

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	3 February 2016
Subject:	Waste Service Review and Vehicle Procurement
Report of:	Val Garside, Environmental and Housing Services Group Manager
Corporate Lead:	Rachel North, Deputy Chief Executive
Lead Member:	Councillor J R Mason
Number of Appendices:	Evaluation Scorecard

Executive Summary:

Tewkesbury Borough Council's current waste and comingled recycling collection service has been in place since 2010 and is now provided by Ubico (a local authority owned company).

The vehicles used to deliver this service are contract hired from C P Davidson. This agreement expires at the end of March 2017 after which a new fleet of refuse, recycling and street cleansing and grounds maintenance vehicles will be required.

A review has been carried out to assess the current waste and recycling service and compare it against alternative service models. The review considered the options from multiple perspectives and used an evaluation framework based around economy, environment and community to identify a sustainable preferred option. Compliance with Waste (England and Wales) Regulations 2011 (amended 2012) was also considered.

The purpose of this report is to inform Members of the outcome of the review and to recommend a revised model for the waste and recycling service, and a procurement process to provide the vehicles to deliver the service.

Recommendation:

THAT THE EXECUTIVE COMMITTEE:

- a) Endorse the findings of the Waste Service Review.**
- b) Adopt the comingled recycling service with separate food waste collections (Option 2) as the preferred option for implementation in 2017.**
- c) RECOMMEND TO COUNCIL that the allocation of £3.25 m from capital resources to fund the vehicle replacement programme be APPROVED.**
- d) Delegate authority to the Deputy Chief Executive, in consultation with the Lead Members for Clean and Green Environment and Finance and Asset Management, to procure the new and replacement vehicles.**

Reasons for Recommendation:

To enable the Council to procure new and replacement vehicles and continue to collect waste and recycling as required by the Environmental Protection Act 1990 and in accordance with Waste Regulations (England & Wales) Regulations 2011 (Amended 2012).

Resource Implications:

The issue of purchasing or leasing the new vehicle fleet has been a key issue within the project. Having evaluated the service need, prices were obtained for both a direct purchase and a continued lease arrangement. As detailed within the report, to purchase a new fleet would cost the Council a total of £3,099,000. Various options to fund this expenditure were evaluated including use of capital balances, internal borrowing and external borrowing from sources such as the Public Works Loan Board. Any type of borrowing, either external or internal, will attract a Minimum Revenue Provision (MRP) which requires monies to be set aside from revenue to repay the principal of the borrowings. The level of MRP is usually determined by the life of the asset being purchased and thus assets with a shorter useful life will attract higher charges. Given an expected useful life of around seven years for a vehicle fleet, the level of MRP, when taken with the interest charge from external providers or lost interest income from use of internal resources, has a significant impact on the revenue budget of the council and was therefore discounted. The use of capital receipts is considered the favored financing route for vehicle purchase as MRP is avoided and only lost investment income is incurred at a cost of around 0.8% - approximately £25,000 on current estimated purchase price.

The current practice of leasing a vehicle fleet was also considered. Soft market testing of potential leasing costs for a new fleet indicated annual revenue costs of around £860,000 which would represent an increase of over £250,000 per annum on current commitments. When comparing the overall cost of the purchase against lease options, it is important to remember to take into account additional maintenance requirements of running your own fleet and the need to provide a sinking fund for future vehicle replacement. Even after taking this into account, the option to purchase has a significant financial advantage for the council of approximately £180,000 against current estimates.

In order to pursue the preferred option of vehicle purchase, it will be necessary to refinance the current capital programme. This will mean utilizing internal borrowing to finance property investment as this will attract a lower MRP charge as a property will have a significantly longer useful life. This will enable enough capital resources to be available to meet the purchase needs. It will however leave a residual balance of circa £1m in capital receipts which can finance the Disabled Facilities Grant (DFG) programme for the next five years on current expenditure levels. Steps will need to be taken to reduce the DFG programme and / or switch it to revenue to ensure it remains affordable in the medium to long term. In addition, any future investment ambitions of the council will need to utilize external borrowing in order to finance them.

The overall position presented in the body of the report including the purchase of vehicles, an allowance for growth of the service and the market assessment of Material Recovery Facility contract prices, represents a significant increase in revenue expenditure. The current Medium Term Financial Strategy (MTFS) has anticipated these additional costs and, on current forecasts, there is actually a saving of approximately £250,000 against the MTFS spread over the next four years. This will help to reduce the overall deficit of £2.9m.

The recommendation is for the Council to approve the use of up to £3,250,000 of capital receipts to fund the purchase of the vehicle fleet. This allows a small contingency of 4.8% should prices obtained from frameworks be in excess of current estimates. Any monies not required will be returned to capital balances to support other investment projects.

Legal Implications:

The legal implications are discussed in the body of the report, but to summarise:

- (a) When considering any alteration to the service the Council must be able to show that it has considered how such alteration complies with the requirements of the amended Waste (England and Wales) Regulations 2011.
- (b) The procurement of the new and replacement vehicles must be in accordance with the Public Contracts Regulations 2015 and the Council's own Contract Procedure Rules. Procurement via a framework agreement of the type described in Paragraph 6.4 will satisfy these requirements, as long as the Public Contracts Regulations' provisions relating to frameworks are followed, together with any rules specific to the framework itself.

Risk Management Implications:

A risk register has been maintained throughout the Waste Service Review and the following key risks have been identified:

- Conditions in the commodity markets are unpredictable and therefore Material Recovery Facilities (MRF) are unwilling to offer fixed gate fees for the acceptance of comingled recyclable materials. The alternative of using a variable price formula based on commodity values and material quality shares the risk or benefit of variations in commodity values between the Council and MRF provider.
- TBC could be challenged by the EA or third parties regarding compliance with the Waste Regulations. This risk has been mitigated by ensuring that compliance with the Regulations has been considered throughout the review and through legal representation on the project team.

Performance Management Follow-up:

The Member Working Group (Councillors Mason, Waters, Williams and Vines) will receive regular updates on the project going forward. The current project group consisting of Officers from Tewkesbury Borough Council, Ubico and the Joint Waste Team will continue to meet and provides updates through Project Board Meetings, through the Ubico Monitoring meetings and through Overview and Scrutiny.

Environmental Implications:

The preferred option identified in this report minimises the amount of residual waste sent to landfill and maximises recycling (50.7%) in relation to the other options.

1.0 INTRODUCTION/BACKGROUND

- 1.1** In 2010 the Council introduced a waste and comingled recycling collection service to achieve 50% recycling and composting by 2014/15 and reach an annual landfill rate of 273kg per capita.
- 1.2** Since 2014 the waste and recycling collection service has been provided for Tewkesbury Borough Council by the Local Authority Company Ubico. Ubico also provides street cleansing and ground maintenance services in the Borough.
- 1.3** The frontline vehicles currently used by Ubico for the delivery of the waste and recycling service are 26 Tonne, compacting refuse collection vehicles (RCV) with a separate pod for food waste located behind the vehicle cab. All the vehicles used by Ubico in Tewkesbury Borough are

contract hired through C P Davidson. The contract hire agreement expires at the end of March 2017.

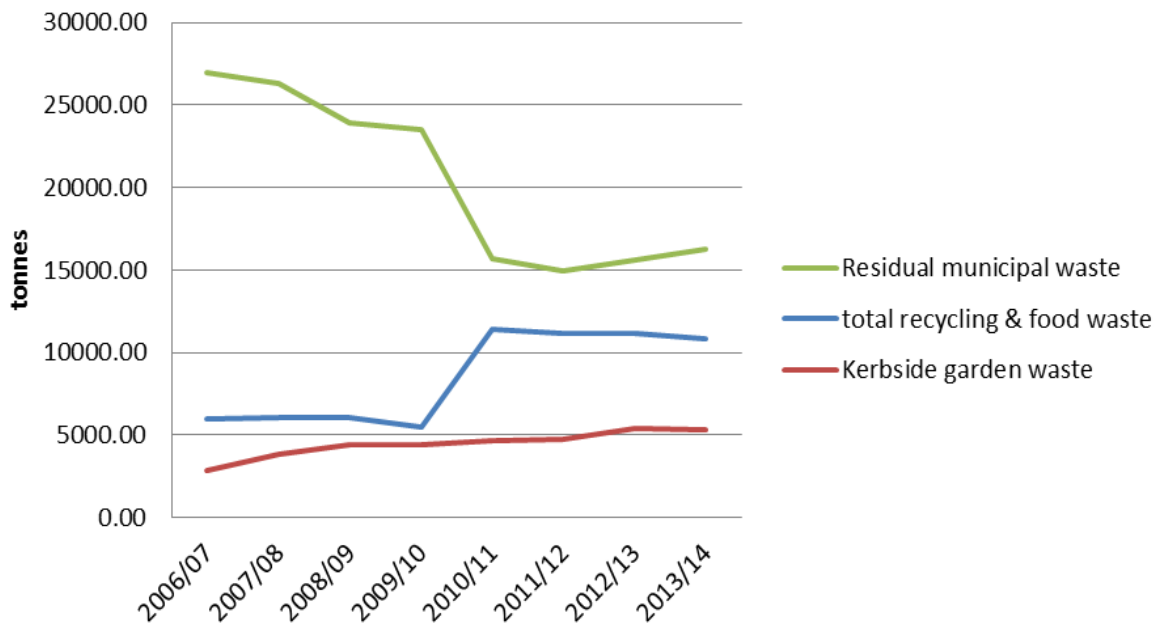
- 1.4** The purpose of this report is therefore to consider the optimum waste and recycling service model and the vehicles required to support this model from 2017 to 2024.
- 1.5** A review of the Council's waste services was commissioned in September 2015 to consider whether the current service configuration is still fit for purpose and to compare it against other service models in terms of cost, performance and compliance. The review also considers the options for procuring the new vehicle fleet required to deliver the new service model to achieve best value.
- 1.6** Since the comingled recycling service was introduced in 2010 the Waste (England and Wales) Regulations 2012 (as Amended) have come into force. These regulations require that paper, plastics, metals and glass are collected separately for recycling in order to promote recovery and high quality recycling where:
- (a) separate collection is necessary to facilitate or improve waste recovery both in terms of quantity and quality of material recovered; and
 - (b) it is technically, environmentally and economically practicable to do so.

The waste service review therefore also considers compliance with these Regulations.

- 1.7** Tewkesbury Borough Council joined the Gloucestershire Joint Waste Committee and Team in December 2014 and is signed up to The Joint Municipal Waste Management Strategy (JMWMS) 2007-2020 along with other members of the Gloucestershire Waste Partnership (GWP).

2.0 CURRENT SERVICE PROVISION

- 2.1** The current waste collection and comingled recycling service includes:
- Weekly collection of food waste (stored in pods on the refuse and recycling vehicles).
 - Fortnightly collection of refuse, alternating with;
 - Fortnightly collection of comingled recycling (including, paper, card, mixed plastics, cartons, cans, tins and foil and glass).
 - Fortnightly collection of garden waste (charged).
- 2.2** This service configuration was introduced in 2010 in order to reduce residual waste arisings and increase recycling. The impact of the service change in achieving these objectives is shown in the chart below. In 2014/15 the household recycling rate in Tewkesbury Borough was 50.7%.



- 2.3** Ubico Ltd. manages all environmental services for the Council. It also manages the vehicle lease hire and maintenance contract with C P Davidson. This contract expires in April 2017 with no option for extension written into the contract. Procurement of the replacement fleet will be carried out by Tewkesbury Borough Council and the Joint Waste Team (JWT), with specifications and vehicle types advised by Ubico.
- 2.4** Comingled recyclable waste is currently being taken to the Grundon Waste Management Materials Recovery Facility (MRF) at Bishop's Cleeve. The terms and conditions of this contractual arrangement were agreed at a point in the commodities market which allowed for a highly favourable outcome to be reached for the Council. It is clear that the global environment has shifted dramatically since this time and the Council will find it more difficult to replicate this position in any new contract.
- 2.5** There have been significant issues with contamination of input material to the MRF which has resulted in some load rejections. This is being addressed by the Council and the JWT officers and some headway is being made. It is important to try and address issues of quality with residents to reduce contamination levels. However a contract variation to account for the additional requirements to manage the contamination at the plant has been negotiated and agreement reached to continue using the Bishop's Cleeve MRF until April 2017.
- 3.0 WASTE (ENGLAND AND WALES) REGULATIONS 2011 (AMENDED 2012)**
- 3.1** A Waste Regulations compliance review for Tewkesbury Borough Council has been carried out by the JWT. It demonstrates that comingling mixed dry recyclables under the current arrangement facilitates and improves recovery of all materials except glass and a TEEP (Technically, Environmentally and Economically Practicable) test is only required in order to determine the level of compliance of glass collections.
- 3.2** A subsequent, draft report by JWT on the compliance of the current method of collecting glass and alternatives indicated that separate glass collections may not be economically practicable. The draft report recommended that a review should be carried out of collection options that may improve recovery of glass and the economic viability of doing so, prior to the replacement of the existing vehicle fleet in April 2017.
- 3.3** The requirement to comply with the Regulations underpins the evaluation of options included in the Waste Service Review.

4.0 WASTE SERVICE REVIEW

4.1 The Waste Service Review was initiated in September 2015 and was comprised of two phases:

Phase 1:

- To evaluate the current service configuration and determine whether it is fit for purpose for the Borough and compare it against other alternative service models and methods. Carry out a financial and performance appraisal for each collection method and review the current service and alternatives in relation to compliance with the Waste Regulations and the waste hierarchy.
- To evaluate different methods of collection based on weekly collection of food waste, fortnightly collection of refuse, fortnightly collection of garden waste and a variety of recycling collection methods. The service models and vehicle configurations to be considered are shown in the table below:

OPTION		1	2	3	4
Service Configuration		“As is” Comingled	Comingled, separate food collection	2 Stream comingled, separate food collection	Kerbside sort including food
Recycling					
Paper		Comingled	Comingled	Comingled (70%)	Separately collected from the kerbside
Cardboard					
Metal					
Plastic					
Food	POD Refuse/Recycling	Separate collection	Separate collection	Separate collection	KS Stillage
Glass	Comingled with recycling	Comingled with recycling	Separate collection (30%)	Separate collection (30%)	KS Stillage
Refuse					
Garden Waste		Charged	Charged	Charged	Charged
Front line vehicle configuration					
Front line vehicle configuration	Dry recycling	POD RCV	RCV	SB RCV	RRV
	Food	POD	FWV	FWV	
	Refuse	POD RCV	RCV	RCV	RCV
	Garden	RCV	RCV	RCV	RCV

: (1) RCV = Refuse collection vehicle, SB RCV = Split back refuse collection vehicle, POD RCV = RCV with food pod, FWV = Dedicated food waste collection vehicle.

(2) Amber = fortnightly collection cycle. Green = weekly collection cycle

Phase 2:

To determine the most advantageous procurement option for the replacement vehicle fleet. The procurement will also include grounds maintenance and street cleansing equipment used by Ubico.

5.0 EVALUATION

5.1 The service delivery options were evaluated in two stages. In stage 1 the options were scored against three groups of criteria using known performance data, property numbers and productivity levels for 2015.

Financial Issues (42%) – including, costs of collection, sorting, capital, communications and client costs. Materials value and financial impacts on the Waste Disposal Authority were also considered.

Customer Issues (30%) – including, level of disruption, container provision, and communications requirement. Safety issues for both customer and the service provider were considered as part of this category.

Environmental issues (28%) – including, recycling performance, participation and capture (or diversion) of materials, carbon impact and vehicle movements. Regulatory compliance was considered in this category.

In stage 2, the resource levels identified for 2015 were extrapolated to 2017, to test the resilience of the options and account for property growth, possible changes to tipping points, MRF gate fees, materials values and diesel price etc.

5.2 The completed evaluation score card is provided at Appendix 1 and a summary of the outcome of the stage 1 evaluation process is shown in the table below:

OPTION	1	2	3	4
Service Configuration	As is. Comingled	Comingled, separate food collection	2 Stream comingled, separate food collection	Weekly KS recycling including food
Financial issues (42)	30	27	23	11
Customer issues(30)	29	24	18	2
Environment issues (28)	25	23	21	14
TOTAL	84	74	62	27

This indicates that at this stage of the evaluation there are advantages to remaining with a fully comingled recycling service (Options 1 and 2). The key factors influencing this outcome are:

- Smaller number of vehicles required and therefore low capital costs.
- Avoided costs of change.
- Low customer and client impact.
- Minimal requirement for communications.
- No new containers are required and no requirement to retrieve existing containers.
- Manual handling is minimised.
- No transferred costs to WDA.
- Maintains the existing high recycling rate.

5.3 The emergence of the comingled options is despite an apparently higher risk of challenge for non-compliance with the Waste Regulations. However, the performance analysis that was carried out as part of the evaluation indicates that there would be a reduction in the quantity of recycling collected if the Council returned to a kerbside box collections and this material would transfer to the residual waste stream. This is because of an anticipated reduction in householder participation and capture. The performance impacts have been modelled on an estimated 5% transfer from recycling collections to residual waste but it is possible that this estimate may be conservative. The estimated performance of each option is shown in the table below:

Annual Material Tonnages	1	2	3	4
	Tonnes	Tonnes	Tonnes	Tonnes
Residual waste	15,000	15,000	15,460	16,089
Commodities: Kerbside				
Food waste	2,366	2,366	2,366	2,366
Steel cans (mixed)	519	519	519	493
Glass (mixed)	2,537	2,537	2,181	2,410
Paper	2,554	2,554	2,554	2,426
Plastic (mixed)	649	649	649	617
Cardboard	866	866	866	823
Textiles	102	102	102	97
Garden waste	5,844	5,844	5,844	5,844
Total recycling	15,437	15,437	15,081	15,076
TOTAL Household waste	30,437	30,437	30,541	31,165
Recycling rate	50.7%	50.7%	49.4%	48.4%

5.4 This indicates, it is not necessary to collect glass, paper, plastics and metals separately to improve recycling and therefore there is no requirement to carry out the tests of technical, environmental and economic practicability. However, in order to be thorough, these tests have been applied and show that although it is technically possible to collect the key materials separately, financial barriers have been identified that make it not economically practicable to return to segregated collections. These include the additional costs of disposal that would be incurred by the Waste Disposal Authority (WDA) from the recycling diverted to landfill. From an environmental perspective, the performance analysis and carbon impact assessment indicate that segregated collections would reduce the Council's recycling rate and increase the carbon impact.

5.5 A summary of the financial evaluation for 2015/16 is provided in the table below:

UBICO Collection costs 2015/16	OPTION 1	OPTION 2	OPTION 3	OPTION 4
Refuse	£ 638,384	£ 559,284	£ 559,285	£ 559,285
Food	£ 81,438	£ 398,235	£ 398,235	£ -
Garden	£ 265,225	£ 265,226	£ 265,226	£ 265,226
Recycling	£ 660,266	£ 572,433	£ 739,580	£ 1,289,804
Collections Sub-Total	£ 1,645,313	£ 1,795,178	£ 1,962,326	£ 2,114,315
MRF gate fees	£ 375,804	£ 375,804	£ 150,080	£ -
Materials handling costs				£ 175,000
Other services and overheads	£ 1,781,443	£ 1,781,443	£ 1,781,443	£ 1,781,443
Annualised container cost (over 7 years)			£ 12,214	£ 24,429
Container delivery/retrieval (over 7 years)			£ 5,700	£ 19,543
Communications			£ 20,000	£ 40,000
Additional client support				£ 40,000
Material Value	£ -	£ -	-£ 38,055	-£ 324,693
Recycling Credits	-£ 395,245	-£ 395,245	-£ 395,245	-£ 375,501
Landfill avoidance credit	-£ 100,000	-£ 100,000	-£ 100,000	-£ 96,818
TBC Net Revenue impact	£ 3,307,315	£ 3,457,180	£ 3,398,463	£ 3,397,718
WDA Additional Revenue impacts			£ 58,625	£ 112,581
Total whole system cost	£ 3,307,315	£ 3,457,180	£ 3,457,088	£ 3,510,299
Capital items/One off costs				
Vehicles	£ 1,938,000	£ 1,960,000	£ 2,350,000	£ 2,625,000
Scrap value of bins				-£ 45,000
Total capital/one off costs	£ 1,938,000	£ 1,960,000	£ 2,350,000	£ 2,580,000
Note: All costs are indicative and for comparison purposes only				

5.6 The EA has described examples of indicators of different levels of compliance in their briefing paper “Separate Collection of Recyclables” (22.12.14). This suggests that comingled options can provide a medium to high level of compliance providing a robust evaluation process has been carried out. In these circumstances a low to medium level of intervention could be anticipated.

5.7 In Stage 2 of the evaluation the project team challenged the resilience of the options against the following issues:

5.7.1 Property growth: Tewkesbury Borough has grown by an average of 500 properties per year or 1.3% over the last five years. This level of growth is expected to continue. In addition, through the Joint Core Strategy (JCS) and exercising the duty to co-operate (DTC), the Council has undertaken to make a contribution to the housing supply needs of Gloucester City and Cheltenham. This is expected to add 215 properties per year from 2016 and 515 properties per year from 2020.

5.7.2 Vehicle capacity and speed of loading: Refuse collection vehicles with chassis mounted pods have approximately 12% less carrying capacity than standard RCVs. This equates to approximately 100 properties per day. In addition to this an additional crew member is required on each collection team. This is due to the location of the pod on the vehicle and the system for loading it being considerably slower than the bin lift system at the rear of the vehicle. It is also generally the case that the pod rarely fills at the same rate as the compacting compartment leading to differential loading and the carrying capacity of the vehicle not being fully utilised. These issues reduce the productivity and efficiency of the vehicles and limit their flexibility to accommodate high levels of property growth before further vehicles are required. Pod and split back RCVs are also more expensive to purchase and maintain.

5.7.3 Availability of hire vehicles: Pod and split back RCVs are specialised vehicles that rarely feature in the fleets of vehicle hire companies. This means that a higher level of spare vehicles needs to be provided to cover for breakdowns etc. This does not apply to standard RCVs that are freely available to hire.

5.8 A further financial evaluation was carried out based on the projected number of vehicles required for each option in 2017/18 after allowing for these issues. The results of this evaluation are shown in the table below:

UBICO Collection costs 2017/18	OPTION 1	OPTION 2	OPTION 3	OPTION 4
Refuse	£ 765,228	£ 618,549	£ 618,549	£ 618,549
Food	£ 80,006	£ 412,710	£ 412,710	£ -
Garden	£ 285,775	£ 285,775	£ 285,776	£ 285,776
Recycling	£ 838,950	£ 688,580	£ 870,709	£ 1,519,053
Collections Sub-Total	£ 1,969,959	£ 2,005,614	£ 2,187,744	£ 2,423,378
MRF gate fees	£ 375,804	£ 375,804	£ 150,080	£ -
Materials handling costs				£ 175,000
Other services and overheads	£ 1,781,443	£ 1,781,443	£ 1,781,443	£ 1,781,443
Annualised container cost (over 7 years)			£ 12,214	£ 24,429
Container delivery/retrieval (over 7 years)			£ 5,700	£ 19,543
Communications			£ 20,000	£ 40,000
Additional client support				£ 40,000
Material Value	£ -	£ -	-£ 38,055	-£ 324,693
Recycling Credits	-£ 395,245	-£ 395,245	-£ 395,245	-£ 375,501
Landfill avoidance credit	-£ 100,000	-£ 100,000	-£ 100,000	-£ 96,818
TBC Net Revenue impact	£ 3,631,961	£ 3,667,616	£ 3,623,881	£ 3,706,781
WDA Additional Revenue impacts			£ 58,625	£ 112,581
Total whole system cost	£ 3,631,961	£ 3,667,616	£ 3,682,506	£ 3,819,362
Capital items/One off costs				
Vehicles	£ 2,423,000	£ 2,359,000	£ 2,579,000	£ 3,098,000
Scrap value of bins				-£ 45,000
Total capital/one off costs	£ 2,423,000	£ 2,359,000	£ 2,579,000	£ 3,053,000
Note: All costs are indicative and for comparison purposes only				

5.9 Change of tipping points: The projected financial analysis for 2017/18 shown above does not include the potential impact of a change in tipping point for residual waste to Javelin Park in 2019. It has not been determined yet whether the Waste Disposal Authority will provide a facility to transfer residual waste or require it to be delivered directly to Javelin Park (although it is likely that this will be most financially advantageous option). If this proves to be the case the distance refuse vehicles will have to travel to unload will increase and the working time available for collections will reduce. To counter this it will be necessary to deploy additional vehicles and crews. The number of vehicles required will increase further if lower capacity pod RCVs are selected. It has not been possible to model the potential effects of this but a smaller number of less expensive vehicles will be required if standard RCVs are utilised.

It is also possible that Javelin Park may not have a facility to unload food waste. If this proves to be the case it will be essential to disconnect the collection of food waste from refuse/recycling by providing a separate service.

5.10 After considering these issues, the preferred option that has emerged from the evaluation process is Option 2. This option utilises standard refuse collection vehicles for both refuse and recycling. These vehicles have high capacity that would enable them to accommodate the accelerated level of property growth that is expected in the Borough over the next eight years and the impacts of the move to the Javelin Park facility in 2019.

5.11 Selection of this option avoids considerable costs of exchanging the popular and well-established wheeled bins for recycling already in use in the Borough. From the perspective of the customer, the service will be unchanged, apart from their food bin possibly being collected at a different time of the day to their green or blue bin, both in terms of provision and contractor, removing the need to consult residents prior to implementation.

5.12 The selection of Option 2 as the preferred option is dependent on the Council being able to secure an economically viable outlet for the comingled mix of dry recycling for the period 2017 – 2024. A soft market testing exercise has been carried out that has identified two MRFs within 35 miles of Tewkesbury that are capable of sorting the Council's comingled material and would be keen to bid for the work. These facilities are in addition to the Grundon MRF that is currently being used.

It will be necessary to undertake a legally compliant procurement process to secure a MRF contract in parallel with the procurement of the new fleet of collection vehicles.

6.0 PROCUREMENT

6.1 In order to deliver the preferred option it will be necessary to procure the following vehicles:

Vehicle type	Owner	Service	No.	Unit cost (£)	Gross cost
26T RCV		Refuse/Recycling/Spares	11	151,000	£1,661,000
23T RCV NA		Refuse/Recycling/Garden	2	142,000	£284,000
23T RCV		Garden/Spares	1	142,000	£142,000
7.5 FWV		Food waste	4	68,000	£272,000
Total			18		£2,359,000

6.2 In addition, the following vehicles need to be procured to replace those that have to be returned to CP Davidson at the end of the contract hire agreement in April 2017.

Vehicle type	Owner	Service	No.	Unit cost (£)	Gross cost
26T RCV	Ubico	Trade Refuse	1	£151,000	£151,000
15T Mech sweeper	CPD	Streets	1	£140,000	£140,000
7.5T Mech sweeper	CPD	Streets	1	£75,000	£75,000
7.5T Cage tipper	CPD	Waste and recycling	2	£68,000	£136,000
3.5T Cage tipper	CPD	Streets/Parks (1)	5	£32,000	£160,000
Transit van	CPD	Parks	2	£25,000	£50,000
Land Rover	CPD	Grounds maintenance	1	£28,000	£28,000
Total			11		£740,000

6.3 Two no. 2011 plate, triple mounted mowers, owned by Tewkesbury Borough Council and used for grounds maintenance are not scheduled to be replaced as part of this procurement. These items will require replacement in 2018.

6.4 The estimated value of the new and replacement vehicles is £3,099,000. This is in excess of the threshold for a full OJEU compliant procurement process. An alternative to this is to purchase through a public sector procurement framework.

A comparison between these two routes has been undertaken that suggests that there is no advantage in undertaking a full procurement process. The reasons for this include:

- Direct procurement is unlikely to yield better prices than a framework due to the relatively small numbers of each vehicle type and the broad range of equipment required.
- No one single supplier would be able to manufacture or provide the range of equipment required. This would entail the management of a complex multi supplier procurement.
- The 2015 Procurement Regulations require a highly prescriptive approach to procurement with a risk of challenge if due process is not followed. Tewkesbury Borough Council may not have sufficient capacity or specific expertise in-house to manage this procurement route.

6.5 A range of possible funding routes are available ranging from capital purchase using Tewkesbury Borough Council funds, borrowing capital from the Public Works Loans Board (PWLB), and entering into a contract hire agreement. Further work is required to determine the best value option. This work should include enquiries with the incumbent vehicle provider CP Davidson with regard to extending the contract hire agreement for the existing vehicles or the provision of second hand vehicles until Javelin Park is available.

6.6 It is therefore recommended that delegated authority be given to the Deputy Chief Executive, in consultation with the Lead Members for Clean and Green Environment and Finance and Asset Management, to determine the optimum finance route and procure the new and replacement vehicles.

6.7 It will also be necessary to carry out a procurement exercise to secure a MRF to sort the Council's comingled material from April 2017. This is likely to be considerably less complicated than the vehicle procurement and in the absence of any suitable framework agreements will have to be managed internally.

7.0 OTHER OPTIONS CONSIDERED

7.1 None.

8.0 CONSULTATION

8.1 The Joint Waste Committee (JWC) considered a version of this report at its meeting on 15 December 2015.

The JWC expressed concern that an opportunity appeared to have been lost to align the service model in Tewkesbury with the adjoining partner authorities but there was general appreciation of the financial pressures faced by Tewkesbury – exacerbated by the probability of higher MRF gate fees - would have a large part in the decision.

It was noted that there is some resource sharing already between Tewkesbury Borough and Cheltenham Borough Councils and there still could be opportunities to further align comparative service elements (e.g. refuse collection, garden waste, food waste) in the future if a common vehicle specification was adopted.

The recommendation to collect food separately which allows standard (non-podded) RCVs was welcomed as these could be used interchangeably by Ubico in other areas and potentially for cross-boundary rounds where other partners adopt similar configurations.

9.0 RELEVANT COUNCIL POLICIES/STRATEGIES

9.1 Joint Municipal Waste Management Strategy Action Plan 2007 – 2020.

10.0 RELEVANT GOVERNMENT POLICIES

10.1 The last major policy document to be issued on waste under the coalition government was the Review of Waste Policy in England in 2011 which set out 13 commitments to move towards a 'zero waste' economy. It prioritised efforts to manage waste in line with the waste hierarchy and reduce the carbon impact of waste. Initiatives to boost England's stagnating household waste recycling rate in order to meet the Waste Framework Directive target of 50% by 2020 are likely to be high on the Government's agenda but delivered through localism and a lighter regulatory touch rather than specific policies and targets.

11.0 RESOURCE IMPLICATIONS (Human/Property)

11.1 As advised in report.

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

12.1 The framework used to evaluate the options was based on the "three pillars" of sustainability: Economy, Environment and Community. The preferred option that emerged from the evaluation therefore represents the most sustainable solution.

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

13.1 **Value for Money:** This report recommends delegating authority to undertake the procurement of the new and replacement vehicles to the Deputy Chief Executive in consultation with senior Councillors. Further work is required to complete a detailed analysis of funding routes, and procurement options but this will ensure that the Council achieves best value.

Equalities: An initial Equalities Impact Assessment (EIA) has been carried out to assess the impact of the proposed changes to the service on the various equalities strands. This indicates that the changes will not have a differential impact on any segment of the community. Assisted services will continue to be provided to the elderly and infirm on application and additional waste capacity will be provided for larger families and those with particular requirements. Communication materials relating to the services can be translated in to different languages and braille if requested. In these circumstances it is not considered necessary to carry out a full EIA.

Health and safety: Consideration of the risks to the health and safety of members of the public and service operatives were a key part of the evaluation of options. The preferred option utilises standard refuse vehicles for the collection of both dry recycling and residual waste. These have low access cabs and mechanical bin lifts to reduce the risk of slips, trips and falls, and manual handling respectively. Vehicles will be fitted with 360 degree cameras as well as reversing cameras and alarms.

14.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

- 14.1** In April 2014 the Council entered into a new three year contract with Grndon Waste Management Ltd to process, sort, and sell comingled dry recycling material. The current contract will cease in 2017, therefore procurement of a new MRF facility will need to be undertaken.

Background Papers: Tewkesbury Borough Council, Waste Regulations Compliance Review, April.

Gloucester Joint Waste Committee, Waste Transfer Options – Establishing the potential impact on WCA services of delivering residual waste to Javelin Park.

Contact Officer: Val Garside, Environmental and Housing Services Group Manager.
Tel: 01684 272259 Email: val.garside@tewkesbury.gov.uk

Appendices: 1. Evaluation Scorecard.

APPENDIX 1: Evaluation scorecard

OPTION		1	2	3	4
Service Configuration		As is.	Comingled, separate food collection	Semi-Comingled, separate food collection	Weekly KS recycling including food
Recycling					
Paper		Comingled	Comingled	Comingled (70%)	Separately collected from the kerbside
Cardboard					
Metal					
Plastic					
Food		POD Refuse/Recycling	Separate collection	Separate collection	KS Stillage
Glass		Comingled with recycling	Comingled with recycling	Separate collection (30%)	KS Stillage
Refuse					
Garden Waste		Charged	Charged	Charged	Charged
Front line vehicle configuration					
Front line vehicle configuration	Dry recycling	POD RCV	RCV	SB RCV	RRV
	Food	POD	FWV	FWV	
	Refuse	POD RCV	RCV	RCV	RCV
	Garden	RCV	RCV	RCV	RCV
Collection costs (6)		6	4	2	0
Sorting/handling costs (6)		0	0	6	5
Materials value (6)		0	0	1	6
Capital and one-off costs (6)		6	6	3	0
WDA costs (6)		6	6	3	0
Comms/client costs (6)		6	6	4	0
Depot space (3)		3	2	2	0
Commercial capability (3)		3	3	2	0
Financial sub-total (42)		30	27	23	11
Level of disruption (6)		6	4	4	0
Container impact (6)		6	6	3	0
H & S (6)		5	5	3	2
Congestion (6)		6	4	4	0
Communications (6)		6	5	4	0
Customer issues sub-total (30)		29	24	18	2
Performance (6)		6	6	5	4
Participation/Capture (6)		6	6	5	4
Regulatory compliance (6)		3	3	4	6
Carbon impact (6)		6	5	5	0
Vehicle movements (No. x freq) (4)		4	3	2	0
Environment sub-total (28)		25	23	21	14
TOTAL		84	74	62	27