

TO EACH MEMBER OF THE
EXECUTIVE COMMITTEE

18 November 2016

Dear Councillor

EXECUTIVE COMMITTEE- WEDNESDAY 23 NOVEMBER 2016

Further to the Agenda and papers for the above meeting, previously circulated, please find attached the following additional report:

Agenda Item	Description
15.	Proposed Expansion to the Council's Vehicle Fleet To consider a request from Ubico to expand the Council's proposed vehicle fleet outside the approved budgetary framework and the revenue implications for the Council's Medium Term Financial Plan.

Should you have any queries regarding the above please contact Democratic Services on
Tel: 01684 272021

Yours sincerely



Lin O'Brien
Head of Democratic Services

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	23 November 2016
Subject:	Proposed Expansion to Council Vehicle Fleet
Report of:	Interim Head of Community Services, Richard Kirk
Corporate Lead:	Deputy Chief Executive
Lead Member:	Lead Member for Clean and Green
Number of Appendices:	One

Executive Summary:

The Executive Committee is asked to consider a request from Ubico to expand the Council's proposed vehicle fleet outside the approved budgetary framework and the revenue implications for the Council's medium term financial plan.

Recommendation:

That the Executive Committee:

- 1) **CONSIDER the proposed options available contained within the report and Ubico's associated Business Case, attached at Appendix 1 to the report; and**
- 2) **RECOMMEND TO COUNCIL the ongoing increase to the revenue budget to fund Ubico's provision of a part-time driver and part-time loader to service their request for an additional refuse collection vehicle (Option 5 within the Ubico Business Case) is APPROVED.**

Reasons for Recommendation:

The procurement of the Council's new vehicle fleet is well underway and has been specified to enable the Council to continue to collect and recycle waste as required by the Environmental Protection Act 1990 and in accordance with the Waste Regulations (England & Wales) Regulations 2011 (as amended 2012).

Vehicles have been specified and ordered under the approved procurement frameworks available to the Council for delivery and commissioning by 1 April 2017. However, following detailed work to review collection rounds, Ubico has requested the provision of an additional 7.5 tonne narrow access vehicle, plus driver and crew.

The principal reason for the additional vehicle request is to ensure that the Council and Ubico meet the duty of care obligations under the Health and Safety at Work etc., Act 1974 and the Health and Safety Executive (HSE) Guidance on Waste and Recycling Vehicles in Street Collection (Waste 04 rev1). In particular, to help manage the risks associated with the collection of waste and recycling materials from 600 properties situated along 58 narrow lanes within the Borough.

Resource Implications:

The purchase of the replacement vehicle fleet was initially estimated at £3.099m with a small contingency of just over £150,000 being allowed. The latest estimated cost for the fleet of £3.159m has so far utilised £60,517 of the approved contingency therefore leaving circa £90,000 of contingency available to fund this additional vehicle. It should be noted that this additional vehicle will need to be replaced at a future point and therefore increased revenue contributions of circa £9700 will need to be made on an annual basis to the vehicle replacement fund to ensure sufficient resources are available for future purchases.

The request for additional ongoing resources is set against an estimated five year budget deficit of the Council of £3.3m and increased cost of the Ubico contract of £600,000 per annum as a result of the changes to service delivery associated with the new vehicle fleet and other cost growth. The £41,296 or £26,296 (net) extra resources required will be added to the base budget for April 2017 onwards if approved at Council and will add to the estimated deficit for that financial year of around £2m. The Council will need to set a balanced budget for 2017-18 at its meeting in February 2017.

Legal Implications:

1. The legal implications relating to collection of waste and health and safety issues are contained within the body of the report. In its approach to deliver the waste, recycling, street cleansing and grounds maintenance services the council aims to fully comply with all relevant legislation, including:

- Waste Regulations (England and Wales) Regulations 2011 (Amended 2012);
- Environmental Protection Act 1990;
- Health & Safety at Work etc., Act 1974.

2. The extra vehicle will form part of the Council's overall requirement for a waste vehicle fleet and its cost should be factored into the overall cost of the fleet. In any event the total cost of the fleet already exceeds the current EU goods and services threshold which means that the fleet as a whole must be procured in accordance with the Public Contracts Regulations 2015 (PCR) and the Council's own Contract Procedure Rules. It is noted, per paragraph 1.3, that the fleet is being purchased via the ESPO and CCS framework agreements which have been created in compliance with the PCR. Ideally the additional vehicle should have been procured from the relevant framework at the same time as the rest of the fleet. However, it is acceptable to make a later purchase of the vehicle from one of these framework agreements provided that the PCR's provisions relating to frameworks are followed, together with any rules specific to the individual framework itself relating to selection of suppliers.

3. The vehicle fleet will remain in the ownership of Tewkesbury Council and will be hired by Ubico in accordance with the hire agreement dated 1 April 2015 between the Council and the company. The hire agreement will need to be varied to include the new vehicles. The agreement contains a clause permitting such variation.

Risk Management Implications:

A risk register has been maintained throughout the Waste Service Review and vehicle procurement projects and all identified risks have been satisfactorily managed with appropriate contingency plans in place for the remainder of the project.

Identified risks have been mitigated by the appointment of an external consultant throughout the project who has ensured adherence to timetables, procurement frameworks, best practice and legal requirements.

The safe delivery of front-line services including refuse collection, recycling, street cleansing and grounds maintenance carry a degree of risk to the workforce, the public, property and vehicles. If the new service is audited or inspected by the HSE, it would be expected that all risk assessments are being adhered to and all HSE specific guidance, legislation and codes of practice are being followed in order for the Council to demonstrate due diligence and comply with its duty of care.

Performance Management Follow-up:

The operation of an additional vehicle in the new fleet will be carefully monitored in respect of the intended usage on the narrow access routes within the Borough. In addition, any future spare capacity will be closely monitored to allow for the potential service expansion in other areas, such as commercial waste collections.

Performance is monitored and managed in conjunction with the Gloucestershire Joint Waste Team through the Environmental Service Partnership Board, the Ubico Contract Management Meetings and the Overview and Scrutiny Committee.

Environmental Implications:

The procurement and subsequent usage of an additional vehicle on the Council's fleet over the lifespan of operation will increase both the carbon footprint associated with the new fleet and subsequent emissions. However, all vehicles are specified to meet the latest European emission standards and are Euro 6 compliant.

1.0 INTRODUCTION/BACKGROUND

- 1.1** In 2010 the Council introduced a waste and co-mingled recycling collection service with separate food waste collection. The service is very popular with the public and has been extremely successful; it achieves high rates of performance in terms of the recycling rates achieved and reduction of residual household waste.
- 1.2** In 2014 the front-line delivery of the waste, recycling, street cleansing and grounds maintenance services was passed to the local authority owned company Ubico.
- In December 2014 the Council joined the Gloucestershire Joint Waste Committee and is a signatory of the Joint Municipal Waste Management Strategy 2007-2020, along with other members of the Gloucestershire Waste Partnership (GWP).
- 1.3** Under the current service arrangements, the vehicles used by Ubico to deliver the services on behalf of the Council are contract hired through C P Davidson, but this service agreement terminates at the end of March 2017.

- 1.4** In February 2016, the Council decided to continue delivering the waste and recycling service in its current form following a complete Waste Service Review and options appraisal (i.e. a fortnightly co-mingled recycling service, alternating with a fortnightly residual waste collection with separate weekly food waste collections). It was also decided that the Council would invest £3.25m in a vehicle replacement programme, purchasing the fleet through a competitive tendering process under the Public Contract Regulations 2015, using a public sector procurement framework.
- 1.5** Purchase orders have now been placed with the preferred bidders under the tendering process utilising the Eastern Shires Purchasing Organisation (ESPO) and Crown Commercial Services (CSS) frameworks for the vehicles that were identified as part of the Waste Services Review and approved by Council in February 2016.
- 1.6** The new fleet will be procured within the budget approved by Council in February 2016. The new vehicle fleet will be manufactured and delivered for commencement of operation in April 2017.

2.0 ISSUES FOR CONSIDERATION

- 2.1** Ubico has made a representation to the Council in the form of a Business Case, attached to the report at Appendix 1, requesting the provision of an additional 7.5 tonne waste collection vehicle, with an identical specification to the food waste collection vehicles.
- The extra vehicle will be used to collect both residual waste and materials for recycling on alternate weeks for approximately 600 properties within the borough where a long reverse is required (currently utilising a 23 tonne vehicle or a caged street cleansing vehicle).
- 2.2** The current use of 23 tonne vehicles for reversing in restricted areas is an activity that is being actively removed from the collection route planning schedule. Using a caged street cleansing vehicle on these routes puts the street cleansing service under pressure when their time is diverted to refuse collection rather than street cleansing duties.
- 2.3** Ubico has requested this additional vehicle, in addition to the already approved list of vehicles, in order to reduce the health and safety risks in the collection service and free up resources for the street cleansing service. The provision of an additional vehicle could also be of benefit as a spare food vehicle to build in resilience to the service and for freeing resource elsewhere to ensure demand on the bulky household waste collections and bin deliveries to new properties is less likely to be placed under strain from high demand.
- 2.4** The capital costs for the purchase of the additional vehicle are identical to the quoted price for the 7.5 tonne food waste vehicle (FWV) at £68,000 and can be met within the approved budget for vehicle replacements.
- However, there are revenue implications for crewing, running, maintaining and replacing an additional vehicle which would be outside the approved budgetary framework and have an impact on the Council's medium term financial plan.

- 2.5** Ubico has summarised five potential options for consideration by Executive and these are summarised in the Business Case submission for a 7.5 Tonne Narrow Access Vehicle in Appendix 1 to the report.

In addition, Ubico has provided a note outlining the potential to generate revenue income of approximately £15,000 by hiring the vehicle out to other contracts. This has been deducted from the revenue costs to offset the full amount required to fund the expansion to the service, however, there is a risk that this target income may not be achieved as it relies on unquantifiable business opportunities and uncertain service demand, which could therefore result in increased costs.

- 2.6** The decision to approve the resources to crew an additional vehicle or not, will have a direct impact on the routing arrangements, which in-turn provide the data for the Council's Achieve and Report-it computer systems. Accurate collection-route data is crucial for the smooth operation of the service when dealing with customer support enquiries. Timely provision of this information is required for the communications planned to residents to inform them of their new collections from April 2017, 50% of which will receive a collection day change as part of the service review and route optimisation.

- 2.7** Based on the options outlined in the Ubico Business Case submission for a 7.5 Tonne Narrow Access Vehicle at Appendix 1, and the factors outlined in this report, it is proposed that the Executive Committee supports Option 5 - the purchase of the additional vehicle to be staffed with a part-time driver and loader.

Where it can be demonstrated that additional chargeable workload can be sustained for the vehicle and crew on any non-operational days in the week, then the vehicle may also be used for income generation purposes.

- 2.8** All vehicles approved as per the original specification and approved budget will be delivered by 1 April 2017. If the additional vehicle is approved, a separate order will be placed with the supplier, but delivery will not be guaranteed for 1 April. In which case, it would be necessary to arrange for a temporary vehicle to be hired until the additional vehicle was available. These costs would be known following confirmation of the vehicle delivery date after the order has been placed.

3.0 OTHER OPTIONS CONSIDERED

- 3.1** Various options have been considered, as outlined in the Business Case in Appendix 1. In addition, other options have been considered but ruled out on the grounds of operational practicality, such as the provision of bin-lifts on the caged collection vehicles as an alternative.

- 3.2** Option 2 within the Business Case, which requires the provision of a full-time driver and crew for the new vehicle, has been discounted on the grounds that there is currently no defined service need or scheduled work to justify this additional resource. However, this could be expanded in the future to full-time positions as other elements of the service are expanded and improved to meet demand.

4.0 CONSULTATION

- 4.1** The Lead Members for Clean and Green Environment and Finance and Asset Management have been consulted and kept informed throughout the procurement process and throughout the period of the Ubico request for additional resources.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 The following council policies are relevant to this report:

- Health, Safety and Welfare Policy;
- Environment Policy 2010-2020;
- Council Plan 2016-2020.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 The following government legislation and guidance is relevant to this report:

- Waste Regulations (England and Wales) Regulations 2011 (Amended 2012);
- Environmental Protection Act 1990;
- Health & Safety at Work etc., Act 1974;
- Health & Safety Executive Guidance Note "Waste and Recycling Vehicles in Street Collection" (Waste 04 (rev1)).

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 The proposed additional resources will be utilised to fund the staffing and operating costs of running the additional vehicle and are estimated as £41,296.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 The procurement and subsequent usage of an additional vehicle on the council's fleet over the lifespan of operation will increase both the carbon footprint associated with the new fleet and subsequent emissions. However, all vehicles are specified to meet the latest European emission standards and are Euro 6 compliant.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health & Safety)

9.1 The provision of an additional vehicle can be contained with the existing approved capital budget; the provision of the associated crew to man the vehicle will increase the council's on-going revenue budget. However, the vehicle will have spare capacity, which in future could be utilised to help other sectors within the service, e.g. commercial waste and this may help contribute to improving value for money and assisting the service overall.

9.2 The HSE Guidance Note "Waste and Recycling Vehicles in Street Collection" (Waste 04 (rev1) states "Reversing causes a disproportionately large number of vehicle moving accidents in the waste/recycling industry. Injuries to the collection workers or the public by moving collection vehicles are invariably severe or fatal." It goes on to recommend that, wherever possible, risks should be controlled by "eliminating reversing or reducing distances reversed".

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 At the Executive Committee on 3 February 2016 and Council on 18 February 2016:

- the findings of the Waste Service Review were endorsed;
- the adoption of a co-mingled recycling service with separate food waste collection for implementation in 2017 was endorsed;
- the allocation of £3.25m from capital resources to fund the vehicle replacement programme was approved.

10.2 Publicly available information relating to the fatality involving a member of the public, which occurred in November 2014.

Background Papers: None.

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Appendices: Appendix 1 – Ubico Business Case.



New 7.5 Tonne Narrow Access Vehicle Business Case

Purpose of report

In Tewksbury there are around 58 roads and up to a total of 600 properties with narrow lanes. In the current Ubico operation there is no small, narrow access vehicle in the fleet to enable collections to be carried out in line with revised risk assessments for operational practices and national health and safety guidance when collecting from narrow lanes, particularly in rural areas, and this report recommends that a 7.5 tonne vehicle be provided.

The proposed 7.5 tonne RCV is small enough to enable it to be turned around in the majority of these locations therefore the majority of reverse manoeuvres will not be needed.

Options

There are five options considered in this report:

1. Continue with current practice, accepting the risks identified
2. Resource the proposed new vehicle and full time crew.
3. Resource second-hand vehicle and full time crew.
4. Resource second-hand vehicle and part time crew.
5. Purchase the proposed new vehicle and part time crew.

Financial implications

Initial modelling of the proposed collection round has shown that it can be achieved within three working days. Given the current state of the driver market, it is recommended that a full-time driver's position be advertised to attract the right quality of operative required to service these difficult narrow roads.

In order to achieve best economic practice of this appointment it is suggested that the crews remaining two days of the week be utilised on a combination of clinical waste collection, bulky waste collection and bin deliveries. This could be performed using the spare 7.5 tonne bulky waste vehicle currently being purchased and would therefore not result in any further vehicle expenditure. This would not only go a long way to help solve the current waiting period experienced with these services but would also have the potential to create additional income for the Council through increased bulky waste bookings.

The food waste collection service is to be achieved using 4 x 7.5 tonne refuse collection vehicles (RCV's). The vehicle proposed would be identical in type and manufacture and would therefore be available for the two days a week. When not needed in Tewkesbury, the vehicle could be available for use in other Ubico contracts which would achieve an income from hiring to other operations.

Chosen suppliers have confirmed the vehicle could be supplied at the same time as the four food waste vehicles.

Alternatively Ubico's Fleet Manager suggests that there is an active second-hand market for 7.5 tonne vehicles, the financial model allows for either.

Risks

Ubico has been actively managing risk through all appropriate control measures needed to eliminate or reduce the risks so far as is reasonably practicable with the existing fleet of vehicles. These measures include the review of all risk assessments, review of training methods, improvements to staff monitoring and supervision and the retraining of all staff. Nevertheless, given that a new fleet of vehicles is being procured, if an incident or accident were to occur, this could bring severe criticism and potential legal action if the issue of vehicle suitability had not been adequately addressed as recommended by this report.

Increased development growth will add more pressure to bulky waste collection service and bin delivery. Continued delayed delivery times could cause reputational damage.

Costs

Options	1	2	3	4	5
Description	Continue with current practice	Purchase new vehicle with full time driver and loader	Purchase second-hand vehicle with full time driver and loader	Purchase second-hand vehicle with part time driver and loader	Purchase new vehicle with part time driver and loader
Vehicle procurement (Capital cost)	£0.00	£68,000	£35,000	£35,000	£68,000
Staff costs	£0.00	£41,990	£41,990	£25,194	£25,194
Transport costs	£0.00	£19,402	£19,402	£16,102	£16,102
Business support costs	Incl.	Incl.	Incl.	Incl.	Incl.
TOTAL (Revenue cost)	£0.00	£61,392	£61,392	£41,296	£41,296

Note:

Cross hiring of the vehicle to other Ubico contracts on the two days a week when not in use has the potential to deliver an annual income of approximately £15,000.