

Report to	Cabinet
Date of meeting	12/04/2022
Lead Member / Officer	Cllr Brian Jones: Lead Member for Waste, Transport and the Environment / Tony Ward: Head of Highways and Environmental Services
Report author	Tony Ward / Chris Brown / Lowri Roberts
Title	New 5M Waste Fleet Vehicles – Contract Award

1. What is the report about?

- 1.1. This report summarises the process undertaken during the procurement exercise and recommends the award of a contract to deliver 14 new 5M Resource Recover Vehicles (RRVs) as part of the wider waste services remodelling project.

2. What is the reason for making this report?

- 2.1. A Cabinet decision is required to approve the contract award to enable an order to be placed for 14 new 5M RRV waste vehicles. The tender award comprises of 11 diesel 5M RRV waste vehicles and 3 Ultra-Low Emission Vehicles (ULEV) 5M RRV waste vehicles. The ULEV's will be part funded by Welsh Government.

3. What are the Recommendations?

- 3.1. That Cabinet grant approval for the award of a contract to the preferred supplier for 11 x 5M Diesel RRV's and 3 x 5m ULEV RRV's at a total cost of £2,712,231. DCC will fund £2,217,231 with WG contributing £495,000 for the purchase of the 3 ULEV vehicles. Please see Appendix 1 (Part 2) for further funding details.
- 3.2. That Cabinet confirms that it has read, understood and taken account of the Well-being Impact Assessment (Appendix 3) as part of its consideration.

- 3.3. That the Cabinet decision is implemented immediately given the long lead-in times on the larger 5M RRV's, and (just as importantly) to secure the tendered prices given market uncertainties and price inflation which may mean tenderers prices are withdrawn at short notice.

4. Report details

- 4.1. Initial cost estimates for the fleet procurement of the 24 RRV's required to support the new service model contained within the original business case in Dec 2018 was estimated at £2.554M, based on an all-diesel RRV fleet. This figure was based on an initial fleet model that included for up to 17 x 5M RRV's and 7 smaller RRV's, a total of 24 new vehicles in total.
- 4.2. Following completion of routing of the new collection rounds in early December 2021, it was confirmed that of a total fleet of 24 RRV's required for the new collection model, only 14 of the larger 5M RRV's would be required due to access issues on some smaller rural rounds. A further 10 smaller RRVs will be required to support the collections rounds modelled and will be subject to separate procurement exercises in due course.
- 4.3. Since the original business case was approved, in December 2018, the unit costs for fleet have risen significantly (c.23%) due to the COVID-19 pandemic and global market forces / inflation. In addition, the service is now looking to procure a number of ULEV models in line with Welsh Government and Denbighshire County Council carbon-reduction goals and to support with the decarbonise of our fleet. The ULEV models are significantly more expensive than standard diesel models.
- 4.4. These price increases are reflected in the tender return prices for the 14 x 5M RRV's required (Diesel and ULEV models) that are the subject of this report, and in the latest estimated cost of the smaller RRV's also required via further procurement exercises.
- 4.5. A full breakdown of the latest estimated cost of the fleet required, including the cost of the 14 x 5M RRV's (11 x Diesel and 3 x ULEV) which are the subject of this Contract Award Report, can be found in Appendix 1. Also found in Appendix 1 are details of the funding in place, including additional funding from WG to address cost pressures and to support the purchase of the ULEV's. The Tender Evaluation Report can be found in Appendix 2.

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 contract award for the 14 x 5M RRV’s is a total of **£2,712,231** with DCC funding of **£2,217,231** with the remaining balance of **£495,000** being contributed by WG for the ULEV purchase. Please see Appendix 1 (Part 2) for details of budget and funding in place.

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

- 7.1. This report is seeking approval for the tender award for part of the fleet procurement for the waste service redesign. Please see Appendix 3 for further detail of WBIA undertaken for the 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 the Lead Member for Finance consulted and updated via their position on the Waste 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 costs are presented for review and action as required.
- 8.2. The overall principle of moving to a new waste delivery model, inclusive of delivery of a new fleet to support, was originally approved at SIG and Cabinet in December

2018 and subsequent updates have been presented at Communities Scrutiny in October 2019 and May 20221 and Cabinet Briefing in March 2021. In November 2021 Cabinet approved the tendering exercise.

9. Chief Finance Officer Statement

- 9.1 The recommendation to award the contract to the preferred supplier to deliver key waste vehicles detailed in the report forms a vital part of the overall waste project. The recommendations are therefore supported assuming that the revised Business Case for the overall project and the related recommendations around delegation (also on this agenda) are approved. However, it should be noted that as vehicles have a relatively short asset life, a budget pressure in future years is likely to be required as and when the vehicles need replacing. The service and finance will need to continue to work closely to ensure that funding is available at the appropriate time.

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

- 10.1. 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; therefore we propose to award the contract immediately should this be approved by Cabinet.

11. Power to make the decision

11.1. Part II Environmental Protection Act 1990

11.2. s111 Local Government Act 1972

11.3. s120 Local Government Act 1972