

REPORT: Executive Board
DATE: 2nd November 2006
REPORTING OFFICER: Strategic Director, Environment
SUBJECT: Renewal of Refuse Collection Vehicle Fleet
WARD: Borough Wide

1. PURPOSE OF REPORT

1.1 This report requests agreement to the procurement of 10 new refuse collection vehicles via direct purchase funded from the Council's capital budget rather than through the lease arrangements used currently. Procurement is proposed to be undertaken through a partnership with an established framework and an amendment to the 2006/07 capital programme is sought.

2. RECOMMENDED: that

- i) The full Council be recommended to amend the 2006/07 Capital Programme to provide a sum of up to £1.2m through prudential borrowing to fund the purchase of 10 new refuse collection vehicles, and subject to full Council agreeing to amend the Capital programme to make the purchase;**
- ii) The Operational Director for Highways and Transportation, in consultation with the Executive Board Member for Environment, Leisure and Sport, be authorised to procure 10 new refuse collection vehicles through direct purchase;**
- iii) Procurement be undertaken through partnership working with an established framework of an appropriate Procurement Organisation;**
- iv) Procurement Standing Orders 2.1 to 2.6 and 2.8 to 2.14 be waived for the reason that insufficient time is available to undertake a procurement process in compliance with the statutory procurement procedures.**

3. SUPPORTING INFORMATION

- 3.1 The Council currently operates a core fleet of 10 refuse collection vehicles. These vehicles were procured in 1999 through an operating lease arrangement that expires on 12 December 2006.
- 3.2 A new Council Waste Management Strategy has been in development over the past year and in order to provide time for this work to be

completed it was agreed that the renewal of the lease arrangement would be deferred until 31 March 2007.

- 3.3 It was determined that the most cost effective way of continuing with the current vehicles until 31 March 2007 was through purchase from the lease company. This was agreed for a total cost of £45,000.
- 3.4 An alternative procurement approach has been explored in which the refuse collection vehicles would be purchased from capital funds secured through prudential borrowing. This approach would yield an estimated net revenue saving of £100,000 per year over the annual cost of a seven-year contract hire arrangement. This is based on the procurement of ten vehicles. These represent the core fleet and those in need of the most urgent replacement. A further three vehicles, used mainly for recycling collections, are on contract hire agreements that continue to 2009 and 2010.
- 3.5 Whilst there is an existing contract in place that could be used for a new operating lease or contract hire, capital purchase would be governed by European procurement rules as the capital cost of the ten vehicles is expected to reach £1.2m. Under the European procurement procedures contracts have to be advertised in the OJEC for specific extended periods. It would not be possible to meet the proposed delivery date of 1 April 2007 and delivery could be delayed by up to six months.
- 3.6 A number of local authorities have set up Procurement Organisations that have established vehicle procurement frameworks that fully comply with the European Procurement Contract Regulations 2006. For a small administration fee these organisations will procure vehicles for other local authorities.
- 3.7 One such organisation is Eastern Shires, which has been used successfully by a number of authorities including Warrington Borough Council. Initial contacts with Eastern Shires indicate that their terms would be acceptable and subject to final legal checks would provide an appropriate procurement route.
- 3.8 It is proposed that the Operational Director Highways and Transportation, in consultation with the Executive Board Member for Environment, Leisure and Sport, be authorised to agree terms with the most suitable Procurement Organisation for the procurement of the ten refuse collection vehicles. The results of the procurement will be reported to the Executive Board Sub-Committee.

4. POLICY IMPLICATIONS

- 4.1 The Partnering Arrangement would be in line with the Council's Procurement Standing Order 1.15 and with Key Objective 2 of the corporate Procurement Strategy: *"Deliver consistent and significantly better quality services that meet the identified needs of individuals and*

groups within Halton and develop mixed economy, through strategic partnerships, framework agreements and collaboration with a range of public, private and voluntary suppliers”.

- 4.2 It will be necessary however for Procurement Standing Orders 2.1 to 2.6 and 2.8 to 2.14 to be formally waived for the reason that insufficient time is available to undertake a procurement process in compliance with the statutory procurement procedures.

5. RISK ANALYSIS

- 5.1 The main risks for the Council would arise from not having the new vehicles in operation by 1 April 2007. This would result in high maintenance costs and an unreliable refuse collection service.

6. OTHER IMPLICATIONS

- 6.1 There are no additional financial implications associated with this report. The current operating lease arrangement provides for the Council to maintain the vehicles and this would continue under the proposed direct purchase. Continuity from the existing vehicle contract, as extended by the short-term purchase described above, is essential to ensure maintenance of service levels to the public.

7. EQUALITY AND DIVERSITY ISSUES

- 7.1 There are no specific issues that will not be addressed by following the approved and established procurement processes.

8. LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None.