

## CORPORATE SERVICES SCRUTINY COMMITTEE – 17 SEPTEMBER 2019

### ITEM 9 UPDATE – PURCHASE OF FLEET (ENVIRONMENTAL SERVICES CONTRACT)

#### Purpose of report

This report provides an update on the actions relating to the purchase and financing of the new refuse collection fleet, as agreed at the Cabinet meeting of 13 September 2018.

#### Previous decision

At its meeting of 13 September 2018 Cabinet agreed (inter alia) that:

*‘The procurement and purchase of required fleet for the delivery of the Environmental Services contract, using option 3 (Part B, paragraph 3.3.)’*

Option 3 of Paragraph 3.3 was that:

*‘CBC buys the fleet and depreciates over 8 years, funded by internal loan/PWLB on a 50:50 basis’.*

The report was also considered by Overview Scrutiny Group on 10 September 2018, and following a call-in, by Scrutiny Management Board on 8 October 2018; however, neither of the associated sets of minutes records any changes to the recommendation above.

#### Update

The new fleet is due to replace existing vehicles in June 2020. Due to extended lead times the refuse freighters have already been ordered for delivery at that time with a unit purchase price in line with expectations. Other elements of the fleet have shorter lead times and have not yet been ordered.

From a financial perspective, the following actions have been undertaken:

- The purchase of the fleet has been added to the capital plan (subject to Cabinet approval - see report due for presentation on 19 September 2019)
- Individual budget codes have been created to account for the purchase

As no monies are yet due, funding for the purchase has yet to be arranged.

The Cabinet decision requires that a 50/50 split of funding between internal resources and external borrowing be used to finance the fleet. However, it is envisaged that at the time nearer to when funding is required, a re-assessment of the Council’s financial resources will be undertaken to ensure that the planned 50/50 funding split is still appropriate. If this proves not to be the case, then a further report to Cabinet may be required to ensure Cabinet approvals exist for any alternative arrangement proposed.