

# Authority to Procure Refuse Collection Vehicles and Caddies/Bins

Date: 5<sup>th</sup> September 2024

Report of: Chief Officers Civic Enterprise Leeds and Environmental Services

Report to: Directors of Strategy and Resources, Communities, Housing and Environment and Chief Financial Officer

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief summary

The Council has so far received £6,877,314 of new burden capital funding from DEFRA for the purchase of caddies, bins and refuse collection vehicles (RCVs) to support the introduction of the kerbside collection of food waste separate from the residual household waste bin. This is in order to meet the new requirements of the Environment Act 2021 which adds glass, food and garden waste to the list of waste streams that must be offered for kerbside collection separate from residual waste.

The Government has issued guidance to councils on how it expects the new requirements to be implemented, under the revised “Simpler Recycling” agenda. These expectations include for councils to minimise the number of different bins households are required to have and collect residual waste at least fortnightly. Co-mingling of waste streams is encouraged where this makes sense and helps reduce the number of bins required for the customer. For example, Leeds has recently added glass to the list of materials that can be recycled through the green bin.

The Government has set a commencement date of April 2026 for these new Simpler Recycling requirements to begin by. Although a commitment to fund the new burden of food waste collections has been made by Government, to date no ongoing, annual revenue funding has been announced. The Council will need to consider that in bringing forward initial plans for how food waste can be collected separate from residual waste, with a phased approach utilising existing bin infrastructure likely in the absence of certainty of funding.

This report seeks approval from the Chief Financial Officer to inject the capital funding from DEFRA into the capital programme and split between the purchase of 23 RCVs (£5,313,115) within the Strategy and Resources Directorate and the purchase of caddies and bins (£1,564,199), including internal and external kerbside caddies and communal bins, within the Communities, Housing and Environment Directorate. The Council has been notified by DEFRA to expect a further £261,196 “top up” capital funding for this new burden to be used for the same purposes. When this funding is received approval is sought to add to the caddies/bins allocation.

Alongside approval of the injection, the report also seeks authority to spend approval from the respective Directors so that procurement can commence.

# Recommendations

The Chief Financial Officer is asked to:

- a) Inject into the capital programme for 2024-25 the capital grant funding of £6,877,314 split between a £5,313,115 scheme in the Strategy and Resources Directorate for the purchase of RCVs and a £1,564,199 scheme in the Communities, Housing and Environment Directorate for the purchase of bins and caddies (with a further £261,296 expected for that scheme).

The Directors of Strategy and Resources and Communities, Housing and Environment are respectively asked to:

- b) Provide authority to spend of £5,313,115 for the purchase of 23 RCVs using the approved TPPL framework
- c) Provide authority to spend of £1,564,199 for the purchase of bins, including internal and external kerbside caddies and communal bins, using the approved ESPO framework 860-22 Refuse and Recycling products.

## What is this report about?

- 1 The Council has received £6,877,314 of new burdens capital funding from DEFRA for the purchase of caddies/bins and RCVs to support the introduction of kerbside food waste collections as required by the Environment Act 2021. DEFRA notified the Council that a further £261,196 “top up” will be paid, although that has yet to be received.
- 2 The Government has issued guidance to councils on how it expects the new requirements to be implemented, under the revised “Simpler Recycling” agenda. These expectations include for councils to minimise the number of different bins households are required to have and to keep the frequency of collection of residual waste to a minimum of fortnightly. Co-mingling of waste streams is encouraged where this makes sense and helps reduce the number of bins required for the customer. For example, glass has recently been added to the list materials that can be recycled through the green bin in Leeds.
- 3 The Government has set a commencement date of April 2026 for these new Simpler Recycling requirements to begin by. Although a commitment to fund the new burden of food waste collections has been made by Government, to date no ongoing, annual revenue funding has been announced. The Council will need to consider that in bringing forward initial, affordable plans for how food waste can be collected separate from residual waste, with a phased approach likely in the absence of certainty of funding.
- 4 The Council wishes to place orders for sufficient RCVs and caddies/bins so that delivery can be made in advance of the 2026 commencement date, and to enable options for interim/first phase solutions to food waste collections to be considered.
- 5 This report seeks approval from the Chief Financial Officer to inject the capital funding from DEFRA into the capital programme and split between the purchase of 23 RCVs (£5,313,115) within the Strategy and Resources Directorate and the purchase of bins and caddies (£1,564,199) within the Communities, Housing and Environment Directorate. Any further “top up” capital funding for food waste collections received from DEFRA will be added to the bins and caddies scheme.
- 6 Following approval of the injection, the report seeks authority to spend approval from the respective Directors so that procurement can commence. For the 23 RCVs this report also

seeks authority to procure these vehicles by using the TPPL framework and procurement for the bins using the ESPO framework 860-22 Refuse and Recycling products.

- 7 With respect to the purchase of 23 RCVs, the supplier who is first ranked on the TPPL Framework (FAUN Zoeller(UK) Ltd) has indicated that, subject to contract, they could provide the 23 RCVs by February 2025 at a unit price of £231,105 excluding VAT. This price includes the necessary on board cctv and in-cab technology. Both the delivery date and unit price are considered to be value for money. The normal lead in time for the purchase of RCVs from order is over 12 months and the price compares favourably to what the Council budgeted for in 2022 (even without factoring in vehicle price inflation for the following years) when compiling the Fleet Replacement Programme.
- 8 In addition, by securing delivery in February, this allows the Council to reduce the hire costs of 20 RCVs saving £1,200,000 in a full year before partly using these savings to fund Fleet maintenance costs charged under the service level agreement of £490,016, thereby netting the annual savings down to £709,984. The remaining 3 x RCVs would be additional to the current fleet requirement in order to provide the additional capacity required to collect food waste.

### **What impact will this proposal have?**

- 9 The main impact of the proposal will be to support the Council to make further progress in meeting the Government's Simpler Recycling approach and requirements set out in the Environment Act 2021, by using DEFRA capital grant funding to purchase 23 additional RCVs and additional caddies/bins etc. If the Council can quickly execute a contract for the purchase of RCVs based on current estimated timescales these should be delivered by the end of February 2025 which will allow for the reduction of hire costs which will provide an estimated annual saving of £1.2m which nets down to £709,984 once annual Fleet maintenance costs are accounted for.
- 10 Given the grant funding available and the number of RCVs required, there is too much of a gap between the capital cost of an electric RCV and an internal combustion engine RCV particularly given the additional EV infrastructure that would be required for which the current grant allocation provides no funding. As a result, the 23 RCVs will be purchased with internal combustion engines but in compliance with the latest euro 6 emission standards limiting harmful exhaust emissions thus supporting the Council's Net Zero ambitions, as well as its Air Quality Strategy.
- 11 Due to the reasons set out in paragraph 5 above, procuring the RCVs through TPPL and bins through ESPO 806-22 Frameworks we are achieving value for money with the best provider and also demonstrate compliance with the above threshold procurement requirements under the Public Contracts Regulations 2015 (the "Regulations").

### **How does this proposal impact the three pillars of the Best City Ambition?**

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 12 Approving this report will enable the purchase of RCVs which meet the latest emission standards and contribute to the Council's climate ambitions and having a positive impact on both air quality and, therefore, health and wellbeing. In addition, as outlined in paragraphs 2,3 and 9 above, this will support the Council's progress to comply with the requirements of the Environment Act 2021 and in meeting the Government's Simpler Recycling aims. The timescale proposed provides opportunity to improve the city's household recycling rates toward 50% as early as 2025.

## What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?       Yes       No

- 13 Fleet Services have agreed with colleagues in Environmental Services on the specifications of the RCVs being purchased; including the provision of on board cctv and in-cab technology in line with that being used on the existing purchased RCVs.
- 14 Consultation has also taken place with colleagues in PACS and PACS Legal, Finance, Fleet Services and the Climate, Energy & Green Spaces team have also been consulted.

## What are the resource implications?

- 15 There are no capital financial implications for the Council, capital expenditure of £6,877,314 will be funded by the food waste grant already received from Government. The procurement will be progressed in accordance with the Council's Contract Procedural Rules ("CPRs) and the Regulations to ensure value for money is obtained and costs are restricted within the approved funding envelope of £6.9m. In terms of revenue implications, there will be net annual savings of £710k as detailed in paragraph 8.

### Capital funding and cash flow

Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2022 £000's	FORECAST				
			2023/24 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027 on £000's
Land (1)	0.0		0.0				
Construction (3)	0.0		0.0				
Furniture & Equipt (5)	6877.3		0.0	6877.3			
Design Fes (6)	0.0		0.0				
Other Costs (7)	0.0		0.0				
<b>TOTALS</b>	<b>6877.3</b>	<b>0.0</b>	<b>0.0</b>	<b>6877.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2022 £000's	FORECAST				
			2023/24 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027 on £000's
LCC Funded	0.0			0.0			
Any Other Income (Grant)	6877.3			6877.3			
Total Funding	6877.3	0.0	0.0	6877.3	0.0	0.0	0.0
<b>Balance / Shortfall =</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## What are the key risks and how are they being managed?

- 16 To mitigate against any risk and ensure compliance with procurement legislation, the procurement exercises will be conducted in line with the CPRs and the Regulations.
- 17 There is a risk that failure to exercise timely procurement for the purchase of 23 RCVs and bins may risk delay in the Council being able to sufficiently comply with the requirements of the Environment Act 2021 and Simpler Recycling by the end of March 2026. This risk is being managed by starting the governance approval process early which provides in excess of a year for the lead in time for the purchase of vehicles and bins and provides the option for the commencement of food waste collections for the majority of the city in 2025/26.

## **What are the legal implications?**

- 18 This is a key decision which was published on the list of forthcoming key decisions on 31<sup>st</sup> July and is subject to call-in.
- 19 The proposed framework agreements have been setup in accordance with the Council's CPRs and the Regulations, therefore any subsequent call-off contract will be compliant in terms of the requirements of the public procurement rules.
- 20 There are no grounds for treating the contents of this report as confidential under the Access to Information Rules.

## **Options, timescales and measuring success**

### **What other options were considered?**

- 21 It is believed that this is the quickest route to secure the additional RCVs and bins in compliance with the Regulations and thereby secure the savings and improved recycling rates as outlined in this report.

### **How will success be measured?**

- 22 Through the successful timely purchase of RCVs and bins it will enable the Council to generate savings in revenue and comply with the Government's Simpler Recycling approach to meet the requirements outlined in the Environment Act 2021.

### **What is the timetable and who will be responsible for implementation?**

- 23 The Head of Catering and Fleet Services will be responsible for procurement of the 23 RCVs and the Chief Officer Environmental Services for the procurement of the caddies and bins etc.

## **Appendices**

- Appendix 1 – EDCI screening

## **Background papers**

- N/A