Report to Cabinet

24 November 2022

By the Cabinet Member for Recycling and Waste

DECISION REQUIRED

Partially exempt

Appendix 1 exempt under Paragraph 3 of Part 1 of the Schedule 12A to the Local Government Act 1972

Refuse Vehicle Refurbishment Tender Award

Executive Summary

The purpose of this report is to advise on the need to refurbish our fleet of twenty-two RCV's (refuse collection vehicles).

The vehicles are all reaching the end of their useable life. They are increasingly costly to maintain and this also leads to more time off the road when we can't use them. The report proposes Capital investment to extend the life of the vehicles for a further six years, by which time it is anticipated that there will be viable opportunities for RCVs to be purchased which will be powered by alternative fuel sources that will further support Horsham District Council's carbon reduction targets.

Recommendations

That the Cabinet is recommended:

i) To approve the award of the contract for Refurbishing the Refuse Vehicles to the highest scoring bidder, on the terms recommended, as detailed in Appendix 1 (exempt).

ii) To delegate authority to the Director of Communities in consultation with the Head of Legal & Democratic Services to finalise terms and conditions and to enter into a contract with the highest scoring bidder for the Refuse Vehicles Refurbishment Contract once the capital budget has been approved by Council.

iii) To recommend to Council to approve a capital budget of £566,520 in 2023/24 and £623,172 in 2024/25 for the refurbishment of 21 vehicles.

Reasons for Recommendations

i) & ii) To refurbish our RCV fleet over the next two years will enable the vehicles to be used for a further six years to allow alternative fuel options to be more available at a reasonable cost and refuelling infrastructure to be in place.

iii) The constitution requires full Council to set capital budgets.

Background Papers

- Capital vehicle replacement schedule December 2021.
- Horsham District Councils three-year programme to reduce the Councils' carbon emissions; working towards the approved carbon neutral targets.

Wards affected: All wards

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Mark Neal, Transport Manager 07826858184.

Background Information

Introduction and Background

1.1 The Refuse Collection Vehicles (RCV's) have been inspected and found to be in need of refurbishment in the bodies and cabs. This is work which needs to be carried out to extend their useable life with reduced downtime and maintenance costs.

2 Relevant Council policy

2.1 A cared-for environment, replacing existing vehicles with alternatively fuelled alternatives to help reduce carbon emissions and help towards the protection of our environment.

3 Details

3.1 Our refuse collection fleet comprises various aged vehicles of differing sizes from 15 to 26 tonnes. Although we have achieved significant reductions in the carbon impact of our refuse collection fleet through the use of Hydrotreated Vegetable Oil (HVO) which has had a major impact on the carbon impact of our fleet, to help achieve carbon neutrality by 2030 we will need to replace these vehicles with alternative powered vehicles. These can be either BEV (Battery Electric Vehicles) or Hydrogen.

3.2 The cost of these alternative vehicles is high at £450,000 each for a BEV version, and £600,000 each for a hydrogen version. Furthermore, the battery charged vehicles are not fit for purpose for the Horsham District. We have recently undertaken a trial of a battery electric vehicle which established that they did not have the mileage range to meet our requirements.

3.3 Therefore, in order to allow the cost of these vehicles to become more reasonable and charging infrastructure to be installed we are proposing to refurbish the existing vehicles in order to extend their lives. This will be achieved by refurbishing the vehicles in order to re-use. This will follow our climate strategy of reducing carbon emissions compared to building new vehicles. They will still use HVO, saving 90% of emissions compared to diesel. It will give us a minimum of six years further life which we expect will allow time for electric and Hydrogen technology and infrastructure to become more established.

3.4 A specification of requirements for refurbishing the refuse vehicles was constructed and included in a full tender pack (containing instructions to bidders, pricing schedule and draft terms & conditions).

3.5 This tender pack was put out to the closed pre-approved list of suppliers on Lot 2 of the Procurement Partnership/NEPO HGV & Specialist Vehicles Procurement Framework Agreement (Ref NEPO224) on 6 September 2022. This type of procurement process is compliant under both the Council's procurement rules and under the Public Contract Regulations 2015.

3.6 Bids for each tender process were evaluated on the basis of the Most Economically Advantageous Tender (MEAT), which combines price and quality. The individual quality scores were presented at a moderation meeting on 28 October 2022 by the service representatives from the Council, which was attended by the Senior Procurement Officer, The Transport Manager, the Assistant Resources Manager, the Senior Fitter and the Senior Solicitor. The scores were moderated and agreed at this meeting.

3.7 After the quality evaluation was concluded, the pricing was examined by the evaluation panel who confirmed that all specification requirements had been priced for and costing received were in line with expected price returns.

3.8 The prices scores were added to the quality scores to identify the winning Tenderer who will be awarded the contract. Refuse Vehicle Solutions were the Company selected to carry out the Refurbishment.

4 Next Steps

4.1 Once the future capital budgets are approved on 14 December 2022, Director of Community Services to award and enter into contract with the winning bidder, as detailed in Appendix 1 (exempt).

5 Views of the Policy Development Advisory Group and Outcome of Consultations

5.1 The Recycling and Waste PDAG discussed both the proposal to extend the life of the vehicles and the procurement strategy at its meeting on 20 July 2022 and on 9 November 2022. Members of the group were supportive with the approach proposed.

6 Other Courses of Action Considered but Rejected

6.1 The Council can continue using the current RCV's but this is not recommended as they are becoming unreliable and need to have their economic life extended.

6.2 The Council can decide to purchase electric or hydrogen vehicles now but currently the cost of these vehicles is high at £450,000 each for an electric version, or £600,000 each for a hydrogen version. Battery range is also very poor and the charging infrastructure within our District does not meet HGV charging requirements.

6.3 The Council can hire in vehicles to cover downtime, but this is costly and there is no guarantee that hire vehicles will be available.

7 Resource Consequences

7.1 The total cost for the 22 vehicles for the contract starting in 2022/23 and completing in 2024/25 is £1,246,343.36 (inclusive of Framework charges). This works out to be £56,562 per vehicle, which is considerably less than a new vehicle. This is split over the following years:

- 2022/23 - 1 vehicle – £56,652 already within approved capital budget
- 2023/24 - 10 vehicles - £566,520 request for capital budget in 2023/24
- 2024/25 - 11 vehicles - £623,172 request for capital budget in 2024/25

7.2 To purchase a new RCV it costs £150K per vehicle, which would total £3,300,000. The refurbishments will save around £2million compared to buying new as well as valuable Service and maintenance time which will allow HDC to stay compliant with Operator Licence Regulations.

7.3 The existing vehicle capital budget in 2022/23 has sufficient headroom to accommodate the single vehicle refurbishment within existing budget. The report requests capital budget in 2023/24 and 2024/25 is approval by full Council on 14 December 2022 to meet these costs.

7.4 There are no staffing resource consequences as a result of this tender award.

8 Legal Considerations and Implications

8.1 The process is compliant with all necessary Procurement Regulations and the Council's Procurement Code.

8.2 In-house legal resources will be used to complete the legal documentation.

9 Risk Assessment.

9.1 If the proposed options are not approved, then there is a significant risk of the current revenue budgets being affected due to increased costs of repairing and maintaining our aging fleet. There is also a significant risk to the Council Operators Licence which has strict guidelines on the upkeep and maintenance of our heavy goods vehicles.

9.2 Assumptions

1. Technology will improve within next 5 to 6 years including vehicles and batteries
2. Alternative technologies such as Hydrogen (already in use in Scotland and N America) will become available for larger vehicles (RCVs and large sweepers)
3. Charging infrastructure will improve with a move toward smart charging at charge-points to manage demand in real-time.
4. Introduction of lower time of use (ToU) tariffs using multiple charge-points not exceeding maximum power capacity at the site.
5. Advancement of different types of ultra-low emission vehicles (ULEVs) including zero emission, extended range electric vehicles, plug-in hybrids for larger (HGV) and fuel cell electric (FCEV- hydrogen vehicle)
6. Government will adhere to is zero carbon emission target with potential stretch-targets introduced following COP26.

10 Procurement implications

10.1 The Council has complied with all necessary Procurement Regulations and the Council's Procurement Code. The procurement processes have been overseen by the Council's Procurement Senior Procurement Officer, supported by the Senior Solicitor ensuring compliance.

11. Equalities and Human Rights implications / Public Sector Equality Duty

11.1 The recommendation has no negative impact on any particular groups and an Equalities Impact Assessment is not required.

12 Environmental Implications

12.1. Suppliers were assessed on their approach to sustainability (for example carbon reduction and neutrality, waste, etc.) as part of the quality evaluation process for each mini competition undertaken.

12.2 Emissions savings from the use of HVO as opposed to normal diesel. Re-use of existing vehicles also fits in with our sustainability and environmental strategy.

13 Other Considerations

13.1 The tender will ensure GDPR and data protection processes are in place and compliant with all relevant legislation.

13.2 Crime and disorder incidents are unlikely to occur but do need to be taken into consideration for potential vehicle or infrastructure vandalism. Monitoring processes are in place to deter this behaviour.