

Cabinet

27 April 2016



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|------------------------------|--|---------------------|----|
| Title | Review of Waste Services & vehicle procurement | | |
| Purpose of the report | To make a Key Decision | | |
| | To make a recommendation to Council on a Key Decision | | |
| Report Author | Sandy Muirhead | | |
| Cabinet Member | Councillor Tony Mitchell | Confidential | No |
| Corporate Priority | Delivering quality of life services | | |
| Cabinet Values | Community and Accountability | | |
| Recommendation | <p>(1) Approve changes to the weekly collection of food waste, textiles & small waste electrical items (WEEE) from April 2017</p> <p>(2) Authorise the Head of Streetscene to extend the leases on existing waste and street cleansing vehicles and the depot workshop, to coincide with implementation of the changes to the waste service in 2017</p> <p>(3) Authorise the Head of Streetscene to go out to tender to lease waste and cleansing vehicles for a period of 3 & 6 years</p> <p>(4) Authorise the Head of Streetscene to go out to tender for the capital purchase of food waste vehicles (subject to full Council approval)</p> <p>(5) Recommend to Full Council the capital spend of £255k as detailed in 2.1(d)</p> <p>(6) Delegate the selection of the shortlist of tenderers and the selection of the contractor to the Head of Streetscene in consultation with the portfolio holder for both the lease and capital purchases</p> | | |

1. Key issues

The management of household waste is one of the key functions of the local authority and is a function that is of significant importance to every resident of Spelthorne. In that context, it is imperative that the Council delivers a service that is flexible and cost effective and is able to change to meet demands as the borough grows and changes. Spelthorne is currently embarking on one of its biggest periods of growth in terms of housing developments and we need to ensure that we deliver services that have the ability to adapt, thereby helping the Council to manage increasing costs for the future.

- 1.1 The lease on the depot workshop and current fleet of street cleansing and waste vehicles is due to expire in September 2016. In preparation for this the Waste Services Group has researched opportunities to deliver a more

effective, adaptable and efficient waste collection service (**Appendix 1**). This research endeavoured to:

- (a) Investigate opportunities and industry best practice and update our fleet of refuse vehicles accordingly
- (b) Maximise capture rates and the value of recyclables thus also increasing recycling rates, given a target rate of 50% by 2020
- (c) Reduce running and service delivery costs
- (d) Improve and enhance the collection service for residents
- (e) Explore partnership working and outsourcing
- (f) Explore other opportunities for income generation
- (g) Optimise collection rounds by carrying out a re-routing exercise

1.2 We would need to develop a comprehensive information campaign before any service changes, to ensure that residents are aware of the changes and when they will be implemented. To ensure continued resident participation, further drip feed and targeted communications would also be necessary and these would assist in improving recycling rates.

1.3 The lease on the majority of street cleansing vehicles is also due expire in September 2016. To save on officer time and associated costs of the procurement and evaluation process, Procurement Board agreed that the best and most efficient way forward would be to conduct one procurement exercise for all waste & street cleansing vehicles and associated services.

2. Options analysis and proposal

2.1 Option 1 (preferred):

- a. Collect food waste, WEEE & textiles weekly on the same vehicle but operate a separate collection service to the alternate weekly residual waste and recycling collections. This will provide a better service to residents and give the Council more opportunity in future years to change and adapt as the Borough grows. These changes will also allow us to be more flexible with future tipping arrangements that will be necessary as a result of the building of the Eco Park in 2016 and the end of the mixed recyclables contract in 2017.
- b. Extend the lease on the existing Streetscene fleet of vehicles and the workshop until April 2017. This will ensure continuity of service without disruption and align with the procurement timetable.
- c. Commence a procurement exercise through the YPO (Yorkshire purchasing organisation) to lease waste & street cleansing vehicles and associated services for a period of 3 & 6 years as detailed below:-

| Vehicle | Lease | Service | Quantity |
|------------------------|---------|-------------------------------|----------|
| 18T RCV | 6 years | Garden | 1 |
| 26T RCV | 6 years | Garden | 1 |
| 26T RCV | 6 years | Rubbish/recycling | 9 |
| 12T RCV | 6 years | Rubbish/recycling | 1 |
| 7.5T RCV | 3 years | Rubbish/recycling/litter bins | 1 |
| Principal road sweeper | 6 years | Street Cleansing | 1 |
| Compact road sweeper | 3 years | Street Cleansing | 4 |

d. Subject to full Council approval, commence a procurement exercise for the capital purchase of:-

- 3 x 7.5T vehicles for the weekly co-collection of food waste, textiles & electricals (WEEE). Approximate cost £200k
- 1 x 3.5T vehicle for collection and delivery of bins (multi use vehicle). Approximate cost £20k
- In cab androids and associated costs for reporting bin exceptions. In-cab technology is necessary to enable us to monitor, measure and maximise the capture rate of recyclable materials, maximise participation and target contamination, with the aim of reducing residual waste tonnages and associated costs. Approximate cost £35k

e. Delegation of the shortlist & selection of contractors to the Head of Streetscene in consultation with the Portfolio holder for the procurement exercises detailed within this report which will enable us to meet the order and delivery timescales for the vehicles.

2.2 **Option 2:** Leasing the same type of vehicle that we currently have with a combi food pod would result in missed opportunities to improve and optimise the service, leaving us with a vehicle fleet which is less flexible and adaptable to future changes.

3. Financial implications

3.1 If option 1 (preferred) is approved this would result in a reduction of 2 refuse loader posts within the Streetscene establishment list, these posts are currently vacant.

3.2 Option 1 also has the potential to reduce revenue costs related to vehicle leasing as the proposed new vehicles are standard 26T RCV's with a twin bin lift, unlike our current fleet.

3.3 Research on current leasing costs indicates that with potential lease costs and the reduction in staff numbers it may be possible to make a saving of

approx. £10k per year on the existing service budget with effect from April 2017. However costs and potential savings will not be known until such time as the procurement exercise has been completed.

- 3.4 If extra budgetary requirements are required as a result of the tender exercise a further report will be submitted.

4. Other considerations

- 4.1 There are considerable external pressures on markets for recyclable materials and their associated disposal costs. Therefore, we need to ensure that our service is cost effective and adaptable to meet changing external conditions in order to maximise opportunities for good prices on recyclables.
- 4.2 There is a target of 50% recycling rate to be achieved by 2020, and many authorities are at or above this level. The change in service should continue to make it easier for residents to recycle and we will continue our work with flats to provide them with recycling facilities.
- 4.3 With a more flexible fleet which will meet future demands and changes there is also the option to explore a 3 weekly residual waste collection service. This has the potential to reduce refuse collection budgets and assist with the Council's difficult financial future.
- 4.4 Consideration of the above issues becomes more critical because Surrey County Council, due to pressures on the waste disposal budget, may reduce or even eliminate recycling credits (£57/tonne currently received for dry recyclable material). This would have a significant impact on budgets but it is also possible that SCC may retain some incentives for those authorities that recycle the most to ensure continued reduction on the waste disposal budget.
- 4.5 There are no anticipated changes at this time to the alternate weekly garden waste collection services.
- 4.6 A project to enhance refuse collection services to the more difficult properties is on-going, but it is anticipated that this service will remain on a weekly or more frequent collection as is now.

5. Timetable for implementation

- 5.1 A timetable for implementation is attached at **Appendix 2**

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| Cabinet approval | 27/4/2016 |
| Full Council approval for Capital Expenditure | 28/4/2016 |
| Vehicle procurement process starts for purchase & lease | May 2016 |
| Proposed vehicle change over date | April 2017 |

Background papers:

Appendices:

- Appendix 1: Waste board research information
- Appendix 2: Gantt chart for implementation