

Authority to Award a contract for the purchase of 23 Refuse Collection Vehicles for food waste collection

Date: November 2024

Report of: Deputy Chief Officer, Head of Catering and Fleet Services

Report to: Chief Officer Civic Enterprise Leeds

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

This report seeks approval for the award of a contract to FAUN Zoeller (UK) Limited (“the Supplier”) for twenty-three new 26 tonne Refuse Collection Vehicles for be utilised for food waste collection, under the £6,887,314 of new approved burden capital funding received from Department for Environment, Food and Rural Affairs (“DEFRA”) for the purchase of caddies, bins, and Refuse Collection Vehicles. Of this funding, £5,313,115 was put aside for the purchase of these vehicles, and the tender return received from the Supplier totals £5,304,844.20 for all twenty-three vehicles required.

These vehicles are required to ensure that Leeds City Council (“the Council”) is able to meet the new requirements of the Environment Act 2021, which requires the Council to offer kerbside collection for glass, food and garden waste.

The purchase of these vehicles sits outside the normal Vehicle Replacement Programme and, due to this DEFRA funding, will allow the Council to significantly reduce hire costs by off-hiring 20 RCVs currently operated by the service area.

This report demonstrates the procurement process undertaken, and results from a recent Direct Award procurement exercise utilising the Council’s approved third-party vehicle framework, The Procurement Partnership Ltd (“TPPL”).

Recommendations

The Chief Officer Civic Enterprise Leeds is asked to:

- a) Approve the direct award of a contract for the supply of twenty-three Refuse Collection Vehicles, utilising DEFRA funding, to FAUN Zoeller (UK) Limited for the sum of £5,304,844.20. This contract will commence on 15th November 2024 and will expire 14th November 2025.
- b) Recognise that Appendix 1 – Pricing Schedule (Confidential) should be designated exempt from publication in accordance with Information Procedure Rule 10.4(3).

What is this report about?

- 1 This report seeks approval to directly award a contract to FAUN Zoeller (UK) Ltd for the supply of twenty-three new 26t Refuse Collection Vehicles for a total capital cost of £5,304,844.20 following a recent tender exercise.
- 2 These vehicles are to be utilised by Environmental Services and are being procured using funding from DEFRA which has been injected into the capital scheme.
- 3 Environmental Services have a statutory responsibility to provide a refuse collection service, and as a result of new requirements in the Environment Act 2021, this responsibility has extended to include the requirement to offer kerbside collection of glass, food, and garden waste separately from residual waste. These new vehicles will play a critical role in the delivery of this expanded service.
- 4 The tender exercise was conducted through Lot 2 of TPPL's NEPO HGV framework, and FAUN Zoeller (UK) Ltd are the first ranked supplier within this Lot and framework. FAUN Zoeller (UK) Ltd were sent a letter of intent in July 2024 and apprised on the requirement for these vehicles prior to the tender going live – they were approached directly as they are ranked first on the framework and have indicated that they can provide the twenty-three vehicles required by February 2025. The normal lead time for new RCVs from order is over 12 months, and the price quoted per vehicle compares favourably to initial pre-tender estimates and is lower than the budget of the capital funding provided by DEFRA, and as such offers good value for money.
- 5 The tender submission was evaluated on a price-only approach. The Supplier was also required to submit a response to quality criteria for information only. The evaluation team comprised of officers from Fleet Services.
- 6 The tender closed on 16th October following the receipt of completed tender documentation from the Supplier.
- 7 As this is a direct award, no standstill notice or standstill period is required in line with the Public Contracts Regulations (PCR) 2015.

What impact will this proposal have?

- 8 By securing the delivery of these vehicles, this will allow the Council to off-hire twenty externally hired RCVs, saving the Council £1,200,000 in a full year before using these savings to fund the Fleet maintenance costs charged under the relevant service level agreement, which equates to £490,016, therefore reducing the annual savings down to £709,984.
- 9 The remaining three new RCVs will be used to supplement the Fleet and ensure that Environmental Services have the additional capacity that is required to collect food waste.
- 10 Having these vehicles owned by Leeds City Council, rather than relying on external hire, means that the Authority has greater control over servicing and maintenance and reduces reliance on external providers to keep vehicles on the road.
- 11 An Equality, Diversity, Cohesion, and Integration (EDCI) impact assessment has been undertaken for this service and included as part of the Authority to Procure report. There are not expected to be any negative impacts in relation to the service provision.
- 12 Social Value has been considered as part of this contract, with the Supplier providing a detailed social value offering in their responses to quality questions. This offering will be recorded in the social value engine and monitored by the social value team.

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

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 13 These vehicles are all compliantly fitted with the latest Euro 6 emission technology, ensuring that they contribute towards improving local air quality by reducing and minimising tailpipe emissions. Similarly, they are also fitted with the latest additional safety technologies which are required to satisfy new safety regulations in a bid to cut fatal and serious injuries caused by traffic accidents – this is for the benefit of everyone’s health, safety, and wellbeing.
- 14 These vehicles will enable the compliant collection of food waste and allows the Council to comply with the requirements of the Environment Act 2021 and in meeting the Government’s Simpler Recycling aims – this new recycling strategy will improve the city’s household recycling rates, and therefore these vehicles are instrumental in contributing to this improved collection of household waste and to ensure that our environment is kept clean, thus promoting better health for people and wildlife.

What consultation and engagement has taken place?

Wards affected: All Leeds City Council wards

Have ward members been consulted? Yes No

- 15 Initial conversations regarding the specification were agreed between Environmental Services and the Supplier to ensure that the vehicles are fit for their intended purpose.
- 16 Fleet Services have completed a technical specification for the vehicles required on this basis and used this to undertake the direct award tender exercise using the Council’s approved third-party Vehicle Framework provider – TPPL.
- 17 As part of the original Authority to Procure exercise, consultation took place with colleagues in PACS, PACS Legal, Finance, Environmental Services, Fleet Services, and the Climate, Energy & Green Spaces (CEGS) teams.
- 18 Further consultation has been held with PACS prior to the award stage, and PACS Legal have reviewed and subsequently approved the content of this report.

What are the resource implications?

- 19 There are no capital financial implications for the Council – the capital expenditure for the purchase of these vehicles will be funded by the food waste grant already received by the Government / DEFRA and approved by the Council is decision reference The procurement has been carried out in accordance with the Council’s Contract Procedure Rules (CPRs) and the PCR 2015 to ensure that value for money has been obtained.
- 20 Officers within Fleet Services have confirmed that the price submitted by the Supplier is accurate, and fits within the approved funding envelope provided by DEFRA.
- 21 As detailed in paragraph 8, the purchase of these vehicles using this funding will directly lead to annual savings of approximately £700k.

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

- 22 The direct award of this contract has no legal or procurement risks as Fleet Services in conjunction with TPPL have undertaken a procurement exercise in compliance with the Council’s CPRs and PCR 2015.
- 23 The new vehicles will bring improved safety benefits under new regulations which are in force since 2024. New active safety features that support drivers are now mandatory on European vehicles from 2024 under new ‘General Safety Regulations’ (GSR). The aim is to reduce human

error whilst protecting the occupants of the vehicle, pedestrians, other road users, and cyclists. These new vehicles will have all the required additional safety systems to comply with these new GSR regulations, which will help to further protect the Council's staff and other road users under the Council's duty of care obligations.

What are the legal implications?

- 24 The decision set out in this report is a Publishable Administrative Decision and is not subject to Call-in as it flows from the original Key Decision taken on 23rd September 2024 (D57655) giving approval to secure a contractor organisation from the compliant external third-party framework TPPL to supply these vehicles.
- 25 Appendix 1 – Pricing Schedule (Confidential) has been identified as exempt/confidential under Access to Information rule 10.4(3) because the public interest in maintaining the exemption outweighs the public interest in disclosing the information and financial details, which could adversely affect the business of the Council and the business affairs of the tendering companies.

Options, timescales and measuring success

What other options were considered?

- 26 A full competitive tender exercise could have been used, but it was deemed that the quickest route to secure these additional RCVs was through a direct award. As mentioned throughout this report, this approach is compliant with the PCR 2015 and therefore this was the most efficient method available to secure the savings that stand to be made when these new vehicles go into service.

How will success be measured?

- 27 Success will be measured by the timely purchase and delivery of these vehicles – this will enable to Council to generate savings through the off-hiring of twenty vehicles and allow the Council to ensure it can comply with the requirements outlined in the Environment Act 2021.

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

- 28 Upon approval of this award, the order will be placed, and the Supplier stated delivery is expected in February 2025.
- 29 The Deputy Chief Officer, Head of Catering and Fleet Services will be responsible for the implementation.

Appendices

- Appendix 1 – Pricing Schedule (Confidential)

Background papers

- [D57655 - Injection into Capital Programme and Authority to Spend on Food Bins and Refuse Collection Vehicles Procurement](#)