

Narrow Access Vehicle Business Case

Purpose of report

In Tewkesbury there are 80 roads with a total of 645 properties with collections of Refuse and Recycling and approximately 157 properties with garden waste collections (subject to changes in subscription levels) with access only by narrow lanes. In the current Ubico operation there is a 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, this vehicle is small enough to enable it to be turned around in the majority of locations therefore negating the majority of long reverse manoeuvres. This vehicle is used on week 1 to collect residual waste and garden waste and week 2 for collecting recycling.

The capacity of the vehicle purchased has been found to be too small for the amount of waste scheduled to be collected as it was unable to compact the waste and therefore had to divert away from the round to go to the landfill site / transfer station to tip the waste in the middle of the day. This extra time incurred leads to the rounds not being able to be completed on the scheduled day.

As a short term measure this vehicle was able to be utilised by another Ubico contract (Stroud District Council (SDC)) which in return paid for a larger capacity vehicle to be hired by TBC to be able to complete the residual and recycling rounds.

A number of properties on the collection round also subscribe to the garden waste collection scheme. This waste was historically collected alongside the residual but since the new service was commenced in April 2017 now needs to be collected separately from the residual waste leading to the vehicle having to drive the route twice. It is not possible to complete this task within two of the scheduled days meaning that an additional vehicle and crew have been used to ensure collections are made, this leads to an additional cost over the agreed contract sum being incurred.

Options

There are five options considered in this report:

1. Continue with current practice, accepting the risks identified
2. Sell smaller capacity vehicle (SDC are looking to purchase a vehicle such as this) and purchase new vehicle, continue with current practice accepting the risks identified
 - i. Resource second-hand vehicle and continue option 2
 - ii. Resource leased vehicle and continue option 2
3. Sell smaller capacity vehicle and purchase new split bodied vehicle allowing two separate waste streams to be collected at same time.
 - i. Resource second-hand vehicle and continue option 3
 - ii. Resource leased vehicle and continue option 3
4. Keep the vehicle currently used by SDC and bring back to depot as a spare food waste collection vehicle and purchase new vehicle as option 2
 - i. Resource second hand vehicle
 - ii. Resource leased vehicle
5. Keep the vehicle currently used by SDC and bring back to depot as a spare food waste collection vehicle and purchase new vehicle as option 3
 - i. Resource second hand vehicle
 - ii. Resource leased vehicle

Implications / Risks

Option 1: Continue with current practice, accepting the risks identified.

SDC currently pay for a hire vehicle to replace the vehicle they are currently using, this has worked very well in the short term but leaves TBC open to either increased hire costs or service disruption based on SDC decision making. There is also an additional resource cost of the additional collection vehicle and crew.

Option 2: Sell smaller capacity vehicle (SDC are looking to purchase a vehicle such as this) and purchase new vehicle similar to one currently hired, continue with current practice accepting the risks identified.

i Resource second-hand vehicle and continue option 2

ii Resource leased vehicle and continue option 2

The current vehicle is able to access all the properties on the round but having to collect two types of waste every other week the length of the collection round means that all collections are unable to be completed on the scheduled day. At present an extra vehicle is hired from another Ubico contract and additional staff are used to make these collections at additional cost to the contract sum.

Option 3. Sell smaller capacity vehicle and purchase new split bodied vehicle allowing two separate waste streams to be collected at same time.

i. Resource second-hand vehicle and continue option 3

ii. Resource leased vehicle and continue option 3

A split backed vehicle would be able to collect two different types of waste at the same time but retain the ability of tipping them separately to ensure that contamination does not take place. Using this type of vehicle would ensure that the collection rounds were completed on the scheduled day in the most efficient method. The ability to collect two types of waste may also be beneficial in circumstances where roads are unable to be collected on schedule due to access issues, the split back vehicle could make one visit and collect, for example, food waste and residual waste in one visit reducing the required additional resources by half. (The purchase of a second hand vehicle will be extremely difficult due to the specialist nature of the vehicle leading to them not being readily available on the market).

Option 4: Keep vehicle currently used by SDC as a spare food waste collection vehicle and purchase vehicle for option 2

There is not a current spare food waste vehicle on the fleet so when vehicles are off the road for servicing etc a vehicle from another Ubico contract is hired to replace it. The availability of this vehicle cannot be guaranteed leading to potential financial and reputational risk to both TBC & Ubico. By keeping the vehicle currently used by SDC as a spare this risk is mitigated and also can be used for income generation by hiring it out when not required.

Option 5: Keep vehicle currently used by SDC as a spare food waste collection vehicle and purchase vehicle for option 3

There is not a current spare food waste vehicle on the fleet so when vehicles are off the road for servicing etc a vehicle from another Ubico contract is hired to replace it. The availability of this vehicle cannot be guaranteed leading to potential financial and reputational risk to both TBC & Ubico. By keeping the vehicle currently used by SDC as a spare this risk is mitigated and also can be used for income generation by hiring it out when not required.

Cross fleet hire opportunities and income generation

The collection round is currently scheduled on three days per week. On days it is not scheduled there may be an opportunity to hire the frontline vehicle to other contracts within Ubico.

Option 4 & 5 include the retention of the vehicle currently used by SDC, this vehicle could also be offered for hire on days it is not required for use by TBC.

Costs

	Capital	Revenue	Description
	Total	Total	
Option 1	£0.00	£31,472.00	Continue as is.
Option 2	£45,300.00	£25,752.00	Sell vehicle currently used by Stroud and acquire 12t refuse vehicle.
Option 2.1	£7,300.00	£25,752.00	
Option 2.2	-£47,074.00	£61,752.00	
Option 3	£72,300.00	-£1,320.00	Sell vehicle currently used by Stroud and acquire 12t split back refuse vehicle.
Option 3.1 #	£0.00	£0.00	
Option 3.2	-£47,074.00	£41,880.00	
Option 4	£98,000.00	£4,852.00	Retain vehicle currently used by Stroud and acquire 12t refuse vehicle.
Option 4.1	£60,000.00	£4,852.00	
Option 4.2	£0.00	£40,852.00	
Option 5	£125,000.00	-£22,220.00	Retain vehicle currently used by Stroud and acquire 12t split back refuse vehicle.
Option 5.1 #	£0.00	£0.00	
Option 5.2	£0.00	£20,980.00	

Second Hand Split back not available in current market

Preferred option

NB. Ubico are unable to comment on the difference between purchasing & leasing as this does not directly affect the service.

The use of a split back vehicle is the preferred option as it will enable the current collection rounds to be completed on the scheduled day by one collection crew; the vehicle will also provide a degree of resilience against non-collection caused by access issues. Therefore Options 3 & 5 are the preferred options.

Option 5 provides greater resilience for all services and also a greater potential for income generation through the hiring out of the vehicles when they are not required.

Appendix 1. Calculations.

Fig. 1 Frontline vehicle potential hire income.

Working Days p.a.	260
Scheduled collection days	156
Potential Hire days	104
Hire Charge per day	£110.00
Potential income (50%)	£5,720.00

Fig2. Food Waste Vehicle potential hire income.

Working Days p.a.	260
Scheduled servicing days	40
Potential Hire out days	220
Hire out Charge per day	£110.00
Potential income (50%)	£12,100.00

Fig 3. Potential hire in charge for servicing of Food Waste Vehicles

Scheduled servicing days	40
Hire in Charge per day	£110.00
Total Hire in Charge	£4,400.00

Fig 4. Vehicle prices. (Food Waste Vehicle (FWV) based on depreciation of 1.25% per month.)

Current	RCV			Split Back		
	New	2nd Hand	Lease / month	New	2nd Hand	Lease / month
£47,074.00	£98,000.00	£60,000.00	£3,000.00	£125,000.00	N/A	£3,600.00

Fig 5. Full costings

	Capital			Revenue per annum*				
	Sell	Buy	Total	Lease	Resource	Potential Income	FWV Hire	Total
Option 1	£0.00	£0.00	£0.00	£0.00	£27,072.00	£0.00	£4,400.00	£31,472.00
Option 2	-£47,074.00	£98,000.00	£50,926.00	£0.00	£27,072.00	£5,720.00	£4,400.00	£25,752.00
Option 2.1	-£47,074.00	£60,000.00	£12,926.00	£0.00	£27,072.00	£5,720.00	£4,400.00	£25,752.00
Option 2.2	-£47,074.00	£0.00	-£47,074.00	£36,000.00	£27,072.00	£5,720.00	£4,400.00	£61,752.00
Option 3	-£47,074.00	£125,000.00	£77,926.00	£0.00	£0.00	£5,720.00	£4,400.00	-£1,320.00
Option 3.1#	-£47,074.00	N/A	#VALUE!	£0.00	£0.00	£5,720.00	£4,400.00	-£1,320.00
Option 3.2	-£47,074.00	£0.00	-£47,074.00	£43,200.00	£0.00	£5,720.00	£4,400.00	£41,880.00
Option 4	£0.00	£98,000.00	£98,000.00	£0.00	£27,072.00	£17,820.00	-£4,400.00	£4,852.00
Option 4.1	£0.00	£60,000.00	£60,000.00	£0.00	£27,072.00	£17,820.00	-£4,400.00	£4,852.00
Option 4.2	£0.00	£0.00	£0.00	£36,000.00	£27,072.00	£17,820.00	-£4,400.00	£40,852.00
Option 5	£0.00	£125,000.00	£125,000.00	£0.00	£0.00	£17,820.00	-£4,400.00	-£22,220.00
Option 5.1#	£0.00	N/A	#VALUE!	£0.00	£0.00	£17,820.00	-£4,400.00	-£22,220.00
Option 5.2	£0.00	£0.00	£0.00	£43,200.00	£0.00	£17,820.00	-£4,400.00	£20,980.00

* Asset charges, fuel, tax, insurance, maintenance etc not included

Second Hand Split back not available in current market