



Councils working together

Dorset Waste Partnership Joint Committee

Date of Meeting	7th November 2016
Officer	Mike Moon - Head of Service (Operations)
Subject of Report	Vehicle Replacement Capital Programme
Executive Summary	This report is an update on the Report presented to Joint Committee in October 2015. Review of the provisional replacement programme has identified some amended vehicle requirements which are covered by this report.
Impact Assessment:	<p>Equalities Impact Assessment:</p> <p>This report does not require a EIA</p>
	<p>Use of Evidence: Feedback from Operations Managers and review of service requirements</p>
	<p>Budget:</p> <p>Capital spend requirement increased from £422k to £645k in 2017/18</p>
	<p>Risk Assessment:</p> <p>Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as: Current Risk: HIGH Residual Risk MEDIUM</p> <p>The HIGH risk relates to criticality of service, financial, health and safety and reputation categories</p>

Recommendation	That the Joint Committee agree the revised procurement programme as outlined in this report.
Reason for Recommendation	Continued review of the fleet and to allow the DWP to develop Commercial Services and respond to the requests from partner Authorities.
Appendices	Appendix 1 – 2015/16 Vehicle Replacement Programme Appendix 2 – 2017/18 Revised Vehicle Replacement Programme Appendix 3 – Proposed Commercial and Garden Waste Fleet Requirements
Background Papers	<ol style="list-style-type: none"> 1. Dorset Waste Partnership Transport Strategy 2. Capital Programme 2016/17 – 2020/21 3. Vehicle Procurement Programme
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1. Background

- 1.1 The term 'core fleet' in this instance means any vehicles that are not directly related to the provision of Commercial Services (Commercial Waste and Garden Waste) i.e. refuse, recycling, street sweeping, street cleansing, vans and other ad-hoc vehicles.
- 1.2 In October 2015, the Joint Committee considered the provisional vehicle replacement programme for the next 5 years. The estimated requirements for 2017/18 amounted to £422k, for 10 vehicles (as set out in Appendix 1).
- 1.3 The vehicle procurement programme has been revisited and updated. This is presented in Appendix 2. It can be seen that the requirements have changed, and now the 2017/18 estimated cost is £645,000 for 14 vehicles. This is due to replacements for leased vehicles expiring in 2017/18 and replacement Street Cleansing vehicles which were not previously identified.
- 1.4 DWP officers have examined the performance and cost of the current fleet: and consider that it is necessary to acquire the following vehicles for 2017/18:
- 1 x 18t RCV
 - 1 x 7.5t Restricted access RCV
 - 7 x 3.5t Cage tippers
 - 4 x 3.5t Luton body vehicles
 - 1 x Gum/ graffiti /hot wash removal vehicle

The proposed depot location of each vehicle is also shown in Appendices 2 and 3.

1.5 The effect on the revenue budget is in the region of an additional £32k per annum (due to vehicles being written off over 7 years, plus an estimate for interest on borrowing). The paper on the proposed revenue budget for 2017/18, being considered on the same Joint Committee agenda as this paper, already takes this into account.

1.6 Revised procurement programme

With the continuing review of the fleet and a better understanding of the requirements of the Dorset Waste Partnership now that all Tranches are completed, a review of vehicle requirements has been carried out. This takes into account where demands on vehicle use come from and how we can utilise vehicles between geographical areas.

There are two additional types of vehicles proposed:

1.6.1 Gum/ Graffiti Removal vehicle 3.5t circa £45,000

There is an expectation from partners for the DWP to be able to respond and remove graffiti and as part of existing cleansing arrangements remove chewing gum from pavements and provide a hot wash cleaning service.

Historically two authorities Weymouth and Portland BC and West Dorset DC had purchased specialist trailer mounted equipment to provide this. Other authorities have used a more labour intensive manual scrubbing approach. These two pieces of plant are both in-excess of 10 years old and the DWP has been forced to make one working machine out of the two in order to be able to continue to provide a service. The existing machine has become un-reliable and needs ongoing maintenance to keep it serviceable.

Private contractors have been approached in the past to carry out works of this type in the past, however this does come at a premium.

Proposed within this procurement schedule is a van mounted cleansing system that offers the following benefits

- Self-contained unit that does not require any additional vehicle to tow a trailer and then spend the remainder of the shift obsolete unless the trailer needs to be moved.
- Accessible to more staff. Modern driving licences are not issued with the trailer category as standard (unless by acquired rights or completion of a test). This limits the number of staff that can be tasked to perform these duties.

1.6.2 Luton Body styled vehicle

The DWP has historically hired this type of vehicle to perform bin delivery and a number of other duties from cleansing, collection fly-tips, supporting partner Authorities with the delivery and collection of Polling Booths. To give the Partnership greater flexibility the proposal is to replace the standard cage body tail-lift vehicle with Luton styled vehicles that can be used across different depots.

2. Garden Waste Fleet

2.1 The current fleet requirement for vehicles for Garden Waste service is set out at Appendix 3.

- 2.2 Note that, at the time of writing, six vehicles are due for replacement under the vehicle procurement 2016/17 exercise for the Garden Waste service. In addition, there is one vehicle being replaced which is split across the Garden Waste service and the Commercial Waste service, at Ferndown.
- 2.3 Unlike the core fleet, the MTFP as seen by Joint Committee in October 2015 did not make any assumptions about future vehicle procurements for the Garden Waste service. The reason for this is that the Garden Waste service is operated as a Trading Account and that any investment in vehicles would need to be able to demonstrate that it would add to, or maintain (but not diminish), the overall contribution generated by the trading account. The operating context for the trading account in terms of numbers of customers, income levels, and round capacity is constantly changing, and medium to long term predictions are unlikely to be reliable. For example, recent experience has taught us that budget expectations based on the growth of the garden waste service in the east of the County have not proved true in the west of the County. Therefore, decisions on investment (such as vehicle procurement) need to be taken based on recent knowledge rather than set out in advance on a medium term timescale (such as the MTFP).
- 2.4 The proposal put forward here is to purchase four new vehicles. These have been selected using two criteria:
- a) these vehicles are more than 7 years old and therefore due for replacement (and are assumed to be incurring greater maintenance costs).
 - b) the replacement costs (in terms of capital charges) are considered to be 'affordable' within the context of the trading account.
 - c) this will leave the Garden fleet with no vehicles beyond the 7 year life span of vehicles, so there should be no increase (for vehicle related capital charges) in the trading account for the next few years, with the exception of any growth needs.
- 2.5 For the 2016/17 vehicle procurement exercise the cost of a single body 26t RCV with split lift was just under £150k per vehicle. If this cost held true for the proposed 2017/18 procurement exercise, the costs of four new vehicles would amount to around £600k of capital spend, which would be written off to trading account over 7 years at a cost of £86k per year. To give some context of the affordability of this extra cost:
- * the Garden Waste service made a positive contribution of £128k in 2014/15 and £245k in 2015/16. This trend is expected to continue, given the efforts that are now being made in marketing, controlling the costs, and the management of the service.
 - * the Garden Waste service shows no sign of reaching saturation point. Highest levels of growth continues in the East and Christchurch areas, even though these areas have been the longest established for this service. There is sufficient capacity for growth in the Weymouth and West part of the County.
 - * Customer numbers for 2017/18 are highly likely to exceed 40,000. At the current year charge of £45, this will result in increased income of £135k over and above the currently budgeted level of 37,000 customers. In addition, a price increase for 2017/18 has been agreed at the September Joint Committee, to £47.50 for a full year. There will be increased costs in 2017/18, of course, due to annual factors such as pay award, but customer numbers of over 40,000 will more than offset these costs.

- 2.6 It could be assumed that vehicle maintenance charges to the Garden Waste trading account will reduce with the purchase of new vehicles. This can only be quantified and accounted for once the new fleet software is operational.
- 2.7 The proposed purchase of four replacement vehicles in 2017/18 does not address the need for growth. Growth needs are most likely in the East and/or Christchurch areas, where existing capacity is stretched. The proposal is to retain the best of the existing vehicles for cover and/or growth needs.

3. Commercial Waste Fleet

- 3.1 The current fleet requirement for vehicles for Commercial Waste service is set out at Appendix 3.
- 3.2 Note that, at the time of writing, four vehicles are due for replacement under the vehicle procurement 2016/17 exercise for the Commercial Waste service. In addition, there are two vehicles being replaced which are split across the Garden Waste service and the Commercial Waste service, at Crookhill and at North.
- 3.3 Unlike the core fleet, the MTFP as seen by Joint Committee in October 2015 did not make any assumptions about future vehicle procurements for the Commercial Waste service. The reason for this is that the Commercial Waste service is operated as a Trading Account, and that any investment in vehicles would need to be able to demonstrate that it would add to, or maintain (but not diminish), the overall contribution generated by the trading account. The operating context for the trading account in terms of numbers of customers, income levels, and round capacity is constantly changing, and medium to long term predictions are unlikely to be reliable. Therefore, decisions on investment (such as vehicle procurement) need to be taken based on recent knowledge rather than set out in advance on a medium term timescale (such as the MTFP).
- 3.4 The proposal put forward here is to purchase **three** new vehicles for use at Christchurch and Poundbury, plus a spare for cover and growth purposes.

As with Garden Waste above, this proposal has been reached by consideration of two key criteria:

- a) these vehicles are more than 7 years old and therefore due for replacement (and are assumed to be incurring greater maintenance costs).
- b) the replacement costs (in terms of capital charges) are considered to be 'affordable' within the context of the trading account. More on this below.
- c) this will leave the Commercial Waste fleet with no vehicles beyond the 7 year life span of vehicles, so there should be no increase (for vehicle related capital charges) in the trading account for the next few years, with the exception of any growth needs.
- 3.5 The 2016/17 vehicle procurement exercise saw the cost of a single body 26t RCV with split lift come in at just under £150k per vehicle. If this cost held true for the proposed 2017/18 procurement exercise, the costs of three new vehicles would amount to around £450k of capital spend, which would be written off to trading account over 7 years at a cost of £64k per year. To give some context of the affordability of this extra cost:

* the Commercial Waste service made a positive contribution of £182k in 2014/15 and £460k in 2015/16.

The investment of £64k per annum is considered essential to maintain and grow the service, and is considered 'affordable' in the overall context of the Trading Account. Improvements in pricing information and management information, together with the direction of travel in terms of customer sign up mean that there is every expectation that the Trading Account surplus will increase in the short and medium term, and be able to cover this additional cost.

3.6 It could be assumed that vehicle maintenance charges to the Commercial Waste trading account will reduce with the purchase of new vehicles. This can only be quantified and accounted for once the new fleet software is operational.

3.7 **Additional potential fleet requirements**

In 2015 the DWP modified the youngest remaining stillage recycling vehicle that was considered to have a reasonable second life available to a vehicle that could carry larger quantities of both residual and trade bins. This has been particularly useful for some of the reasons below.

- Increased customer base for paid for services such as Garden and Commercial waste, renewals, replacement and returns
- Two centralised bin stores requires bulk collection and delivery of bins to satellite depots for forwarding on to customers from these depots
- Increases in property numbers in Dorset deliveries to residents
- The requirement to support large Commercial "one off" events such as festivals

The success of this vehicle has greatly assisted the delivery of bins to residents and saved repeated trips to the two bin stores located at Ferndown and Dorchester. The demand on this vehicle from all 7 Depots is greater than the availability.

Potential Requirement

A review will be undertaken to assess the need of purchasing an additional container deliver vehicle to work adjacent to the existing vehicle. Decisions taken on container charging at the January 2017 meeting of this Committee may well impact on the demand for this service.

The type of vehicle being considered is a 15t standard curtain side haulage vehicle with a few modification for the requirements of the service, cost is considered to be circa £65,000.

Mike Moon
Head of Service (Operations)
October 2016

Appendix 1 – 2015/16 Vehicle replacement programme

Vehicle Type	GVW	Est £	Depot						Number	Cost	
			Shaftesbury	Ferndown	Christchurch	Wareham	Dorchester	Bridport			Weymouth
RCV 70/30 (R4D)	26	191,000	0	0	0	0	0	0	0	0	
RCV (R4D)	26	150,000	0	0	0	0	0	0	1	1	150,000
RCV 70/30 (R4D)	15	121,000	0	0	0	0	0	0	0	0	0
RCV 70/30	15	118,000	0	0	0	0	0	0	0	0	0
Bin delivery vehicle	15	65,000	0	0	0	0	0	0	0	0	0
RCV R/Access	7.5	85,000	0	0	0	0	0	0	1	1	85,000
Cage tipper	7.5	48,000	0	0	0	0	0	0	0	0	0
Cage tail-lift	7.5	48,000	0	0	0	0	0	0	0	0	0
Cage tipper	3.5	35,000	0	1	0	0	1	0	1	3	105,000
Medium Panel van	3.5	25,000	0	0	0	0	0	1	0	1	25,000
Car derived van	1	13,000	1	0	1	0	0	0	1	3	39,000
Small van	1	18,000	0	0	0	0	1	0	0	1	18,000
Totals			1	1	1	0	3	1	4	10	422,000

This report reflected the replacement assumptions for 2017/18 in 2015 and was a guide to the requirements of what the DWP would require based very much on a like for like basis.

Appendix 2 – 2017/18 Revised Vehicle Replacement Programme

Vehicle Type	GVW	Est £	Depot							Number	£ Cost
			Shaftesbury	Ferndown	Christchurch	Wareham	Dorchester	Bridport	Weymouth		
RCV 70/30 (R4D)	26	191,000	0	0	0	0	0	0	0	0	0
RCV (R4D)	26	150,000	0	0	0	0	0	0	0	0	0
RCV 70/30 (R4D)	15	121,000	0	0	0	0	0	0	0	0	0
RCV 70/30	15	118,000	0	0	0	0	0	0	0	0	0
RCV	18	130,000	0	0	0	0	0	0	1	1	130,000
RCV R/Access	7.5	85,000	0	0	0	0	1	0	0	1	85,000
Cage tipper	7.5	48,000	0	0	0	0	0	0	0	0	0
Cage tail-lift	7.5	48,000	0	0	0	0	0	0	0	0	0
Cage tipper	3.5	35,000	2	1	0	0	1	0	3	7	245,000
Luton tail-lift	3.5	35,000	0	0	1	1	0	1	1	4	140,000
Gum removal	3.5	45,000	0	0	0	0	0	0	1	1	45,000
Totals			2	1	1	1	2	1	6	14	645,000

Appendix 3 – Proposed Commercial and Garden Waste Fleet Requirements

Vehicle Type	GVW	Est £	Depot								Number	£ Cost
			Shaftesbury	Ferndown	Christchurch	Wareham	Dorchester	Bridport	Weymouth	Growth/ spare		
RCV (Trade)	26	150,000	0		1		1	0		1	3	450,000
RCV (Garden Waste)	26	150,000		1		1		1	1		4	600,000
Totals			1	1	0	1	1	2	1		7	1,050,000

(Exact locations of the vehicles will be decided at a later date in consultation with Operations Managers)