



Councils working together

Dorset Waste Partnership Joint Committee

Date of Meeting	11th September 2018
Officer	Mike Moon - Head of Service (Operations)
Subject of Report	Vehicle Replacement Programme
Executive Summary	<p>This report sets out Dorset's waste vehicle requirements for North and East Dorset which requires approval from the Shadow Dorset Council Executive. The report also sets out an option to procure vehicles for Christchurch for consideration by the Bournemouth, Christchurch and Poole Shadow Executive (if required).</p> <p>The DWP Joint Committee is asked to note and comment on this report.</p>
Impact Assessment:	<p>Equalities Impact Assessment:</p> <p>This report does not require a EIA</p>
	<p>Use of Evidence:</p> <p>Feedback from Transport and Operational managers and the ongoing review of service requirements</p>
	<p>Budget:</p> <p>(Capital spend requirement £7,888m in 2019/20 and 2020/21(including Commercial Services vehicles). If approved, these requirements will be included in the revised capital programme which will be reviewed by Joint Committee in November 2018 and will be required by the Treasurer to seek funding arrangements via the host authority. Revenue implications will also be included in the 2019/20 draft budget.</p>

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	<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 delivery, financial, health and safety and reputation categories</p>
Recommendation	<p>That the Joint Committee:</p> <p>(i) Notes and supports the proposals for the vehicle replacements proposed for North and East Dorset (ii) Notes and supports the proposals for the vehicle replacements for Christchurch.</p>
Reason for Recommendation	<p>Approval of expenditure greater than £500,000 is required by Joint Committee.</p>
Appendices	<p>Appendix 1 – DWP Vehicle Procurement Programme (as agreed Feb 2016) Appendix 2 – Estimated replacement vehicle cost by type Appendix 3 – 2019/20-2020/21 Revised Vehicle Replacement Programme</p>
Background Papers	<p>1. Dorset Waste Partnership Transport Strategy 2. DWP Capital Programme 2016/17 – 2020/21 (Vehicle Replacement Programme)</p>
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1. Background

- 1.1 There are currently three different collection systems in Bournemouth, Christchurch and Poole - Christchurch currently using the Recycle for Dorset service delivered by the Dorset Waste Partnership (DWP). These collection systems use different vehicle configurations. DWP will cease to exist as a partnership on 1 April 2019. Instead the functions currently discharged through the DWP Joint Committee will become functions of Dorset Council and for Christchurch functions of Bournemouth, Christchurch and Poole Council.
- 1.2 In February 2016, the Joint Committee considered the capital programme including provisional vehicle replacement programme for the next 5 years. The estimated requirements at that time amounted to £318k for 2019/20 (with no cost estimates included for Commercial Services at that time) and £6,921m for 2020/21. This included provision for the replacement of vehicles in Christchurch.

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- 1.3 The previous 2019/20 and 2020/21 vehicle procurement programme (Appendix 1) has been revisited and updated using best estimates from the 2018/19 vehicle procurement exercise and reflects current market prices as seen in Appendix 2. The accumulated spend is presented in Appendix 3, at a cost of £5,363m for 2019/20 and £1,895m for 2020/21. Trade and Garden Waste Vehicles are dealt with in more detail in Section 4 of this report.
- 1.4 Previous reports have identified the need to replace the tri stream and dual stream vehicles in 2019/20 and 2020/21. This report proposes that tri stream and dual stream replacement for Ferndown and Shaftesbury is done at the same time, as a single exercise, for the year 2019/20, and that the option for the replacement of the Christchurch vehicles in 2020/21 be considered (see para 1.4 below). Whilst this has the effect of bringing forward some capital expenditure (and associated revenue effects), this will allow more properties to move to a 'phase 2' model, providing the same operating model across the new Dorset Council geography. Dorset Council will also benefit in economies of scale in the procurement process.

The benefits of replacing Ferndown vehicles as planned and bringing forward replacements in Shaftesbury are:

- Reduced maintenance costs in the Ferndown and Shaftesbury areas for R4D vehicles. The maintenance spend in 2017/18 was circa £392,000 and expected to rise as the fleet ages (this excludes tyres, fuel, and accidents in excess of £250).
 - Reduced vehicle breakdowns resulting in less calls and complaints with reputational benefits for the new Dorset Council
 - It would allow the service to optimise rounds in the Ferndown and Shaftesbury areas in a single approach.
- 1.5 The updated programme also takes account of the following:
- The incorporation of cover vehicles into the replacement programme at the point of purchase, change of collection vehicle type from dual and tri stream vehicles to longitudinal split vehicles and separate food waste vehicles (i.e. moving from the 'phase 1' vehicle model to the 'phase 2' vehicle model which has a separate food waste vehicle).
 - The ongoing increase in 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
 - Enable a proposed continuation of service in the Christchurch area during 2019/20 as part of LGR in Dorset.
- 1.6 Collection vehicles in Christchurch were proposed to be replaced in 2020/21. Subject to the delegation of waste function being agreed by both Shadow authorities, Dorset Council will continue to provide the Recycle for Dorset collection service in Christchurch for a one-year period. If the agreement is for one year only, and not extended, the replacement of vehicles for Christchurch becomes a matter for the new BCP Council. If the agreement is extended to 2 years, consideration needs to be given to delay the replacement of these vehicles until after 31 March 2021. The benefits of delaying replacing these vehicles includes: -

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- The purchase of a new style collection vehicle and separate food vehicles could require round changes and the potential for day changes that would impact on one third of Christchurch residents in 2021.
- It allows time to consider collection models across both Dorset and BCP areas, providing the option for BCP Council to adopt a different collection and recycling model in Christchurch - whereby residents could then face further disruption and changes to collections days.
- Dorset would “moth-ball” the vehicles from the Ferndown and Shaftesbury areas to keep maintenance spend of high value parts such engines, gearboxes and bin-lifts to a minimum.
- The current footprint afforded to the DWP at Bournemouth’s Southcote Rd Depot is limited. The introduction of a new collection model in 2019/20 would require additional food waste vehicles and a greater foot print in a Depot that is already short of space. This could increase costs to both Authorities if Dorset Council was faced with locating food waste vehicles at other depots (i.e. Ferndown) and then driving to Christchurch to collect food waste. Delaying the procurement allows time to consider whether depot space could be re-configured.
- Existing Support Services contracts with BBC could remain in place and the supporting maintenance teams would have the existing familiarity of the current fleet.

1.7 The risk in delaying the replacement date is that the vehicles in Christchurch become unrepairable and additional hire vehicles could be required. The prices highlighted below show the **current** weekly rental prices for the vehicle the DWP need to deliver the R4D service

- 70/30 Longitudinal Recycling vehicle £1,070 (26t)
- Refuse Vehicle £850 (26t)
- Food Waste £650 (7.5t)

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 2019/20 seen in table 1 below and in more detail in Appendix 3. This excludes Commercial Services requirements which are dealt with in Section 4.

Table1 – updated requirements

2019/20 vehicle procurement requirements- Adjusted	
R4D Longitudinal split 70/30 Recycling vehicles 26t	11
R4D Refuse Collection vehicles 26t	11
R4D Food waste collection vehicle 7.5t	14
R4D Longitudinal split 70/30 Recycling vehicle 15t	1
R4D Food reception vehicle	1
Cleansing Vehicle 3.5t	1
Operations Supervision vehicles	1
Waste Enforcement Officer vehicle	2
Recycling Promotions vehicle	2
Total Vehicles	44
2019/20 Total	£5,363m

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2020/21 vehicle procurement requirements if Christchurch Collection vehicles are changed- Adjusted	
R4D Longitudinal split 70/30 Recycling vehicles 26t	4
R4D Refuse Collection vehicles 26t	4
R4D Food waste collection vehicle 7.5t	5
Cleansing	2
Operations Supervision	2
Total Vehicles	17
2020/21 Total	£1,895m

Total vehicles 2019/20-2020/21	61
Estimated cost (excluding commercial services vehicles)	£7,258m

The majority of the new waste and recycling vehicles will go into service in the North Dorset or East Dorset area. The remainder will be used across Dorset by cleansing teams, supervisors, recycling or contracts officers, as appropriate.

- 2.2 The effect on the revenue budget for borrowing a further £5,045m (i.e. the increase from £318k to £5,363m) in 2019/20 is in the region of £370k 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, assuming vehicles are in service from September 2019).
- 2.3 With the continuing review of the fleet and a better understanding of which type of collection vehicles offer the most efficient and effective service, the longitudinal split vehicle (70/30) and standard refuse collection vehicle offers the best possible solution to residual waste and recycling collections. Food waste is then collected by dedicated 7.5t food waste vehicles. This is based on the current phase 2 collection model and would be subject to review if there was a fundamental change in material types Dorset Council collected from residents in the future. The programme also includes a food waste reception vehicle to be deployed at the Blandford Waste Management Centre which is due to be completed in 2020/21.

This report again considers where demands on vehicle use comes from, as listed below, and how we can best utilise vehicles.

- Cover capacity for vehicles out of service for maintenance and inspections
- Property growth
- Reducing the need for vehicle hire
- Change of collect types of vehicle
- Restricted access
- Supervision of crews and inspections

3. Other Vehicles

- 3.1 Tables 2 & 3 set out details of other vehicles required by cleansing teams, supervisors, recycling or contracts officers, as appropriate.

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Table 2- Other fleet

2019/20 Other fleet requirements	
Car derived van (Princes House)	2
Panel Van (Princes House)	2
Cleansing 3.5t caged tipper	1
Supervisor vehicle (crew cab)	1
Total	6

Table 3- Other fleet

2020/21 Other fleet requirements	
Cleansing vehicle	2
Car derived van (Princes House)	2
Total	4

3.2 Supervisory vehicles are used on a day-to-day basis for the uses listed below:

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

3.3 Both the Waste Enforcement and the Recycling Promotions Team vehicles are a combination of old partner council vehicles and hire vehicles. The two owned vehicles are now at an age where replacement is required, and it is more economic to replace the two hired vehicles with purchased vehicles. Both teams pool the vehicles based on requirements and they are able to cover a broad range of activities such as roadshows and dealing with fly-tip investigations.

3.4 3.5t Cleansing vehicles will continue to be replaced as the DWP is still using some of the partner Council's older vehicles that will be at an age where replacement is required and the need to ensure our cleansing fleet is compliant with street works legislation and crews can minimise manual handling wherever possible.

4. Commercial Services

4.1 Unlike the core fleet, the MTFP as seen by Joint Committee in November 2017 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 (such as vehicle

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procurement) need to be taken based on recent knowledge rather than set out in advance on a medium-term timescale (such as the MTFP).

- 4.2 2 RCVs for Commercial Services may potentially be needed in respect of growth, at an estimated cost of £160,000 for Garden Waste vehicles and £155,000 for Trade Waste vehicles in both 2019/20 and 2020/21.

Table 4- Commercial Services

2019/20 Commercial Services requirements	
Trade Waste RCV	1
Garden Waste RCV	1
Total	2

Table 5- Commercial Services

2020/21 Commercial Services requirements	
Trade Waste RCV	1
Garden Waste RCV	1
Total	2

- 4.3 A final decision on whether to proceed with the purchases will only be made if there is sufficient additional demand in either of the Commercial Services with clear expectations that the purchase and operating costs can be funded from the trading accounts. Therefore, this report contains a request for approval in principle for 2 additional RCVs in each financial year. In practice the purchase will be delayed until there is a clear business imperative to proceed.

Karyn Punchard
Director, DWP
August 2018