

COUNCIL

24 JANUARY 2013

ADDITION TO THE CAPITAL PROGRAMME – REFUSE AND RECYCLING FLEET

Portfolio Holder: Councillor Phil Filmer, Frontline Services

Report from: Robin Cooper, Director of Regeneration, Community and Culture

Author: Sarah Dagwell, Head of Waste Services

Summary

This report seeks approval from Full Council to add the purchase of the Refuse and Recycling Fleet to the capital programme, to support an increase in both recycling and organics collections to weekly in line with black sack refuse collections.

1. Budget and Policy Framework

1.1 Additions to the Capital Programme are a matter for Full Council.

2. Background

2.1 The Cabinet considered a report on 27 November 2012 which sought a variation to amend the Collection Services and Street Cleansing Service contract currently being delivered and awarded to Veolia Environmental Services. This was to facilitate an increase in the frequency of recycling and organics kerbside collections from fortnightly to weekly.

2.2 The Council had been successful in securing funding from the Department of Communities and Local Government's 'Weekly Collection Support Fund' to support the proposed changes. This challenge fund had been established by Government to encourage local authorities to retain or reinstate weekly rubbish collections. Medway Council had submitted a bid for both revenue and capital funding proposing an increase in both recycling and organics collections to weekly in line with black sack refuse collections and received funding totalling £14,029,901 over three years for the weekly collections services.

2.3 The Cabinet agreed the following:

2.3.1 The Cabinet confirmed acceptance of the Department of Communities and Local Government offer of funding from the Weekly Collection Support Fund to enable Medway to introduce weekly recycling and organic waste collection and maintain the weekly residual waste collection service for a minimum of 5 years as per the funding criteria.

- 2.3.2 The Cabinet endorsed the publication of this commitment on the Council website and in associated literature produced to promote the weekly collection services.
- 2.3.3 The Cabinet recommended to Council that the capital purchase of the new refuse and recycling fleet, as funded by the allocation of this money, be included in the Capital Programme as soon as possible.
- 2.3.4 The Cabinet approved a contract variation that will facilitate an increase in the frequency of recycling and organics kerbside collections from fortnightly to weekly. The variation will involve a number of existing Bill of Quantities (BoQ) unit prices being incorporated within one encompassing unit price that reflects efficiency savings. This variation must also adequately cover the capital purchase of vehicles through Veolia Environmental Services, which will extract their cost from the existing revenue budget and contract payment mechanism.
- 2.3.5 The Cabinet agreed to delegate authority to the Assistant Director Legal and Corporate Services, in consultation with the Portfolio Holders for Frontline Services and Finance, to make any subsequent adjustments that may be required as a result of detailed terms of the funding.
- 2.4 An officer project team has been set up for the project consisting:
Assistant Director Front Line services – Project Sponsor
Head of Waste Services – Project Owner
Waste Development Manager - Project Manager
Project Implementation Board consisting of Communications, Finance, Legal, Category Management and Veolia

This team will report to the RCC Departmental Management Team officer management board on a monthly basis and then onwards to the RCC Project Management Member Advisory Board on a bi-monthly basis.

- 2.4.1 Initial discussions have begun with Veolia regarding principles of vehicle maintenance, purchasing process, vehicle and staffing numbers and additionally benchmarking of costs is being undertaken to ensure the Council receives Best Value for these vehicles.
- 2.4.2 The DCLG has confirmed they will *'not seek to claw back any money from bids where the estimate set out in the application form'*, i.e. they will not be asking for the return of any monies saved due to efficiencies.
- 2.4.3 Due to a minimum 6 month order timeframe for new vehicles, it is anticipated that the weekly collections will commence in late Summer 2013, date to be confirmed.

3. Purchase of Refuse and Recycling Fleet

- 3.1 The capital fund will enable the upfront purchase of all collection vehicles for all three kerbside services, therefore extracting their cost from the existing payment mechanism.
- 3.2 The Capital purchase of vehicles will be through Veolia Environmental Services:

- Through our background research, capital purchase via Veolia is the only viable way Medway can meet the financial constraints imposed by DCLG's funding timetable.
- Veolia, being one of the world's largest waste management companies are more likely to secure best value vehicle purchasing through their procurement contracts.
- By purchasing via Veolia, Medway negates the additional staff costs associated with procurement support from Category Management.
- However, the contract will have to be very specific with regards to ownership, insurance, condition and maintenance.

3.3 The capital purchase will be for up to 48 vehicles for use in the collection of refuse (black sack waste), recycling (twin bodied vehicles for paper/card and mixed containers) and organic waste (with wheeled bin lift for brown bins etc containing kitchen and garden waste).

4. Risk Management

Risk Register				
Risk	Description	Risk Likelihood A=Very High B=High C=Significant D=Low E=Very Low F=Almost Impossible	Risk Impact I=Catastrophic II=Critical III=Marginal IV=negligible Impact	Mitigate risk
Vehicles ownership and repair and maintenance issues	Possible disagreements over vehicle repair and maintenance	C	II	Agreements to be reached with contractor as part of contract renegotiations over repair /maintenance/ temporary hire vehicles if needed before purchase.
Accidents and vehicle write offs	Vehicle written off following accident	C	II	Agreements to be reached with contractor as part of contract renegotiations over replacements and temporary hire vehicles if needed before purchase. Ensuring Insurance if sufficient to cover replacements
Vehicle specification is incorrect	Ensuring the vehicle speciation is correct is critical for future success of the scheme	B	II	Ensure full liaison and agreement with Veolia Operational Team before purchase.
Vehicle build time extended	Possible delay in production due to high demand for vehicles across UK created from the weekly collection fund	B	II	

5. Financial and legal implications

- 5.1 The Council has been awarded £7,162,415 of capital funding for the upfront purchase of all necessary vehicles required for all refuse, recycling and organics collections vehicles for current and enhanced service with a service life up to – and possibly beyond – expiry of the current contract.
- 5.2 There are no further legal implications other than those contained in the GW5 report to Cabinet on 27 November 2012.

6. Recommendation

- 6.1 Council is asked to add, to the capital programme, the scheme for the capital purchase of the recycling and refuse fleet in order to introduce weekly recycling and organic waste collection and maintain the weekly residual waste collection service for a minimum of 5 years as per the funding criteria.

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Background papers

Cabinet 27 November 2012 - Gateway 5 Contract Management Report:
DCLG Weekly Collections Support Fund:
<http://democracy.medway.gov.uk/ielIssueDetails.aspx?Id=9720&Opt=3>