Communities and Environment Scrutiny Select Committee

05 March 2025

Part 1 - Public

Matters for Cabinet - Key Decision

Cabinet Member	Martin Coffin, Cabinet Member for Transformation and Infrastructure;
Responsible Officer	Robert Styles, Director of Street Scene, Leisure & Technical Services;
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Waste, Recycling and Street Cleansing Contract

1 Summary and Purpose of Report

1.1 Following consideration by this Committee on 5 February 2025, Cabinet approved on 11 February 2025 (Decision Notice D250012CAB) the strategic approach to the re-commissioning of the Waste Services Contract (the Contract). Cabinet approved contracting out as the preferred commissioning model and also the continued partnership approach with Tunbridge Wells Borough Council (TWBC). This report advises on, and seeks consideration of, the detail related to the procurement of the joint Contract.

2 Corporate Strategy Priority Area

2.1 "Efficient services for all our residents, maintaining an effective council."

2.2 The Contract is the largest contract commissioned by this Council providing a household waste and recycling collection service to approximately 57,000 homes in the borough. The Contract also includes street cleansing services. The service is high profile, serving all our residents and is currently delivered in partnership with TWBC.

2.3 The Contract will need to be in accordance with current legislation and guidance, and consider pending legislation including Simpler Recycling, Extended Producer Responsibility (EPR) and the Deposit Return Scheme (DRS). Consideration will also need to be given to increasing recycling performance and maximising income, including EPR payments, through the delivery of effective and efficient services.

3 Recommendations

Following Members of this Committee's consideration of the report below it is proposed that:

3.1 the Competitive Flexible Procedure procurement route and timeline as outlined at Section 5.1 be agreed;

3.2 the proposed contract length be 12 years as outlined at Section 5.2.1;

3.3 joint Delegated Authority be given to the Cabinet Member for Transformation and Infrastructure and the Director of Street Scene, Leisure and Technical Services to agree contract variations following dialogue and negotiation ahead of the contractors' final bids, as outlined at Section 5.1.5.

3.4 the proposed Specification amendment highlighted at Section 5.3 be agreed and reflected in the tender pack;

3.5 the proposed areas of dialogue as highlighted at Section 5.4 be agreed;

3.6 the proposed contract options as highlighted at Sections 5.5 be agreed;

3.7 the approach to vehicle finance options, as highlighted at Sections 5.6 be determined by the Partner Authority Finance lead officers and be reported to the appropriate Committee and Cabinet;

3.8 the proposed method of indexation as highlighted at Section 5.7 be agreed;

3.9 the proposed tender evaluation be progressed in accordance with Section 5.8; and

3.10 that the proposed approach to decarbonisation as highlighted at Section 12.7 be agreed.

4 Introduction and Background

4.1 Members of this Committee will be aware that in partnership with TWBC - together the Partnership Authorities – the current Contract is due to expire on the 31 March 2027. The current annual contract cost across the Partnership is £8.8 million with this Council liable for a proportion of this - relative to respective property numbers, street lengths and other services - of £4.9 million per annum (2024/25 budget).

4.2 Regarding the selected commissioning model, this report seeks Members' consideration and recommendations to Cabinet on the details of the procurement of these contracted services. Details include the procurement route; contract particulars including duration, potential areas to reduce contract costs and contract options; vehicle financing options; and proposed evaluation criteria and weighting.

4.3 The Partnership Authorities have established a joint Waste Contract Officer Steering Group (Steering Group) to consider and guide the recommissioning process with representatives across both Partnership Authorities up to Director level. The Steering Group is attended by legal, financial and procurement representatives from both authorities alongside operational staff. This report is being brought forward with the support and endorsement of the Steering Group with a similar report being presented to Members at TWBC (Cabinet Advisory Board on the 4 March 2025 and Cabinet on 20 March 2025). The two reports have been tailored for each Authority although the principles, factual detail and proposals remain the same.

4.4 When proposing future service provision consideration has been given to current and pending government legislation specifically related to Simpler Recycling, Extended Producer Responsibility and the Deposit Return Scheme. As previously highlighted, ahead of retendering the services, feedback was also sought from the market and the full market feedback has previously been reported to Members of this Committee and has been taken into account within the proposals brought forward in this report. The issues discussed were:

- Optimum contract length
- Comments on current vehicle lease arrangements
- Mobilisation lead-in times
- Contractor risks that may be factored into any tender
- Sustainability and the Partnership Authorities' carbon neutrality targets
- Collection methodologies
- Potential contract efficiencies
- Scale of contract
- Benefits of contracting out as a commissioning model

4.5 The current services generally consist of household waste and recycling collections, including from communal properties, and the provision of street cleansing services. With regard to the former, the current methodology includes:

- Weekly collection of food waste – separate vehicles;
- Fortnightly collection of residual waste;
- Fortnightly collection of comingled dry recyclables in two separate streams/containers:
    - Stream/Container 1: paper & card; and
    - Stream/Container 2: plastics, metals & glass
- Fortnightly collection of garden waste (subscription based);
- Ancillary collection services on request including clinical waste & sharps box collections and bulky item collections.

4.6 Street cleansing services broadly consist of a schedule of litter picking, manual sweeping and mechanical sweeping at agreed frequencies of adopted highways, pavements, footpaths, grass verges and car parks. This includes appropriate traffic management of high-speed roads during cleansing operations, including some sections of dual carriageways and slip roads.

4.7 Cleansing services are provided on a range of highways across both the Partnership Authorities' areas, including high speed roads, town centres, residential areas, rural roads and sections of the A21 and A20 trunk roads.

4.8 Current collection services levels are considered fit for purpose and are generally in accordance with pending regulations on Simpler Recycling which aims to provide residents with consistency of waste collections. No changes in collection methodology on service levels are being proposed with the exception of those highlighted later in this report.

4.9 Lessons have been learnt from the previous service changes made in 2019 that resulted in disruption for residents. Whilst some changes in collection arrangements are being considered within this report, these are not on the scale of those enacted in 2019. It is worthy of note that the change of Contractor in 2019 did not result in service disruption, with the contract operating as expected for the first 6 months, rather it was the change of service specification after 6 months that was the catalyst. It is also worth note that the Contract has undergone a re-rescheduling of collection rounds within the past two years to take into consideration current & future property growth and to drive efficiencies. As such a further reassessment of rounds and schedules is not anticipated from commencement of contract.

5 Proposals

5.1 <u>Proposed Procurement Route</u>

5.1.1 The following proposals have been developed by the Steering Group, in liaison with the TMT Procurement Team (A Partnership between Tunbridge Wells, Maidstone and Tonbridge & Malling Borough Councils) that represents and provides expert procurement advice to both Partnership Authorities.

5.1.2 Consideration has been given to the Council's recently adopted Procurement Strategy and current/pending procurement legislation alongside best practice within the industry. It is proposed that the following procurement route provides the optimum flexibility to achieve best value through the procurement process.

5.1.3 The Steering Group has assessed the merits of the various procurement processes available to us for the tender of this service. Following a discussion on the key aims and objectives of the tender, the Steering Group proposes the use of the Competitive Flexible Procedure (CFP). This is a new procedure being introduced as part the Procurement Act 2023 set to come into force on 24 February 2025. This procedure offers the Steering Group the ability to design a bespoke procurement process that will best fit organisational and contract objectives, local needs and the current market conditions.

5.1.4 The Steering Group has an initial design of a CFP which will include an initial tender stage followed by rounds of dialogue and rounds of negotiation, prior to final tenders being requested and submitted.

Table 1: Indicative Tender timeline based on the proposed initial CFP design.

Stage	Indicative date/ timeline
Tender release	May 2025
Dialogue/ Negotiation Rounds	Early September - Early October 2025
Final Tenders Received	Early November 2025
Member Approval Cycle	January – Mid April 2026
Award	Late April 2026
Mobilisation/Finalise Contract	May 2026 – March 2027

5.1.5 It is noted that the process highlighted above allows for periods of both dialogue and negotiation on elements within the contract in order to identify and achieve potential efficiencies and reduce contract costs, with potential benefits to the Contractor, the Partnership Authorities and borough residents. The proposed areas of dialogue are detailed further below at Section 5.4 for Member consideration, comment and recommendation to Cabinet. This process could result in changes to specified services though only those identified and within the parameters set below. Should changes be made within these agreed parameters it is proposed that joint delegated authority be given to the respective and appropriate Cabinet Members and Directors of the Partnership Authorities to agree such changes that will then be reflected in the bidder’s final tender submission. For the Council, this would be the Cabinet Member for Transformation and Infrastructure and the Director of Street Scene, Leisure and Technical Services. For clarification, all final tender submissions will still be subject to consideration by this Committee and approval at Cabinet.

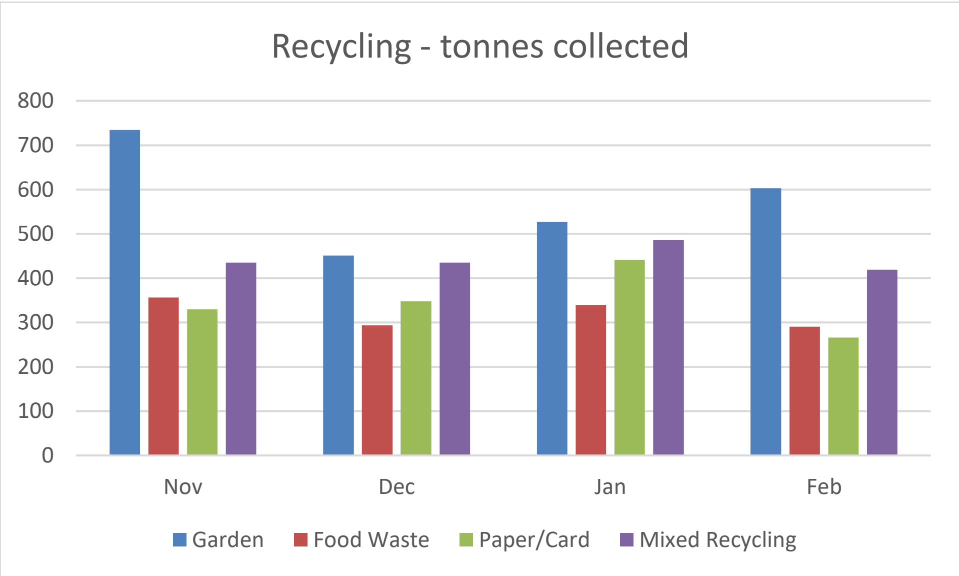
5.2 Proposed Contract Particulars

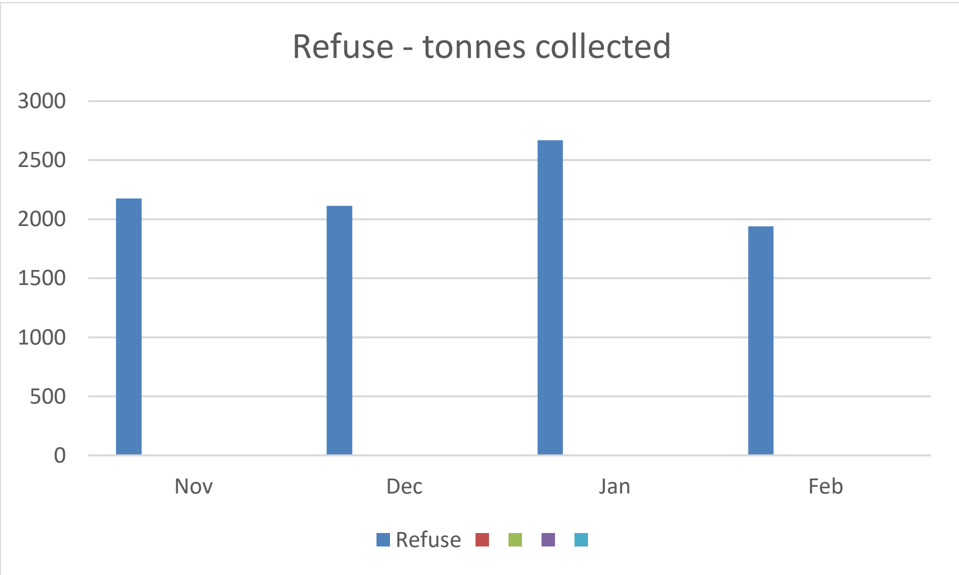
5.2.1 Consideration has been given to the proposed contract duration, and this has specifically taken into account the current vehicle lease arrangements and feedback received through pre-tender market engagement. It is proposed that an initial 12-year contract be offered. This will allow for the expiry of the current lease arrangements on the majority of the fleet, four years after contract commencement, and then a residual 8-year period that is in line with industry vehicle lifespan. Potential/discretionary contract extension periods will be considered by the Steering Group ahead of the procurement process. For clarity, the enactment of any extensions contained with the contract would require future Member agreement.

5.2.2 As highlighted within the financial section of this report, it is anticipated the contract costs will significantly increase following the retendering of these services. Whilst a level of increase has already been considered and allocated within the Council's Medium Term Financial Strategy, it is still anticipated that future costs will exceed this allocation. As such, consideration has been given to reducing contract costs through amended service provision. A number of areas have been identified and are highlighted further below. This includes proposed amendments to the current specification, areas of dialogue for discussion through the procurement process and contract options to be priced and considered following final submissions.

5.3 Proposed Specification Amendment

5.3.1 A review of garden waste, recycling & refuse tonnages over the Christmas period for the last three years indicates that garden waste drops off significantly over December & January, gradually increasing in February in each year. Rather unsurprisingly, tonnages of dry recycling, paper & card and refuse increases, particularly post-Christmas:





5.3.2 Anecdotally, Waste Services receive a number of enquiries over the Christmas period as to why garden waste vehicles all continue to be deployed when it's perceived that most subscribers to the service don't generate much garden waste at that time of year. It is felt that the garden waste vehicles would be better deployed to assist with all of the extra recycling & refuse that is generated at that time of year. Whilst a number of councils suspend their garden waste collections for much of the winter period, it is currently felt that making such a change to the current subscription terms & conditions is not warranted given that even in December, an average of around 450 tonnes of garden waste is collected. It would also not allow subscribers to have their real Christmas trees recycled.

5.3.3 As such it is proposed that the Council only stands down garden waste service collections for the two weeks after Christmas to help facilitate Christmas catch up and that this be reflected in the new contract specification. The garden waste service would then provide 25 collections per annum. This is an approach adopted by neighbouring councils, including the recently tendered Mid-Kent Contract. Any detrimental impact for residents should be minimal regarding garden waste, given the time of year. However, there are perceived benefits to residents in other service areas including the food and recycling streams, to help deal with the increased volumes over the festive period.

5.4 <u>Proposed Areas of Dialogue</u>

5.4.1 It will be the intention to discuss the issues below with bidders through the negotiated tender process highlighted above at Section 5.1 to establish viability; impact on service provision; and the potential scale of contract cost reductions. Members are asked to consider the issues below and should Members agree to their inclusion within the tender process - following dialogue/negotiation - approve joint delegated authority being given to the Partnership Authorities' respective Cabinet Members and Directors (as outlined at Section 5.1.5 above). Any approved amendments will then be reflected in the bidders' final submissions. For clarification, all final tender submissions will still be subject to comments from this Committee and approval at Cabinet.

5.4.2 <u>Dialogue Issue 1 – Implications of pending regulations</u>
The Partners are interested in bidders' views as to the implications of the latest information provided by the Government with respect to changes in policy and law particularly in relation to Simpler Recycling, Extended Producer Responsibility and the Deposit Return Scheme. Specifically, bidders will be asked to comment on any potential alterations that not only comply with the changes but maximise the cost effectiveness derived across all property types and drive-up recycling performance.

5.4.3 Dialogue Issue 2 – Efficiencies in Service Delivery

The Partners are interested in bidders' views as to potential efficiencies in service delivery that may maximise efficiencies, provide best value for money and maximise recycling rates, such as varied frequencies of high-speed & other road cleansing; frequencies of collections; measures to be more efficient; maximise reuse & recycling rates; and measures to assist the Partnership meet their climate change & net-zero ambitions.

5.4.4 Dialogue Issue 3 - Early start times

To increase the efficiency of the collection service the Partners are interested in exploring the benefits and disadvantages of commencing some/all collections from 6am. Bidders will be asked to provide feedback in their submissions on detailing the cost impact, advantages and disadvantages including staggered start times which may reduce the likelihood of vehicles all arriving at disposal facilities at the same time thus causing potential delays.

5.4.5 Dialogue Issue 4 – Street Cleansing Methodology

The Partners are interested in improving the efficiency and effectiveness of their street cleansing services and are seeking bidders' feedback on the Specification requirements where there is scope to amend them to achieve this end. For clarification, it is not proposed that standards are reduced, rather that alternative methodologies may achieve the same or improved level of standards through a more efficient and cost-effective methodology.

5.5 Proposed Contract Options

5.5.1 It is possible to include discretionary contract options within the tender pack. These elements will not form part of the formal contract evaluation process although they will be costed and submitted by bidders alongside their final submission. The Partnership Authorities will then be able to evaluate the cost of these options in relation to the successful bidder's submission and include – or not - any/all options in the final contract award. Whilst requesting various priced contract options is possible, the market feedback and advice from subject matter experts which the Steering Group received suggested that these should be kept to a minimum to ensure clarity and transparency in the tender submissions.

5.5.2 "High Speed Roads" (Dual Carriageways Traffic Management) - currently this Council has agreed to carry out such works 12 times each year, due to the exceptionally low unit cost in the existing Contract. However, it is expected that this unit cost will increase significantly under any new contract arrangement due to the actual cost to the contractor of providing the required traffic management resources. As such it is intended that bidders provide a unit cost on an optional and discretionary basis and that Members approve any revised frequency once the costs are known. This is the same approach adopted during the last tender process.

5.6 Proposed Vehicle Financing Options

5.6.1 In specific regard to the vehicle fleet, the frontline collection vehicles (with the exception of the eight garden waste collection vehicles) were renewed within the last 6 to 12 months. These vehicles are leased by FCC until March 2031 and, the lease will transfer to the party that will deliver the services post-March 2027. These vehicles will, therefore, be available under lease for the first four years of any new contract agreement. To ensure quality of vehicle provision, FCC is bound by the lease to appropriately maintain the vehicles, being subject to independent inspections and sign off annually and at the end of the current contract period prior to any transfer.

5.6.2 The street cleaning vehicles and ancillary vehicles such as clinical waste, bulky collection & hit squad vehicles – as well as the garden waste vehicles - are not included within this lease arrangement. As such, a number of new vehicles will need to be purchased for contract commencement. Consideration is currently being given to financing models related to these specific vehicles and those that will need renewal within the life of the proposed contract (from March 2031). Officers within Finance from both authorities are exploring the options for the provision of these vehicles either through the Contractor supplying and financing or the Council supplying and financing. The reason for the latter option is that, in theory, the Local Authorities should have access to better borrowing rates than the private sector which could generate a saving on the overall contract.

5.7 Proposed Contract Indexation

5.7.1 The annual indexation on the current contract is based on a proportionate split between RPI and the annual change fuel (DERV) costs, based on October figures to be applied from 1 April the following year. During the market engagement exercise, contractors were asked for their views on optimum indexation methodology for the proposed service contract. All responded that they would prefer CPI to be used instead of RPI, that a Fuel-related index continue to be used, and that a certain proportion of contract costs be allocated to a labour/staff costs indexation. Finance colleagues advise that the indexation on such a contract be as simple as possible and avoid significant financial risk to the Partner Authorities. The current contract uses a ratio of 88% RPI and 12% Diesel, the former from the GOV.uk website, the latter supplied from a paid-for index assessment. RPI rates are published around the middle of each month, the Diesel rate is published around the same time but is subject to minor fluctuation and is not fully confirmed for a few months after the initial October publication. This means that the inflation rates used in setting the budget in February each year are subject to potential fluctuation when the budget is set, these variations will then be reported as part of budgetary control in the new financial year.

5.7.2 There are various indices that could be employed for the purposes of the contract annual indexation. The predominant costs for any organisation providing these forms of service will be labour, fuel for vehicles and general prices. These prices are represented by indices covering Earning, Diesel and either CPI or RPI. As mentioned in above, preliminary discussions have indicated a market preference for CPI rather than RPI. The use of this index would also be of benefit as this the more recognised of the two and is used within our MTFS for general inflation rates in line with the Bank of England expectations.

5.7.3 Prior to the current contract, TMBC used average earnings as an indexation rate, however officers feel that those wider issues of bonuses, market pay rates and other matters caused greater unpredictability in the rates and made it more difficult to accurately predict projections.

5.7.4 The Government themselves publish a monthly average Diesel index around the same time as the monthly publication of CPI. Once published there will be no further changes or fluctuations to the index, so it is therefore proposed that this Diesel index be used rather than the current version for the reasons set out above. The Steering Group are therefore proposing a mix of the use of CPI and the Diesel indexation available from the GOV.uk Website. Any amendments to the current ratio will be delegated to the respective Service Directors at the Partnership Authorities in liaison with the relevant Cabinet Members.

5.8 Proposed Tender Evaluation Weighting

5.8.1 Tenders will be evaluated on both Price and Quality. It is proposed that, in respect to these two elements, the evaluation be weighted 60:40 respectively. Giving greater weight to the pricing element reflects the Partnership Authorities' drive to ensure best value is achieved through the tender process and that this is appropriately demonstrated to bidders.

5.8.2 It is, however, fully acknowledged that quality remains an essential aspect of the evaluation process. As such it is proposed that threshold questions will form part of the evaluation process to ensure that only bidders with appropriate levels of experience in undertaking services of this type and scale progress through to full evaluation. Minimum quality standards will also be utilised in the detailed quality evaluation process and, at all times, full compliance with the issued contract specification will be required. Detailed evaluation criteria will include quality management; proposed levels of resources; service delivery models including frontline collections and street cleansing; environmental considerations; and aspect of added social value.

6 Other Options

6.1 The strategic decision to contract out has previously been approved by Cabinet and this report details options within this process for Members' consideration, comments and recommendation to Cabinet.

7 Financial and Value for Money Considerations

7.1 Recent reports to this, other Committees and Cabinet have highlighted the potential cost increase of the recommissioning when compared to the current contract price. This increase is based upon external information provided and has been included within the updated Medium Term Financial Strategy (MTFS) presented to Members as part of the current budget setting round. There remains a risk that these estimated values could change in the event of further changes in respect of wages and employer taxation changes.

7.2 With regard to increased charges, Members will be aware that consideration was given to the annual garden waste subscriptions at a meeting of this Committee on the 6 November 2024. The resulting increase of the charges approved by Cabinet have been included within the updated MTFS, in part to mitigate against the anticipated increased cost of the new contract. The limited opportunities to make savings on the proposed contract specification suggests that optimising income was the right decision to have been taken by Members.

8 Risk Assessment

8.1 General risks associated with this commissioning option were identified and presented to Members of this Committee on 5 February 2025. External support has been sought alongside market engagement to mitigate risks through the tender process. Consideration has also been given to lessons learnt through the previous tender process for the current contract.

9 Legal Implications

9.1 Legal representatives from both Partnership Authorities have considered the details of this report and confirm the ability to achieve compliance with relevant legalisation, guidance and the Partnership Authorities' respective constitutions.

9.2 The Partnership Authorities also share a specialist procurement support team who have been fully engaged in the work undertaken to develop this report and who confirm compliance to relevant procurement regulations.

9.3 The Council is required to agree a number of Policy Framework documents that provide long-term direction for its revenue and capital resources, its property assets, investment strategies and priorities for services and projects. December 2024 saw the publication of an English Devolution White Paper which has set out the Government's clear intent to drive devolution through the establishment of Mayoral Strategic Authorities and an associated programme of local government reorganisation in two-tier areas.

9.4 In Kent, this could see both Partner Authorities cease to exist within the term of these plans and strategies. It also may well be that this Council's ability to take decisions, acquire or dispose of assets, to let contracts or to deliver projects or services may be constrained by the terms of the Structural Change Order or any

Direction issued under Section 24 of the Local Government and Public Involvement in Health Act 2007 or by the lack of capacity associated with the work involved in delivering any structural changes. Whilst no councils can foresee the effect that devolution or reorganisation may bring, this Council must proceed on its current course at the moment to ensure that there is no interruption to the Service. The Council is also currently bound by the Public Contracts Regulations 2015 until the Procurement Act 2023 comes into force (expected to happen on 24 February 2025).

10 Consultation and Communications

10.1 Engagement has been undertaken with the market and advice has been sought from external consultants. Proposals are also being brought forward following full liaison with, and with the full support of TWBC.

11 Implementation

11.1 Details and timeframe for implementation are shown in Section 5.1 above.

12 Cross Cutting Issues

Climate Change and Biodiversity

12.1 Climate change advice has been sought from this Council's Climate Change Officer in the preparation of the details, options and recommendations shown below and in the associated annexes.

12.2 The current fleet of Refuse Collection Vehicles (RCVs) consists of mainly diesel vehicles, producing both carbon emissions and particulates that contribute to poor air quality and associated health issues. RCVs are the second largest source of carbon emissions produced by this Council's own estate and operations, after leisure facilities. The current fleet accounts for almost a third (32%) of emissions from all sources and growing populations, housing and commercial developments in the borough will continue to increase these emissions without action to decarbonise.

12.3 Significant emission reductions can be achieved through use of biofuel, electric or hydrogen vehicles. **Annex 1** provides an analysis of decarbonisation options and includes information on actions taken by other local authorities.

12.4 Hydrotreated Vegetable Oil (HVO)

12.4.1 The most commonly used biofuel for RCVs is Hydrotreated Vegetable oil (HVO). HVO is a 'drop-in diesel' meaning that it can be used in existing vehicles in any ratio with diesel, including 100% HVO, without effecting the operation or performance of the vehicle. The existing vehicle fleet can continue to be used with any proportion of HVO fuel.

12.4.2 HVO is typically produced sustainably from waste materials, including used cooking oils. There are many HVO suppliers that meet strict sustainability standards to ensure their fuel receives accreditation through the Sustainability and Carbon Certification Scheme (ISCC). Certified renewable fuels must demonstrate compliance with the sustainability criteria, including meeting minimum reductions in lifecycle emissions and chain of custody. Utilising HVO that is produced only from waste and residues and is ISCC certified would ensure the sustainability of this fuel supply.

12.4.3 Supplier feedback sought through market engagement, previously seen by this Committee, confirms that HVO is more expensive than diesel, but less expensive than other decarbonisation options, and more feasible in terms of market maturity and operability.

12.4.4 Although there are no vehicle costs, there are additional fuel costs and an upfront capital infrastructure cost. HVO costs 10-30% more than diesel per litre, but the benefits typically outweigh additional costs when climate and health impacts are accounted for. On infrastructure, there are logistical challenges to the installation of or access to an HVO tank if the current RCV depot in Tonbridge continues to be used, as it is very tight for space. In 2023, Tunbridge Wells BC estimated an HVO tank installation at around £15,000 capital cost on their site, though these cost estimates have increased significantly since initial investigations and not yet finalised. However, the ease, pace and cost of infrastructure provision are unknown, and is the highest area of risk associated with HVO.

12.4.5 Overall, HVO is the lowest risk, lowest additional cost, and easiest route to operational decarbonisation. As a drop-in fuel, HVO can be utilised flexibly with conventional diesel to manage fuel price fluctuations to achieve emissions reductions within an overall price cap. **Annex 2** presents a risk and mitigation assessment for HVO.

12.5 Electric vehicles

12.5.1 At tailpipe, electric vehicles produce zero carbon emissions. Emissions from the electricity grid, if taken into account, are also lower than diesel.

12.5.2 However, electric RCVs cost significantly more than conventional engine equivalents and switching to electric RCVs would introduce additional costs of replacement of vehicles before end-of-life. By contrast, there is no need to change existing vehicles if using HVO. Additionally, the supply chain for electric RCVs is uncertain as the market is relatively new and small.

12.5.3 Electrification poses a number of technical challenges for large, heavy vehicles, including RCVs. Currently, electric vehicles are best suited to particular kinds of routes, such as dense urban areas with short distances to waste transfer stations. The experience of other LAs recommends trials of electric vehicles on different route rounds are highly recommended to test battery range and operational practicalities before adopting for refuse collections.

12.5.4 The high costs and uncertainty over operational and infrastructure changes for electric RCVs were reflected in supplier feedback.

12.6 Hydrogen vehicles

12.6.1 Hydrogen vehicles have zero tailpipe emissions, representing a 100% reduction in carbon emissions. Benefits of hydrogen fuel cell vehicles include speed of refuelling and vehicle range, compared to other low emissions options.

12.6.2 However, as a new and emerging technology for large, heavy vehicles, there is a high capital cost for the vehicles and infrastructure, as well as ongoing fuel costs. The refuelling infrastructure and supply of hydrogen would have to sourced bespoke, at unknown cost and feasibility. Supplier feedback again confirmed the high costs and risks of hydrogen vehicles, with only half the responses mentioning hydrogen. None suggested hydrogen as a workable contract option at this time.

12.7 Proposed Approach

12.7.1 Taking into account the costs, benefits, emissions, infrastructure, supply chain and operational considerations discussed above, a prudent and proposed approach to decarbonisation is suggested. It is proposed to:

- include HVO as an option from the commencement of the new contract, subject to further investigation of infrastructure;
- consider a cap on additional fuel costs to enable HVO and diesel to be used flexibly to balance emission reductions and manage fuel price shocks; and
- to consider introducing a small number of eRCVs, taking into account the state of the market and subject to trials, ahead of the majority of the fleet coming up for replacement in 2031.

13 Equalities and Diversity

13.1 The proposals outlined within this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Annex 1 – Decarbonising Refuse Collection Vehicles Annex 2 – Initial HVO Risk Assessment