

<b>Report to</b>	Cabinet
<b>Date of meeting</b>	23 <sup>rd</sup> November 2021
<b>Lead Member / Officer</b>	Cllr Brian Jones: Lead Member for Waste, Transport and the Environment / Tony Ward: Head of Highways, Facilities & Environmental Services
<b>Report author(s)</b>	Chris Brown / Joanne Taylor
<b>Title</b>	Tender of new Fleet Vehicles for the new Waste Model

## **1. What is the report about?**

- 1.1. This report is about a proposal to undertake a tendering process to identify a main contractor to deliver new fleet vehicles to support the DCC Waste Model for household, trades and communal waste collections

## **2. What is the reason for making this report?**

- 2.1. A decision is required to give approval to the proposed tendering exercise to identify a main contractor to deliver fleet vehicles.

## **3. What are the Recommendations?**

- 3.1. That Cabinet grant approval to undertake the proposed tendering exercise.
- 3.2. That the Committee confirms it has read, understood and taken account of the Well-being Impact Assessment (Appendix 1) and Fleet Commissioning Form (Appendix 2), and Timeline (Appendix 3) as part of its consideration.
- 3.3. That this decision is implemented immediately, in view of the need for the Invitation to Tender to commence early December 2021 to ensure the goods are received in time for launch of the new service model. This is due to the current long lead time of these vehicles.

- 3.4. NOTE: A further report will be brought back to Cabinet in January 2022 for approval of the subsequent Contract Award following the tendering exercise, which will also confirm contract management arrangements, tendered costs, and contract details.

## 4. Report details

- 4.1. Outline timescale for the proposed tender exercise are detailed below. Given the potential works value, OJEU timescales apply. In setting up and running the tendering exercise, officers will work with (and take advice from) Legal & Procurement. The tender will be issued via Sell2Wales using the Proactis system. Key milestones and their target dates for this tendering exercise are shown in Appendix 3.
- 4.2. The anticipated contract value for a diesel fleet is estimated at £2.554m which would be within the current budget allocated for delivery; however please note that the actual number of vehicles is to be finalised and is therefore subject to change. The maximum foreseen increase would be in region of two vehicles, the impact of which may be a requirement to reassess the budget, or reduce the number of 'spare' vehicles although this is not the preferred option as these are required to ensure business continuity.
- 4.3. The purchase of up to 20% electrical vehicles is being considered. This could cost up to 50% more than diesel, and we would therefore need to secure funding from other sources to be viable. Discussions have commenced with Welsh Government, to request top-up funding to cover the whole cost difference between diesel and electric vehicles. If funding is not secured from WG, we would need to identify alternative sources of funding or reassess our preferred ratio of electrical vehicles.
- 4.4. The report brought to Cabinet in January 2022 will notify the tendered costs and contract details.

## **5. How does the decision contribute to the Corporate Priorities?**

- 5.1. Although not directly mentioned within the current Corporate Plan, the planned changes to household waste collection will have a positive on the Corporate Priority, “Environment: Attractive and Protected, supporting well-being & economic prosperity”. It will increase the quantity and quality of recycling collected from households, and increase opportunities for closed loop recycling. It will also enable the potential expansion of local businesses, leading to employment opportunities and economic growth.

## **6. What will it cost and how will it affect other services?**

- 6.1. The cost of the proposed tender exercise will solely be in officer time associated with the work. As noted already, further approvals will be sought via Cabinet for Contract Award to the successful contractor at the end of the tendering process.

## **7. What are the main conclusions of the Well-being Impact Assessment?**

- 7.1. This Report is simply seeking approval to issue an Invitation to Tender (ITT), See Appendix 1 for further detail of WBIA undertaken for overall Waste Service Remodelling within which the development of a new Waste Transfer Station is a key element to support the proposed new service model. The overall outcome of the Well-being Impact Assessment is positive.

## **8. What consultations have been carried out with Scrutiny and others?**

- 8.1. Lead Member for Waste, Transport and the Environment and Lead Member for Finance consulted and updated via their position on **Project Board**. The Project Board, chaired by the Head of Highways & Environmental Services who

acts as the Project Executive meets approximately monthly and at each Project Board updates on Risk and the latest position on Costs are presented for review and action as required.

- 8.2. The overall principle of moving to a new waste delivery model support by a new fleet was originally approved at **SIG and Cabinet** in December 2018 and subsequent updates on progress were presented at **Communities Scrutiny** in October 2019 and May 2021 and **Cabinet Briefing** in March 2021.
- 8.3. See attached Appendix 2 (Commissioning Form) that was signed off in January 2020. Changes to the overall service change delivery programme has meant that the tender is only required to be issued now. The proposed procurement route remains the same.

## **9. Chief Finance Officer Statement**

- 9.1. The proposed tendering exercise which will help deliver the development of a new Waste Transfer Station to support the overall waste collection service change has been approved in principle.
- 9.2. The contract award itself will be subject of a further report.
- 9.3. It is important that the cost is maintained within the existing budget allocations for the project and that the impact of utilising external funding to help bridge the gap to the more expensive electric option is considered. A plan would need to be put in place to ensure budget is available to replace those vehicles at the appropriate time in the future. On that basis the report is supported.

## **10. What risks are there and is there anything we can do to reduce them?**

- 10.1. Risk of no tender responses. Impact of this would be high, but likelihood is low as we're using an existing framework. We are however not expecting many responses.
- 10.2. Risk that WG does not fund price gap between diesel and electric vehicles. Impact would be Medium. Mitigation if this happens would be to agree fall-back

position on whether alternative funding can be found, or whether to procure all diesel fleet.

- 10.3. Risk that none of the submissions meet our requirements fully. Impact would be Medium. Mitigation would be to contract multiple suppliers (with the additional work and monitoring/ meetings that may entail)
- 10.4. Ongoing fast-changing market pressure on prices and material supplies increase the risk that tenders will exceed current indicative costs. Impact would be High. We have reviewed latest fleet costs with suppliers. We have also advised relevant parties that there is a risk that tenders will exceed current indicative costs.
- 10.5. Risk that suppliers are unable to deliver the vehicles within the required timeframe. The Vehicle Market is currently strained, with a worldwide shortage of microchip (semi-conductors). Suppliers may also be impacted by other external pressures. Impact would be High. We therefore aim to get the tender out as soon as possible to allow for long lead times - hence this report. We also aim to award the contract as soon as possible

## **9 Power to make the decision**

- 9.1 Part II Environmental Protection Act 1990
- 9.2 s111 Local Government Act 1972
- 9.3 s120 Local Government Act 1972