste Collection Vehicles </div>		
Wards affected	All Wards		

1. Executive Summary

- 1.1 This report is to agree the options for food collection and the purchase or leasing of seven food waste vehicles for the reasons set out in this report and to delegate authority to purchase/lease the vehicles depending on the outcome of the procurement process and provided that the costs are met from within existing budgets.

2. Recommended Decision

- 2.1 To agree option ii), in paragraph 5.16 and option B in Table 1, of Appendix A for the reasons set out in this report.
- 2.2 To give authority to the Chief Operating Officer, in consultation with the Portfolio Holder for Waste, Environment and Transportation to purchase or lease seven food waste vehicles for the reasons set out in the report and providing that the costs can be met from within existing budgets.

3. Reason for Recommended Decision

- 3.1 Option ii) in paragraph 5.16 has the potential to make savings, frees up capacity at Shrub End Depot and enables the site to continue to deal with growing capacity for recycling waste.
- 3.2 Option B in Table 1 in Appendix A of this report is recommended because the purchasing of larger vehicles will reduce the number of vehicles, the number of trips and release further capacity to deal with the growing volumes of food waste. This will also mean that the trailer and articulated lorry will no longer be required for food waste which may create a budget saving and free up capacity for glass and refuse.
- 3.3 The current fleet is coming to the end of the existing lease hire on the 31st October 2020, so for operational reasons the Council will need to purchase/lease replacement vehicles.
- 3.4 Due to the types of vehicles and stages within the timetable for procurement in 2020 it is recommended to delegate authority to the Chief Operating Officer in consultation with the Portfolio Holder for Waste, Environment and Transportation, to purchase/lease the food waste vehicles, to ensure that there is no risk to the delivery of core Council services.

4. Alternative Options

- 4.1 The Council could try to extend the lease hire for the existing vehicles, but this would significantly increase hire charges and future maintenance costs. This option is also unlikely to be compliant with the Public Contracts Regulations 2015 because there are no additional rights to extend the contract hire for further periods.
- 4.2 If the Council did consider the option in paragraph 4.1 above, this would not resolve the capacity and compliance issues at Shrub End depot.

5. Background Information

- 5.1 The Council manages the food waste vehicles, which enable it to meet its duties in relation to food waste collection and deliver against its priorities set out in the Council's Strategic Plan.
- 5.2 The Council has a responsibility to ensure that all fleet complies with national standards, is adequate in terms of capacity, reliable and is fit for purpose to deliver against the agreed outcomes for the Service.
- 5.3 Without a regime of vehicle replacement, the Council will not be able to deliver a satisfactory service to residents, visitors and businesses. The investment will promote financial, social and environmental benefits and support the Council's strategic aims.
- 5.4 The leasing contracts for the existing eight food waste vehicles will expire on the 31st October 2020, so these vehicles will need to be replaced.
- 5.5 Although the Council has a repair and maintenance contract with an existing provider, the level of wear and tear on these vehicles means that they are unavailable, due to repairs, for increasing periods of time. This means there are times when the Council does not have a full complement of vehicles available which in turn impacts negatively on services. The Council has also extended the lease hire for the maximum period permitted via the original procurement process.
- 5.6 As part of the Council's Medium Term Financial Forecast (MTFF), the Council agreed to purchase a new waste fleet once the current leasing arrangement expires. As part of the option appraisal exercise a saving of £250,000 (£150,000 in 2019/20 and £100,000 in 2020/21) was identified by purchasing these vehicles, but also reducing the overall size of the fleet. At the time of the exercise it was decided that the Council would borrow to fund the capital investment. As part of the procurement process the Council is also looking at the alternative option of lease hire so that a comparison can be made to ensure the Council obtains overall value for money.
- 5.7 There is an approximate lead in time of 6 months on delivery of vehicles, so to allow the vehicles to be delivered in time, full procurement processes and orders need to be in place by May 2020.
- 5.8 The existing food waste vehicles tip daily at the Shrub End Depot with some vehicles tipping twice daily and the collected food waste being stored in an arctic trailer and taken to the BioGen facility at Halstead seven times a week.
- 5.9 In line with the Council's commitment to reducing carbon emissions, Officers have investigated the potential of procuring low emission / electric food waste vehicles. Unfortunately, there are no electric food waste specific vehicles currently being

manufactured; although we are aware of one fully electric refuse collection vehicle (26 tonne) currently being trialled.

- 5.10 Accordingly, the viability of electric food waste collection vehicles will not be known for some time and so there is no operational impact assessment that can be made in relation to the use of electric food waste vehicles or their associated costs at this time, although this will form part of future reviews. There is also no scope for delaying the purchase/lease hire for the replacement food collection vehicles for the reasons set out in this report. However, the Council will be exploring the option of electric vehicles in relation to the replacement of the light fleet vehicles. This will be subject to a separate procurement process because there are likely to be viable options for these types of vehicles, with the additional benefit of creating the infrastructure that could be used for future trials of waste and food collection vehicles. This will enable a full impact assessment to be made in relation to service delivery at a later date.
- 5.11 In pursuit of the best practicable environmental option with the food waste fleet, any replacement Heavy Goods Vehicles (vehicles over 3.5 tonne) will have the latest Euro VI engines. This will ensure cleaner fuel technology and will reduce CO² emissions, which falls under the Directive on the Promotion of Clean and Energy Efficient Road Transport Vehicles.
- 5.12 Whilst the Council has committed to reducing the number of vehicles overall within its fleet, there is an option to increase the size of the food waste vehicles, from 7.5 tonne to 11 tonne. This will enable crews to collect more waste, without the need to make repeated trips back to the Shrub End Depot. Coupled with a route optimisation exercise, there are likely to be further improvements to mileage, fuel usage and carbon emissions.
- 5.13 To ensure the Council is a fully compliant waste handler and operator, it must conform to stringent legal requirements and waste management licence standards. There is a growing risk that the Council may not be able to sustain these standards and requirements, unless operational changes take place.
- 5.14 To conform with Environment Agency (EA) legal requirements and waste management licence requirements, food waste at Shrub End depot must not be deposited on the floor and must be loaded directly into a sealed unit. The Council must also conform to requirements to the limitation of wastes that are likely to attract scavengers. These wastes are only permitted at Shrub End Depot if they are stored in areas that provide security against scavengers; for example, a closed or secure container, a covered building, or in areas provided with netting or fencing. The current arrangement is for the food waste to be stored until transfer in an arctic trailer; it does not securely prevent the ingress of scavengers, and therefore this is not a long-term solution.
- 5.15 The Council is permitted to accept only a limited amount of waste in any given year at Shrub End Depot, as set out within the waste management licence with the EA. The Council is reaching this limit due to the continued increase in recycling, food and general street cleaning waste. The Council could request an increase to the limit on the EA waste management licence, however the small footprint of the Shrub End depot means the EA is unlikely to grant an extension to the limit.
- 5.16 There are two options available:
- i.) Purpose built unit at Shrub End Depot

Build a purpose-built sealed building that can accommodate a forty-foot trailer and capacity for food waste vehicles to drive in and tip the food all behind a closed door. This would have a significant impact on the space in the depot to deal with other materials and will raise health and safety concerns with regard to the movement of vehicles and pedestrians around the depot. Indicatively, the cost of the building alone would be in excess of £600,000.

ii.) Food transferred directly to BioGen facility

Food waste could be taken directly to the BioGen facility at Halstead by the crews operating the food waste collections. This would negate the need to tip the food waste at the Shrub End depot, reducing the current amount of waste accepted at depot. This would release some capacity for continued growth in recycling and waste accepted at the site in the future.

Trials of food waste being taken directly to the transfer station have been undertaken. This resulted in some food waste vehicles not having time to run to Halstead BioGen facility to tip each load on certain days. This issue could be negated if larger vehicles were used and route optimisation is undertaken. This would eliminate the need to tip twice in one day, saving a turnaround time of roughly one hour thirty minutes.

5.17 If option 5.16 ii) is agreed, this will increase the distance that some of the food vehicles will need to travel. However, the impact of this will be mitigated by:

- the purchase/lease of larger vehicles which will reduce the number of trips
- via route optimisation, which should mitigate against the impact
- the reduction in the overall number of vehicles

Table 1, Appendix A, sets out the options available to the Council and indicative costs.

5.18 In terms of maintenance, the vehicles would be added to the existing maintenance agreement managed by the Service.

6. Procurement

6.1 The Procurement Partnership Ltd (TPPL) Framework will be used for the food waste collection vehicles, due to the expertise and knowledge provided by the team and this will also ensure compliance with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules.

7. Equality, Diversity and Human Rights implications

7.1 The relevant Equality Impact Assessment for the Council's Procurement Strategy can be found [HERE](#)

7.2 Through the Council's procurement strategy, staff ensure that all future procurement and purchasing documentation recognises, understands and supports the Council's policies with regards to equal opportunities, diversity and human rights.

9. Strategic Plan References

- 9.1 This decision contributes to the Council's [Strategic Plan 2018-21](#) 'Responsibility' theme by encouraging recycling and reducing waste to landfill.

9. Consultation

- 9.1 Frontline staff and service managers involved in the operational management of core services that require these fleet vehicles will be involved at all stages of the procurement and selection process to ensure that the vehicles are fit for purpose and appropriate.
- 9.2 There are no further direct consultation requirements over and above the process of publishing procurement awards.

10. Publicity Considerations

- 10.1 The vehicle fleet underpins many of the Councils core frontline services and this will have a potential impact on the perception of the Council if conducted well and there continues to be a good provision of services.

11. Financial implications

- 11.1 As part of the waste review the Council agreed to purchase the waste fleet once the current leasing arrangements expired. The Council has already purchased the large fleet vehicles generating a saving of approximately £150,000 with the additional £100,000 coming from the existing fleet vehicles.
- 11.2 Soft market testing has taken place and the indicative estimated costs for the food waste vehicles and associated costs are shown in Table 1 in Confidential Appendix A. Option B has been identified as the preferred option that gives resilience and if option 5.16 ii) is also agreed, this could lead to a small financial benefit. The revenue implications of the outright purchase of the seven food waste vehicles compared to the existing budget are shown below.

Option B Proposal	Cost per year
Borrowing Cost (Minimum Revenue Position and Interest Costs)	£98,800
Maintenance	£80,088
Total	£178,888
Existing budget	£135,200
Shortfall	£43,688

- 11.3 It is anticipated that any additional costs for the food waste vehicles only, will be met from existing budgets and where necessary reducing the size of the overall fleet. Small additional savings could be made by route optimisation and the change from running vehicles directly to the BioGen facility.

12 Health, Wellbeing and Community Safety Implications

- 12.1 There are no health, wellbeing or community safety implications.

13. Health and Safety Implications

- 13.1 The Council has a corporate responsibility to ensure that all fleet and transport operations comply with national standards.

14. Risk Management Implications

- 14.1 The Council will seek to mitigate against any potential risks by following the compliant procurement process and ensure contingency plans are in place for any failure of vehicles that may impact on core services.

15. Environmental and Sustainability Implications

- 15.1 The Council will constantly investigate and identify alternative options to improve the environmental impacts of the Council's fleet and will seek opportunities to trial new technology in line with the net-zero Carbon target.
- 15.2 The fleet contract will include obligations on the contractor to ensure that the Council is kept informed about the latest environmental technology innovations.
- 15.3 Any replacement Heavy Goods Vehicles (vehicles over 3.5 tonne) will have the latest Euro VI engines. This will ensure cleaner fuel technology and therefore this will reduce CO² emissions, which falls under the Directive on the Promotion of Clean and Energy Efficient Road Transport Vehicles.
- 15.2 The reduction of the number of food waste vehicles and route optimisation will also have a positive environmental impact.
- 15.3 The proposed changes for transporting food waste directly to the transfer stations will release capacity to enable continued use and growth of the Shrub End depot for recycling.

