

TONBRIDGE & MALLING BOROUGH COUNCIL

HOUSING and ENVIRONMENT SERVICES ADVISORY BOARD

09 November 2015

Report of the Director of Street Scene, Leisure and Technical Services

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

1 RECYCLING SITE COLLECTION VEHICLES

Summary

This report provides details of our current arrangements for collecting glass and cans at recycling sites and outlines a proposed approach to extend the life of the existing collection vehicles in liaison with Tunbridge Wells Borough Council.

1.1 Background

- 1.1.1 In partnership with Tunbridge Wells Borough Council, this Council jointly owns and operates two recycling vehicles for the collection of glass and cans from around 100 recycling sites across the two authorities. The vehicles are operated under contract with Veolia, who provide the drivers and servicing schedule.
- 1.1.2 The income from the sale of materials is offset against the operating and servicing charges and the net costs are shared equally between authorities. Both Councils then claim their separate recycling credit payments for the materials recycled.
- 1.1.3 When the vehicles were purchased in January 2008 and February 2009 they were initially costed on an eight year life and provision was made for their replacement within the capital renewals budgets for 2015/16 and 2016/17 respectively.
- 1.1.4 Following the Scrutiny Review of capital renewals provision in 2014, this was subsequently deferred to 2016/17 and 2017/18 respectively.

1.2 Current Position

- 1.2.2 Following the recent removal of two very high volume recycling sites at Sainsbury's Tunbridge Wells and Sainsbury's Aylesford, the opportunity has been taken to review the recycling site servicing schedules. As a result, we have reduced our contract with Veolia from 10 days to 7 days scheduled vehicle use across the two authorities. Although there has been an overall financial impact from loss of income of the materials, there have been some benefits:

- More flexibility and capacity for catch up work (at peak times and following vehicle being off the road due to repairs and maintenance).
- Reduction in contract costs which partially offset the loss of income from the materials.
- Reduced demand on vehicles, with potential scope to lengthen their vehicle life (and subsequent replacement).

1.2.3 Our current arrangement with Veolia to operate these vehicles is included as part of our Refuse and recycling Collection services contract which is due to expire in February 2019. There is a lot of preparatory work being undertaken in advance of this date to look at a range of options for any new service arrangements.

1.2.4 However, it is likely that any ongoing or longer term plans for this element of service could be reviewed nearer the time and accommodated within any new service specification, if still relevant.

1.3 Vehicle Replacement – Proposed Approach

1.3.1 Having noted our current position, it would be extremely advantageous to be able to utilise our current vehicles until the end of the existing contract. This would enable us to take account of **all** service options within any new arrangements.

1.3.2 The current cost of replacement vehicles to this Council, which is included within our capital renewals provision is £68,000 in 2016/17 and £68,000 in 2017/18. It is also worth noting that these vehicles have also been given a nominal residual value of approximately £5050 each at the end of their life and this figure is included within the above figures.

1.3.3 Although difficult to calculate, there is likely to be additional routine servicing and maintenance costs associated with “older” vehicles. However, unless there was a significant issue with one or both of the vehicles in this period, it is estimated that additional revenue costs to this council would be around £10,000 per annum (as any additional costs are shared with our partners, Tunbridge Wells Borough Council).

1.3.4 There is an element of risk involved in this approach, as any extension to the working lives of these vehicles could incur additional unforeseen repair and maintenance costs. To mitigate against this risk, we have already made arrangements to carry out a “health check” on the current status of the vehicles. However, this assessment has no guarantees of future reliability or subsequent repair costs. Should there be a significant failure on one or both vehicles, and depending on the period remaining at that point, we may want to review our options along the following lines:

- Evaluate particular issue and establish repair cost and longer term assessment and implications

- Temporary replacement vehicle(s), by vehicle hire or second hand purchase.
- Temporary arrangements to service our recycling sites.

1.3.5 We have spoken to Officers at Tunbridge Wells Borough Council, who are supportive of this approach. Due to the alignment of their own refuse and recycling contract expiry, they have asked if we can plan arrangements until mid to late 2019.

1.4 Legal Implications

1.4.1 The Council currently has contractual arrangements with Veolia to operate this service and has a partnership agreement with Tunbridge Wells Borough Council to provide this service across the two authorities.

1.5 Financial and Value for Money Considerations

1.5.1 The proposal has been brought forward in recognition of the Council's overall financial position. By not spending the capital renewals provision as planned will, using a rate of return of 2%, generate investment income of circa £2,700 to meet in part the additional repairs and maintenance expenditure estimated at £10,000. What happens at the end of this period will depend on the outcome of the forthcoming tendering exercise and decisions taken at that time.

1.6 Risk Assessment

1.6.1 The broad principles of risk assessment are applied to all areas outlined in the report and assist in determining our service provision and priorities.

1.6.2 The specific risks associated with extending the life of the vehicle relate to cost and potential service failure and are detailed in section 1.3.4 of this report.

1.7 Equality Impact Assessment

1.8 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.

1.9 Policy Considerations

1.9.1 Asset Management

1.9.2 Procurement

1.10 Recommendations

It is RECOMMENDED to CABINET that the life of the Council's two recycling vehicles be extended to the end of the existing Waste Services contract in February 2019.

The Director of Street Scene, Leisure and Technical Services confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and Policy Framework.

Background papers:

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Nil

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