

CABINET

7 MAY 2024

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DISABLED FACILITIES GRANT FRAMEWORK

1. Decision:

Cabinet agreed:

- 1.1 To approve the recommendation of this framework/associate works/service to the value of up to £1 billion, noting that direct LDC/LWMTS spend via the framework will be constrained to the agreed capital budget and Better Care Fund grant financing for DFGs.
- 1.2 To delegate authority to Cabinet Member for Finance & Commissioning to approve the award of Contractors appointed to the Framework

2. Statement of Reasons:

Lichfield West Midlands Trading Services (LWMTS) have been commissioned to deliver Disabled Facilities Grants (DFG) adaptations on behalf of the Council (LDC) since 1st April 2023. The company are currently using a third-party Dynamic Purchasing System (DPS) to award works to contractors. However, this has proven to be very complicated and time consuming. This is resulting in longer than necessary time frames for the service user to have the works completed.

As such we are proposing to develop our own 'fit for purpose' Framework. LDC are proposing to conduct a tender process to establish a 'DFG Works Framework' that can be used by LWMTS and other public sector organisations to award DFG works to Contractors for a maximum term of four years. This report is to seek approval from Cabinet to proceed with this exercise which is for the full value of the framework. LDC/LWMTS direct spend via the Framework will be constrained to the agreed capital budget for DFGs as outlined in the financial implications section of this report. Due to the opportunity for other organisations to utilise the Framework, we are proposing to set the value of the Framework as high as possible, £1 billion.

The value of the Framework will therefore need to be tendered in accordance with the Public Contracts Regulations 2015 and LDC Contract Procedure Rules.

3. Any Alternative Options:

Take no action – this would result in significant delays in being able to get DFG cases on site and completed in an acceptable timeframe.

It could also result in non-compliance with the PCR 2015 (Procurement Act 2023)

(Councillor Farrell declared an interest in this item as a Director of LWMTS Ltd)

(The Chief Executive and Chief Operating Officer declared interests in this item as Directors of LWMTS Ltd)

FLEET PROCUREMENT: JOINT WASTE SERVICE

1. Decision:

The Cabinet approved:

- 1.1 The commencement of the procurement through a contract hire arrangement for the replacement of the vehicle fleet for the Joint Waste Service.
- 1.2 As soon as full evaluation of the procurement documentation is completed, a paper is presented to allow Cabinet to authorise the appointment of the supplier that provided the highest scoring tender.

2. Statement of Reasons:

Lichfield District Council currently hosts the fleet contract for the Joint Waste Service and has a contract with Specialised Fleet Services Limited for the provision of refuse collection vehicles. The contract expires on 31st March 2025. The fleet is ageing and requires replacement when the current contract ends to ensure service delivery is maintained. A tendering process is now required to ensure the replacement vehicles are delivered on time.

The Joint Waste Service requires a fleet of 26 refuse collection vehicles to provide collections of household waste (refuse, dry recycling, and garden) to the residents of Lichfield and Tamworth plus collections of Trade Waste and Trade Recycling to businesses in Lichfield. The contract also includes the procurement of 1 Street Cleansing vehicle.

The existing arrangements are based on contract hire and an evaluation has ascertained that this option should still provide the Joint Waste Service with the most economically advantageous outcome compared to other procurement options such as direct purchase.

The intention is to procure a single supplier for the fleet to reduce the costs associated with overseeing and managing / administrating the contract.

The value of the contract is anticipated at a total of £11.6 million and therefore it will need to be tendered in accordance with the procurement legislation and Contract Procedure Rules.

3. Any Alternative Options:

1. To extend the current contract for up to an additional 4 years. Not recommended as the current fleet is past its economic life and the reliability of the fleet is likely to severely effect service delivery. The current contractors have stated they would not support a further extension of the current fleet. Over a 4-year period a new fleet would be unaffordable, significantly overspending against available budget.
2. The feasibility of introducing alternative technologies has been considered. The Council has a target to fully decarbonise all waste fleet as soon as practicable and to achieve the **Lichfield District Council target of zero carbon emissions by 2035**. To achieve this requires a deliverable plan, including appropriate budget, to allow a successful transition to alternative vehicle technology. Currently the Council is not well positioned to deliver this and should consider major change for future fleet replacement. Factors to consider include:

- a. The initial capital investment required for an electric fleet. As an example, an electric RCV costs £440,000 compared to £220,000 for a diesel equivalent. As an estimate the expected contract value of £11.6 million would increase to £18million if electric vehicles were introduced where available.
 - b. There are currently no electric options for certain types of vehicles the Council require, i.e. there is not an electric twin-pack RCV on the market.
 - c. Considerable investment is required to transform the current depot to be capable of charging a fully electric fleet. An electric supply would need to be secured, infrastructure installed, plus the footprint for parking of electric vehicles increases 1.5m per vehicle which adds pressure on depot space.
 - d. A feasibility study is recommended to address the opportunities a fully electric fleet provides. This would aid in building a business case for adaption at a later date.
 - e. Hydrogen RCV technology is in its infancy and is expensive. A single RCV would cost £750k, plus there is currently limited fuelling infrastructure available locally.
3. The Council could consider a number of options for sourcing / funding the vehicles and maintenance arrangements. These include
- Direct Purchase
 - o Internal Borrowing
 - o External Borrowing
 - o Operating Lease
 - Finance Lease
 - Maintenance Arrangements
 - o In-house (no facilities, equipment, or experience)
 - o Out-source (using Reliant Way as base)
 - o Out-source (using contractor premises)

A series of options focussed on purchase (funded by borrowing) and contract hire using a whole life cost basis were developed by Link. The outcome of the financial modelling is shown in detail at APPENDIX 1 of the Cabinet report.

The purchase-based options have been ruled out, based on substantially higher risk to front line service delivery and end of contract costs. In addition, the option would also require greater management resource and control of the contract and the fleet.

It is possible that an outright purchase would deliver a small saving, although the risk to the Council will increase significantly.

- East Staffs Borough Council made a 'potential' small saving 2 years ago by changing from contract hire to outright purchase and contracting out the maintenance. However, they only received two bids to provide maintenance. It is probable their decision was also shaped by previous experience of a contract hire company going out of business and the risk that posed to their operations.
- Outright purchase options would increase the total number of vehicles required from 26 RCV's to a minimum of 29 RCV's to allow 'spare' vehicles. This would be x1 26t RCV, x1 Twin-pack for recycling & x1 smaller vehicle for tight access areas. Even with these additional 'spare' vehicles the JWS would significantly increase its reliance on 'spot-hire' vehicles.

