

CABINET - 13TH APRIL 2023**Report of the Head of Contracts (Leisure, Waste and Environment)
Lead Member: Councillor Harper-Davies****Part A****PURCHASE OF ADDITIONAL REFUSE VEHICLES****Purpose of Report**

This report considers the purchase of two refuse collection vehicles.

Recommendations

1. That it be recommended to Council that £440k is added to the Council's Capital Programme for the purchase of two new Refuse Collection Vehicles (RCV's), and that the vehicles are financed through capital plan receipts, thus avoiding interest payments and Minimal Revenue Provision (MRP).
2. That the Director of Finance, Governance and Contracts be given delegated authority to procure the two RCV's, if Council approve the addition to the Capital Programme.

Reasons

1. To ensure that the capital is available for the purchase of the required vehicles.
2. To enable the additional vehicles to be purchased in the most effective manner, using a suitable procurement process.

Policy Justification and Previous Decisions

The Charnwood Corporate Strategy states that we will improve and develop our outstanding waste and recycling service to make it more efficient, more resilient and better for the environment.

The additional vehicles are required to maintain an acceptable level of service whilst accommodating the housing growth within the borough.

Implementation Timetable including Future Decisions and Scrutiny

Should Council agree recommendations 1 above, the Director of Finance, Governance and Contracts along with Head of Contracts (Leisure, Waste and Environment) will explore the optimum way for purchasing the required fleet.

Report Implications

The following implications have been identified for this report.

Financial Implications

This report recommends the purchase of two refuse collection vehicles at a total estimated cost of £440k. The expenditure to be funded from capital plan receipts, avoiding interest and the need for minimum revenue provision (MRP).

Risk Management

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
Increasing costs of RCV's due to high inflation	Likely (3)	Significant (2)	6	Vehicles to be ordered asap. The use of purchasing frameworks to be considered as these are often cheaper than a direct purchase.
Availability of RCV's and long lead in times	Likely (3)	Significant (2)	6	Vehicles to be order as soon as possible.

Sustainability

The vehicles purchased will be diesel powered and will add to our carbon emissions. The purchase of low carbon alternatives is not viable now due to the high cost of the vehicles, lack of low carbon charging/fuel infrastructure of the current depot and concerns about the suitability of the vehicles currently available in a geographically large borough.

The Council is investigating the possibility of decarbonising the fleet of vehicles by 2030, which could see the new vehicles being brought out of service before being fully depreciated. This will be factored into any future business case for introducing low carbon alternatives.

Key Decision: No

Background Papers: None

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Part B

Background

1. There is a need for two additional vehicles in order to complete the collection rounds for residual waste and recycling.
2. The need for additional resources is largely down to the housing growth within the borough. In Charnwood, the population size has increased by 10.7%, from around 166,100 in 2011 to 183,900 in 2021. This is higher than the overall increase for England (6.6%) (ONS Census 2021). The contract with Serco started in 2009 with 67,846 properties on the Council Tax register. The number of properties is now 78,139. This represents an increase of 15% over the period.
3. In addition to the above, there is a change to the tipping location for residual waste from April 2023. The tipping locations prior to April 2023 were conveniently located close to our main centres of population (Loughborough and Syston). The new tipping location is the Newhurst Incinerator near Shepshed. Although this is still convenient, and within the borough boundary, it does incur additional mileage and time, and this has been costed into the extension proposals.
4. The contract price does increase incrementally with household growth; however, this mechanism is not expected to cover the additional finance required to cover for additional vehicle purchase and their operation.
5. Purchasing the vehicles in this way is more cost effective than leasing for the period of the contract extension. At the end of the extended contract period, the vehicles will be made available to the service provider. Serco could not reasonably be expected to purchase the vehicles, given the short period remaining on the contract.