

**REPORT TO: STRATEGY AND RESOURCES**

Date: 1 March 2021

**TOPIC: PROCUREMENT OF VEHICLES**

**REPORT BY: CHIEF EXECUTIVE**

## 1 INTRODUCTION

- 1.1 The Council is the Waste Collection authority and as such needs to maintain a fleet of vehicles in order to collect waste and recycling and deliver it to the appropriate body. Traditionally, North Devon Council has purchased the vehicles that it needs but has recently been exploring other options.
- 1.2 One option that is being used by other authorities is to lease the required vehicles. This report presents the outcome of a procurement to do that to Committee for approval.

## 2 RECOMMENDATIONS

- 2.1 That Committee agree the approach of leasing vehicles and give delegated power to the Chief Executive in consultation with the Lead Member and Leader to appoint a supplier of vehicles and maintenance services, if deemed appropriate, following the completion of the procurement exercise, subject to compliance with the Council's Contract Procedure rules.

## 3 REASONS FOR RECOMMENDATIONS

- 3.1 To proceed with the procurement of a vehicle supplier.

## 4 REPORT

- 4.1 In order to fulfil its statutory duties to collect waste, the Council operates a fleet of 89 vehicles. These range from 26 ton refuse lorries, recycling lorries of various sizes through to very small pick up trucks. The geography of North Devon means that it is not possible to use one type or size of vehicles as we have narrow lanes and streets to contend with.
- 4.2 The Council has traditionally purchased vehicles that it needs to fulfil these duties. In the past we have extended the vehicle lives to around 7 years but this is likely to be the maximum given the increased risks of failure.
- 4.3 In order to replace vehicles, significant capital sums need to be expended. By way of example, a standard recycling lorry costs around £161,000. There are also

significant lead in times for these types of vehicles with typical waits of 6 months or more. In the next 7 years, 51 refuse/recycling/grounds maintenance vehicles are scheduled to be replaced at an estimated cost of £7,000,000.

- 4.4 In order to maintain and keep the fleet on the road, the Council maintains a well-equipped onsite workshop employing 5 technicians.
- 4.5 The Council has a reserve which it contributes to each year and from which vehicles are purchased. At present that reserve sits at £304,000. It is therefore clear that in order to replace the fleet on a planned basis, the Council will need to borrow the necessary funds.
- 4.6 A number of councils have now moved to a model whereby vehicles are leased rather than purchased. Councils have approached this differently depending on circumstances but a project has been ongoing to explore this option to see if it would be better financially and operationally for the Council. Suppliers have been asked to tender for the contract to supply the Council with vehicles for the next 7 years with the option of also taking over management of the workshop and providing a full vehicle maintenance service to the Council. If that option is adopted, a number of staff would transfer to the new supplier but on the same terms and conditions as existing.
- 4.7 The exercise has been conducted in conjunction with Somerset West and Taunton Council which will also be approaching this in the same way.
- 4.8 During the course of the exercise, the decision was taken to bring the Council's Grounds Maintenance contract back in house and so the vehicles required for that service have also been included.
- 4.9 A direct comparison of the costs of the respective options is difficult at this stage as the tenders have not yet been received but a comparison will be made covering the revenue costs of operating a workshop and the revenue costs of funding the purchase of the required vehicles over the next 7 years.
- 4.10 As well as hoped for financial advantages, there are also operational advantages of adopting this approach. Vehicle breakdowns and necessary maintenance cause significant issues to the service and are a cause of a significant number of missed collections. As mentioned, the Council operate a range of vehicle sizes and types some of which are particular to designated rounds. When these vehicles are off the road, it is often a struggle to find alternatives. Under the proposed contract it would be the responsibility of the supplier to ensure that the required vehicles are available when required.
- 4.11 The Council has an ambition to increase recycling and reduce waste. In order to do this, it needs to ensure that the infrastructure that we have in place is sufficient. One element of that infrastructure is the vehicle fleet and it is envisaged that adopting this approach will make the service more resilient and put it on a firmer basis when looking to change the service.
- 4.12 The deadline for the final submission of tenders is the 15<sup>th</sup> March and it is envisaged that an award will be made in early April. At the time of Committee the

Council will be in the negotiation stages of the procurement and Members will receive an update on the progress at Committee.

## RESOURCE IMPLICATIONS

4.13 The comparative costs of the proposed arrangements are not known at this stage but the negotiations that are currently underway may well provide some comfort. Further detail on this may be available at Committee

## 5 EQUALITY and HUMAN RIGHTS

5.1 No issues arise from simply considering this report

## 6 CONSTITUTIONAL CONTEXT

Article and paragraph	Appendix and paragraph	Referred or delegated power?	A key decision?
		Delegated	

## 7 BACKGROUND PAPERS

Background papers will be available for inspection and will be kept by the author of the report.

## 8 STATEMENT OF INTERNAL ADVICE

8.1 The author (below) confirms that advice has been taken from all appropriate Councillors and officers.

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Author: Ken Miles

Date: 27<sup>th</sup> January 2021

Reference: Document1