

# TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Executive Committee
<b>Date of Meeting:</b>	21 November 2018
<b>Subject:</b>	Disposal and Purchase of Council Vehicle
<b>Report of:</b>	Head of Community Services
<b>Corporate Lead:</b>	Deputy Chief Executive
<b>Lead Member:</b>	Lead Member for Clean and Green
<b>Number of Appendices:</b>	One

## **Executive Summary:**

At a meeting of the Executive Committee in November 2016 the Committee agreed to a request from Ubico Ltd for the purchase of an additional waste vehicle to complete the fleet. The vehicle was a 7.5 tonne narrow access vehicle to ensure that waste and recycling collections could be made in the narrow lanes and roads particularly in rural areas.

The vehicle capacity has been found to be too small for the amount of waste collected and the vehicle needed to make additional trips to the landfill site or transfer station, this has resulted in rounds not being completed.

This report sets out the business case for the disposal of this vehicle and the sourcing of a new vehicle which is fit for purpose. Various other options have also been explored such as purchasing a second-hand vehicle and leasing, together with the preferred option of purchasing a new vehicle.

Finances are set aside as part of the Council's capital programme for vehicle replacement and this reserve currently stands at approximately £400,000 and is earmarked for use in 2021/22. If the decision is to purchase a new vehicle, rather than leasing it, the capital programme would need to be amended to allow the use of this capital fund for the purchase the current financial year.

## **Recommendation:**

**To RECOMMEND TO COUNCIL that the capital programme be amended to allow the purchase of the vehicle as set out as Option 3 of the Business Case attached to the report.**

## **Reasons for Recommendation:**

Ubico took delivery of the Council's new waste fleet in March 2017. The vehicle specified does not meet the needs of the service and therefore, in order to meet the needs of the service, a new vehicle needs to be procured.

The purchase of the 12 tonne split back narrow access vehicle as outlined is the best option for competing rounds in an efficient and effective manner.

**Resource Implications:**

The recommendation to purchase a new vehicle for £123,000 can be funded from the Vehicle Replacement Reserve which has been established and currently benefits from £400,000 annual contributions. The capital programme has established the likely first need of this reserve in 2021/22 and therefore Council are required to approve the re-profiling of expenditure in the capital programme as no budget is available within the current year.

The option to lease a vehicle has been discounted because of the significant negative impact upon the revenue budget at a time when the Council faces continuing annual deficits within its medium term financial projections.

The disposal value of the 7.5 tonne vehicle will be a capital receipt for the council and be placed into capital balances for future needs.

The option recommended also includes a small ongoing revenue saving which will support the Council's need to identify savings in order to balance the budget.

**Legal Implications:**

If the Council proceeds with the purchase of the vehicle referred to in this report then the Council will have to follow its Contract Procedure Rules and the Council's lease to Ubico of its vehicle fleet will require variation to incorporate the new vehicle.

If the Council proceeds with leasing the vehicle because the value over seven years exceeds the European Union threshold for procurement of goods the Council is obliged to formally tender in accordance with both its Contract Procedure Rules and the Public Contracts Regulations 2015 (which may include utilising a framework agreement).

**Risk Management Implications:**

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:**

Performance is monitored and managed in conjunction with the Joint Waste Team through the Environmental Services Partnership Board, the Ubico Contract management meetings and the Overview and Scrutiny Committee.

**Environmental Implications:**

All vehicles are specified to meet the latest European emission standards and are Euro 6 compliant.

**1.0 INTRODUCTION/BACKGROUND**

- 1.1** At a meeting of the Executive Committee in November 2016 the Committee agreed to a request from Ubico Ltd for the purchase of an additional waste vehicle to complete the fleet. The vehicle was a 7.5 tonne narrow access vehicle to ensure that waste and recycling collections could be made in the narrow lanes and roads particularly in rural areas.

- 1.2 The vehicle capacity was found to be too small for the amount of waste collected and the vehicle was having to make additional trips to the landfill site or transfer station and which resulted in rounds not being completed.
- 1.3 In order to ensure that rounds were completed an alternative, larger capacity vehicle was sourced which could still access the narrow lanes and also ensure that rounds could be completed on the scheduled days.
- 1.4 A number of customers on these routes are also garden waste customers and as this waste is collected separately from residual waste the vehicle has to do the rounds twice in order to keep the waste streams separate.
- 1.5 Fortunately Stroud District Council (SDC) was in need of a small 7.5 tonne narrow access vehicle and due to the fact that SDC is also a Ubico client the TBC vehicle was moved to the SDC contract and the hire cost of the vehicle that TBC needed was off set against this.
- 1.5 This has meant that the hire costs of the larger capacity vehicle for the TBC contract has been at no additional cost to the Council.

## **2.0 ISSUES FOR CONSIDERATION**

- 2.1 Stroud District Council has indicated that it would like to purchase TBCs 7.5 tonne narrow access vehicle.
- 2.2 Ubico has requested that TBC procure a vehicle that is fit for purpose for the collection of waste and recycling in the narrow lanes and roads in rural areas.
- 2.3 A suitable vehicle to fulfil TBC purposes is a 12 tonne split back narrow access vehicle which allows both garden and residual waste / recycling to be collected at the same time but remain separate in the back of the vehicle.
- 2.4 Two valuations for the TBC narrow access vehicle have been gained from independent vehicle dealers.
- 2.5 The purchase price of the vehicle in 2016/17 was circa £65,000.
- 2.6 The vehicle that Ubico is asking TBC to procure is not readily available on the second hand market as it is the type of vehicle that is bought for a specific purpose and Council's / Contractors tend to keep them for the life of the vehicle.
- 2.7 In its business case Ubico has outlined the potential of generating revenue income from the hiring out of the new vehicle of approximately £5,000 a year. This amount has not been deducted from the purchase or lease price of the vehicle as this target may not be achieved.

## **3.0 OPTIONS**

- 3.1 Various options have been considered, as detailed in the Ubico Business Case attached at Appendix 1.
- 3.2 As outlined in paragraph 2.5 above the purchase of a second-hand vehicle is not a viable option open to us at present.

- 3.3** The value of the 7.5 tonne narrow access vehicle that SDC would like to purchase, taking into consideration depreciation, is approximately £47,000.
- 3.4** The purchase cost of a new vehicle (12 tonne split back narrow access) is approximately £123,000
- 3.5** Part of the purchase price for the new vehicle would be off-set by the sale of the 7.5 tonne narrow access vehicle, in effect, reducing the purchase cost to approximately £76,000.
- 3.6** The lease cost of a new vehicle (12 tonne split back narrow access) is £302,400 over its viable life (7 years). This equates to £43,200 cost per year, although there would be a saving on the maintenance of the vehicle if leased.
- 3.7** Options 4 and 5 of the business case are not considered to be cost effective options as the use of the vehicles on other contracts to cover the downtime of other Ubico partners is unproven and this income cannot be guaranteed.

#### **4.0 OTHER OPTIONS CONSIDERED**

- 4.1** As outlined in the attached business case.

#### **5.0 CONSULTATION**

- 5.1** The Council's S.151 Officer and the Lead Member for Clean and Green have been consulted.

#### **6.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

- 6.1** The following council policies are relevant to this report:

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

#### **7.0 RELEVANT GOVERNMENT POLICIES**

- 7.1** 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)).

#### **8.0 RESOURCE IMPLICATIONS (Human/Property)**

- 8.1** No additional other than the financial implications set out in the body of the report.

- 9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**
- 9.1** All vehicles are specified to meet the latest European emission standards and are Euro 6 compliant.
- 10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**
- 10.1** Considered in the body of the report.
- 11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**
- 11.1** None arising directly from this report.

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**Background Papers:** None.

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**Appendices:** 1- Ubico Business Case.