



Councils working together

Dorset Waste Partnership Joint Committee

Date of Meeting	12 September 2017
Officer	Mike Moon - Head of Service (Operations)
Subject of Report	Vehicle Replacement Programme
Executive Summary	This report is an update on the annual vehicle procurement programme. A review of the provisional replacement programme has identified some amended vehicle requirements which are covered in this report.
Impact Assessment:	<p>Equalities Impact Assessment:</p> <p>This report does not require a EIA</p>
	<p>Use of Evidence: Feedback from Transport and Operational managers and the ongoing review of service requirements</p>
	<p>Budget:</p> <p>Capital spend requirement £2.162m in 2018/19. If approved, these requirements will be included in the revised 2018/19 capital programme which will be reviewed by Joint Committee in November 2017 and will be required by the Treasurer to seek funding arrangements via the host authority. Revenue implications will also be included in the 2018/19 draft budget.</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>

Vehicle Replacement Programme

	The HIGH risk relates to criticality of service delivery, financial, health and safety and reputation categories
Recommendation	That the Joint Committee agree the revised procurement programme as outlined in this report.
Reason for Recommendation	Approval of expenditure greater than £500,000 is required by Joint Committee.
Appendices	Appendix 1 – 2018/19 Revised Vehicle Replacement Programme Appendix 2 – Current estimate of replacement vehicle cost by type
Background Papers	<ol style="list-style-type: none">1. Dorset Waste Partnership Transport Strategy2. Capital Programme 2016/17 – 2020/213. Vehicle Procurement Programme
Report Originator and Contact	Name: Andy Cadman, Operations and Transport Manager Tel: 01305 225451 Email: a.cadman@dorsetcc.gov.uk

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 associated vehicles.
- 1.2 In November 2016, the Joint Committee considered the provisional vehicle replacement programme for the next 5 years. The estimated requirements for 2018/19 amounted to £923k, with no cost estimates for Commercial Services at that point in time.
- 1.3 The vehicle procurement programme has been revisited and updated. This is presented in Appendix 1. The requirements have changed, and now the 2018/19 estimated cost is £1.582m for 24 vehicles (£2.162m including 4 Commercial Services vehicles). This is due to the following reasons:
- Review of spare vehicles and a strategic plan to incorporate more spare capacity within the fleet
 - Replacements for leased vehicles expiring in 2018/19
 - Street cleansing strategy for litter bins
 - Increased property numbers in Dorset and the constraints placed upon the R4D rounds to complete collection rounds
 - Reducing the reliance on long term vehicle hire
 - Food waste disposal

Vehicle Replacement Programme

- 1.4 In recent years since DWP was established, older vehicles that are suitable for use beyond their expected replacement date have been used extensively to increase and support the Trade and Garden Waste services. These services have the immediate need to reflect the take up in the service and the move to rolling renewals and the associated problems of predicting what the exact customer numbers will be. These services, being response driven, have resulted in the need to employ more of the ex-works vehicles in these services and subsequently decreasing the life expectancy of already old vehicles. Whilst these vehicles have allowed the DWP to respond to growth in commercial services they have limited functionality in the R4D service as all but one of these vehicles can only collect a single stream of materials.
- 1.5 The replacement of the Tri stream vehicles in 2019/20 and 2020/2021 is subject to a review currently being undertaken to ensure that the correct replacement vehicles are procured at that time.

2. Revised Core Fleet Programme

- 2.1 DWP officers have examined the performance and cost of the current fleet: and consider that it is necessary to acquire the following vehicles for 2018/19 seen in table 1 below.

(Table1 – updated requirements)

2018/19 vehicle procurement requirements- Adjusted	
R4D 70/30 Recycling vehicles 26t	1
R4D Refuse Collection vehicles 26t	1
R4D Food reception/ disposal (Modified RCV)	1
R4D Food waste collection vehicle 7.5t	1
R4D 70/30 Recycling vehicles 15t	1
R4D Refuse collection vehicles 7.5t	6
Commercial Services vehicles (Commercial and Garden Waste)	4
Semi-compaction Cleansing vehicle 7.5t	1
Cleansing Vehicles 3.5t	6
Vehicle Maintenance support vehicles	3
Operations Supervision vehicles	3
Total	28

(The proposed depot location of each vehicle is shown in Appendix 1)

The 2016/17 Joint Committee report identified the following procurement plan identified the following vehicles as shown in table 2 below.

(Table 2 – original requirements)

2018/19 vehicle replacement programme – Original (2016)	
Refuse Collection vehicles 26t (Commercial and Garden)	2
Refuse Collection vehicle 15t	2
Cage tipper 3.5t	1
Cage tipper 3.5t (narrow access)	2
Operations Supervision	2
Total	9

Vehicle Replacement Programme

Table 3 shows the increase or additional vehicles that the DWP believe are necessary and the report aims to set these requirements.

(Table 3 – difference between original requirements and updated requirements)

Additional vehicles added to the programme	
R4D 70/30 Recycling vehicles 26t	1
R4D Refuse collection vehicle 26t	1
R4D Refuse Collection vehicle 15t	-2
R4D Food waste disposal vehicle 26t	1
R4D Food waste vehicle 7.5t	1
R4D Refuse collection vehicles 7.5t	6
R4D 70/30 Recycling vehicle 15t	1
Commercial service vehicles (Commercial and Garden)	2
Semi-compaction (cleansing vehicle)	1
Cleansing vehicle 3.5t	3
Operations Supervision	1
Vehicle maintenance	3
Total	19

- 2.2 The effect on the revenue budget is in the region of £336k per annum (due to the repayment of borrowing associated with the vehicles being written off over 7 years, plus an estimate for interest on borrowing). As the DWP's knowledge and understanding of the volumes, types of materials and the complexity of modern vehicles to collect domestic residual household waste and recycling grows, consideration is being given to the "life cycle" of the vehicles.
- 2.3 With the continuing review of the fleet and a better understanding of the requirements of the Dorset Waste Partnership now that all Tranches are settled, the annual review of vehicle requirements has been carried out. This considers where demands on vehicle use comes from, as listed below, and how we can best utilise vehicles.
- Spare capacity
 - Property growth
 - Reducing the need for vehicle hire
 - Age profile of ex-works vehicles
 - Restricted access
 - Cleansing strategy
 - Food Waste disposal from remote disposal sites
 - Promotions and Waste minimisation
 - Supervision of crews and inspections
 - Vehicle maintenance issues
- 2.4 The DWP based the initial vehicle replacement plan with the intention of reducing vehicle procurement costs by using some of the partner Authorities older refuse vehicles as spares. The business case cited the use of old Authority stock as a means of delivering this objective but always recognised that this strategy was a short-term fix and that a replacement strategy would need to include spare capacity.

The ex-Authority vehicles have an additional drawback as these have tended to be standard RCV's and not designed to collect multiple recycling streams (Dry Mixed Recycling and Glass) and when required in R4D they need to be supplemented with vehicles from other service areas such as cleansing.

Vehicle Replacement Programme

After a “health check” of the older fleet, it is considered that the DWP have exhausted the “old stock” and that consideration to the number and type of spare capacity be examined. Typically, fleet spare capacity will be in the order of 15 - 25 % dependant on the type, complexity and availability of replacement via the rental market.

The following margin percentages will best support the services that DWP provide:

- R4D 70/30 Recycling and mixed Glass 20%
- R4D Residual Household Waste 15%
- Food Waste 15%
- Trade and Garden Waste 20%
- Cleansing 0 - 5%

In terms of numbers, Table 4 shows the existing spare in each of the services with the existing and proposed margins that the DWP will seek to keep by either purchasing new or relegating existing vehicles over the next two years.

(Table4)

Vehicle type	Current front line fleet number	Existing number of spares	Proposed number of spares
26t Tri stream	10	2	2
26t Dual stream	10	2	2
26t 70/30 RCV	12*	2	3
26t RCV	12*	2	3
15t 70/30 RCV	8	1	2
15t RCV	5	1	1
7.5t RCV	9	1	2
7.5t Food Waste	22	1	2
26t G/Waste	13	1	1
26t T/ Waste	5.5	(shared)	1
15t G/Waste	1.2	0	1

** Note: This table includes the purchase of the additional vehicle required for the round balancing and property increase exercise that is proposed to take place between Poundbury and Crookhill Depots*

- 2.5 There have been several significant new housing developments and more in each local authority housing plans that have and will put additional collection pressures on rounds that have already reached full capacity on some days in some areas. The tables below highlight that in several areas the existing property growth, current new builds and forecasted property developments suggest that additional vehicles are already required and will be required as these developments are realised. Table 5 shows the increase in property numbers by District area since 2011/12 when rounds for tranches 1 and 2 were devised.

Vehicle Replacement Programme

(Table5)

District / Area	Property numbers as of 2011/12	Property numbers as of 2016
CDC	23,150	24,279
EDDC	38,980	40,475
NDDC	30,260	32,169
PDC	21,870	23,188
WDDC	48,750	52,614
WPBC	30,300	32,372
Totals	193,840	205,097

- 2.6 The DWP has reduced hire spend from £726,573 in 2015/16 to £412,184 in 2016/17 and a budgeted figure in 2017/18 of £205,000. The use of older vehicles is in some part related to this strategy (see 2.7) but there is the potential that this will increase again if spare capacity is not available with resulting delays to service provision whilst hire is sought and the resulting increased customer complaints and costs associated with the call handling provider (Dorset Direct).
- 2.7 In Tranches 1 and 2 the DWP has been reliant on a number of hired 7.5t collection vehicles to collect refuse, recycling and food waste from restricted access properties rather than co-mingle the service. Whilst the Tranches 3-5 resolved a lot of these issues with dedicated food waste vehicles, in the earlier Tranches this has not been fully resolved and whilst the DWP has attempted to minimise this number by “second life” of other vehicles there remain a number of hire vehicles to date. To remedy this, it is proposed that the food waste style of collection vehicle is purchased early to collect from these properties and when the revised system is implemented they will be compatible with the new service. These vehicles will then roll back as part of the fleet margin offsetting the number needed to deliver and support the new service.
- 2.8 In 2015 a new Street Cleaning Policy was adopted. Changes to the policy included a move to wheeled bins as the primary way to provide litter bin solutions with stakeholders having options on the type and style of housings or fixings. Litter bins have been slowly replaced with wheel bins in some areas and whilst there were sufficient vehicles to manage a small number the amount and request for bins have increased. To reflect the increase and the need to better service areas at all times, including seasonal peaks, work on the right type of vehicle has been undertaken. Officers now believe that vehicles that have already been purchased within the existing replacement programme offer the best solution as they can accommodate standard litter bins, wheeled bins but importantly have a compaction system. It is proposed that the DWP renew some of the restricted access semi-compaction that have identified as been required as needing to be full compaction and re-deploy these to cleansing.
- 2.9 In 2015 the DWP entered lease agreements with a specialist municipal fleet supplier to provide 4 compact style sweeper vehicles. This has proven to work well for the DWP and it is proposed that the final DWP owned compact sweeper is replaced with a leased replacement that will run concurrently with the existing leases and expire at the same time (note, this vehicle will be “nearly new”) and will allow a full review of compact sweepers when all leases are due to expire.

Vehicle Replacement Programme

2.10 In order to ensure collection and cleansing operatives are carrying out their duties safely and efficiently it is a requirement of Operations Supervisors to undertake regular and routine inspections of the day to day operations. Additionally, Supervisors undertake cleansing and condition surveys. Regularly there is a need to respond to any of the following (but not exclusively):

- Crew inspections /surveys
- Site visits with residents and site agents
- Move operatives between vehicles to balance rounds or respond to sickness
- Arrange transport for staff to different depots for training.
- Deliver bins, caddies and other materials between depot locations and head office.

These vehicles also serve as general pool vehicles for all manner of non-specific duties so front line vehicles are employed on the duties they are intended for. It is therefore proposed to replace the small van style of vehicle with small crew cab vans c/w with load space.

2.11 As with 2.10 vehicle maintenance have retained the ex-partner vehicles at its workshop facilities within the DWP. The vehicle maintenance response vehicles range between old vans handed down from Operations to 17-year-old 4x4 vehicles where access to landfill was a consideration. None of the vehicles are adequately equipped to carry a selection of parts and tools to assist the vehicle maintenance technicians respond to roadside breakdowns and have basic equipment such as small bench and vice. The fleet type and age profile now indicates there are no suitable vehicles left in this instance for this service. It is therefore proposed to replace these vehicles.

3. Commercial Services

3.1 The current fleet requirement for vehicles for Garden and Trade Waste service is set out in the Commercial Services element of the Fleet Procurement Plan,

3.2 For the 2018/19 year, 1 additional RCV for Garden Waste vehicle has been identified as needing replacement under the 2018/19 procurement plan. In addition, Commercial Services have identified the need to have a “margin” in each of the 2 distinct services (Trade and Garden) to allow for routine scheduled servicing, un-scheduled repairs. The recommendation from officers is that 3 spare vehicles are sourced. These Garden and Commercial vehicles will be funded by the respective trading accounts

- 1 x 26t Garden Waste Vehicle
- 1 x 26t Trade Waste Vehicle
- 1 x 15t Trade or Garden waste (semi-restricted access)

3.3 Unlike the core fleet, the MTFP as seen by Joint Committee in November 2016 did not make any assumptions about future vehicle procurements for the Commercial Waste or Garden Waste services. The reason for this is that the services are operated as Trading Accounts 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. Within the traded accounts the cost of new vehicles is one of the overheads covered by the income received from the traded services. 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

Vehicle Replacement Programme

(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 four new vehicles in total. These have been selected using two criteria:
- I. These vehicles are more than 7 years old and therefore due for replacement
 - II. The need to have a fleet margin as discussed in section 2.4 of this report

Mike Moon,
Head of Service (Operations)
September 2017