

FLEET REPLACEMENT PROGRAMME - 2023 - 2028

Cabinet 10 November 2022

Report of: Deputy Chief Executive & Chief Officer - Finance & Trading

Status: For Decision

Also considered by: Cleaner & Greener Advisory Committee - 18 October 2022

Key Decision: Yes

Executive Summary: This report updates the Cleaner & Greener Advisory Committee on the fleet requirements for statutory waste collection and associated services within Direct Services over the next 5 years.

This report supports the Key Aim of: a green and healthy environment

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Recommendation to Cleaner & Greener Advisory Committee: That the 5-Year Fleet Replacement Programme 2023-2028 as detailed in this report be considered by the Committee, and its views be submitted for consideration by Cabinet.

Recommendation for Cabinet: That the 5-Year Fleet Replacement Programme 2023-2028 proposal along with any proposals submitted by the Cleaner & Greener Advisory Committee be considered and approved.

Reason for recommendation: Given the uncertainty from central Government regarding the new Environment Act 2021 and the funding for local Government waste collection resources and the ageing fleet it is urgent that a shorter 5-year plan is approved.

Introduction

- 1 This proposed fleet replacement plan (2023-2028) provides a framework for the procurement and management of our fleet vehicles operated by Sevenoaks District Council as the statutory Waste Collection Authority and the Litter Authority.
- 2 The current fleet comprises of 101 vehicles and these assets are critical for delivering statutory and income-generating services, which include collection of waste and recycling, maintenance of the roads and public footpaths, parking control, commercial waste collection, pest control services, bulky waste collection, clinical collections, sack deliveries, and garden services.
- 3 All vehicles must be fit for purpose and need to be managed effectively to enable us to provide the best possible service and protect the health and safety of staff, our customers and the wider community. They must also offer excellent value for money.
- 4 When procuring new vehicles over the next 5-years, all options will be explored and assessed and the best option, based on the whole life costing and operational use as well as environmental suitability will be chosen. Any procurement for new vehicles or equipment will also take into account new environmentally sustainable technologies, such as electric, hydrogen and hydro-fuel cell capabilities.
- 5 The legal and statutory responsibility for management of vehicles sits with the Transportation & Depot Operations Manager as the accredited professional competent person, as recognised by the Traffic Commissioner. As an operator of a large fleet of vehicles it is a legal requirement to have a qualified Transportation Manager on site in a full time position.

Background

- 6 In 2012, a 10-year vehicle replacement projection was established; the plan calculated that we needed around £5.4m to replace the fleet for the next 10 years. This plan had fixed sums per annum, and in 2012 at the start of the plan, the cost of a new split-load refuse vehicle was estimated at around £125,000. From 2012, the Council has relied on purchasing a mixture of new and used vehicles within the allocated budget set for that year.
- 7 Since the start of the 2012 plan, the cost of new split-load refuse vehicles now stands at £245,000, so our strategy for procurement needs to change to ensure the funds available are able to sustain a suitable fleet to carry out our services, and grow our paid for services.

Current Vehicle Fleet

- 8 The current vehicle fleet has an average working use age of 7 years. However, the oldest vehicle in service is a 2003 Ford Ranger. The Council has through effective maintenance, and refurbishment plans, maximized the current vehicles lifespan, this coupled with the procurement of second-hand vehicles has been a short term success. However, the short term gain of fixing gaps in the fleet profile now caught up with us, with the fleet now being extremely old with some vehicle's failing. We therefore need a new approach to be considered to take us forward that falls within the Council's 10 year balanced budget.

Current Planned and Delivered Purchases

- 9 For 2020-2021 we purchased three new Refuse Collection Vehicles (RCV's) via the TPPL framework (Procurement partnership).
- 10 For 2021-2022 we have ordered via the TPPL Framework four 12 tonne narrow RCV's for our rural waste rounds. These are due to be delivered in September 2022.

A new approach

- 11 To ensure that we replace our oldest and most vulnerable vehicles quickly, while also taking into account delivery lead times, for 2023-2024 we will be leasing five 26tonne RCV's. These will be in service from June 2023
- 12 The lease will run for three years and will cost £324,000 per year for all five vehicles and will be paid for from the current Vehicle Reserve allocation for years 2023-24, 2024-25 and 2026-27.
- 13 In 2027-2028 the five leased vehicles will be purchased at a cost of £625,000.
- 14 In 2028-2029 further vehicles will be identified for replacement and leased in the same way.
- 15 Over these 5-years the balance of the Vehicle Reserve will be used to purchase smaller fleet vehicles, which will be electric whenever possible.

Government requirements and funding

- 16 The implications of the new legislation (Environment Act 2021) is that by 2023 all local authorities will have further statutory collection requirements placed on them. This will also have an impact on vehicle procurement lead times as all local authorities will need to purchase new and different types of waste vehicles. This Act will have a major effect on the amount of vehicles required and the additional funding that will be provided by Government.

- 17 Our new approach to leasing our Operator Licence Fleet will enable these changes to be managed and an understanding on what central Government funding will be given. It would not be prudent to purchase large numbers of vehicles before this information and allocation is known. However, we also need to be mindful of delivery lead times and the ageing fleet we currently have, so not replacing is not an option at this stage.

Finance

- 18 The current capital purchase price of a Mercedes Econic 2630 6x2 Rear-steer Low-entry chassis cab with a Euro 6 engine is estimated at £245,000 per vehicle. If we stayed within our current budget this would mean that we would only be able to purchase two vehicles. If ordered now the lead time for delivery would also not be until September 2023.
- 19 Leasing costs for the same Mercedes Econic vehicle over a 36 month period is £5,400 per vehicle per month. The yearly leasing costs for 5 new vehicles would be £324,000. If ordered today delivery would be in June 2023.

Technology

- 20 The operating context for vehicle fleets is changing because of concerns over poor air quality resulting from internal combustion engine vehicle emissions, awareness of the need to decarbonise transport to tackle climate change and the availability of electric vehicles, with potential for lower total cost of ownership.
- 21 There are also new regulations to consider which deal with ultra-low emissions zones with access charges for more polluting vehicles and the prohibition of certain vehicle types (e.g. diesel) from city centres.
- 22 As a result we are looking at commitments to electrify our smaller fleets over the next 5-years. However, electric and hydrogen vehicle technology is fundamentally different to existing vehicles, requiring new operational and commercial approaches.
- 23 The current cost of a Mercedes eEconic refuse vehicle with body and DC charging point is £507,000 each.
- 24 In regards to hydrogen refuse vehicles the cost is around £700,000 each with infrastructure for a hydrogen fuel tank at the depot.
- 25 Therefore these options are not economically viable with the budget currently available.

Key Implications

Financial

All budget and financial issues are detailed in the main report.

Legal Implications and Risk Assessment Statement.

Sevenoaks District Council has statutory duties requiring the authority to provide public services, such as litter collection, waste and recycling collection.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

Members are reminded of the Council's stated ambition to be Net Zero with regards to carbon emissions by 2030. The decisions recommended in this paper directly impact on this ambition. The impact has been reviewed and there will be a slight decrease on carbon emissions produced in the district as a result of this decision.

This is due to more modern and efficient large refuse vehicles at Euro 6 standards and the replacement of the small fleet with electric vehicles.

Conclusions

Leasing new replacement vehicles through leasing arrangements is the best solution over the next five years, so that Government funding information is known and ageing vehicles are replaced urgently.

Appendices - None

Background Papers - None

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