

EXTENSION OF THE VEHICLE CONTRACT FOR OPERATIONAL SERVICES

Councillor Ashley Yeates Cabinet Member for Climate Change & Recycling

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Agenda Item: 6

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Key Decision? YES

Local Ward Members



**CABINET
REPORT**

1. Executive Summary

- 1.1 Lichfield District Council has a contract with SFS Ltd for the provision and maintenance of vehicles used by both the Joint Waste Service (JWS) and Street Cleansing.
- 1.2 The contract is due to expire on 31st March 2022 but there is provision to extend the arrangement for further periods totalling up to six years and two months.
- 1.3 The JWS is currently evaluating options for the future of the dry recycling service because the disposal contract for the dry recycling material (DMR) collected in the blue bin is also due to expire in March 2022 and the service will need to be aligned with emerging National Waste Policy. However it is unlikely that the future of the service will be determined before July 2021 which doesn't give sufficient time to consider and implement procurement options for the next vehicle contract.
- 1.4 In order to secure a vehicle resource for the JWS and Street Cleansing whilst service delivery and procurement options are being considered, it is proposed that the existing contract with SFS Ltd be extend for a period of one year.
- 1.5 During the contract extension some vehicles may need to be swapped depending on the outcome of the recycling service review and also the ancillary equipment installed on the vehicles (CCTV cameras and Bartec Units) requires replacement because of its age.

2. Recommendations

2.1 It is recommended that Cabinet approve:

- An extension to the existing fleet contract with SFS Ltd for a period of one year from 1st April 2022.
- The expenditure on ancillary equipment and its funding from existing budgets,
- The undertaking of a review of procurement options for the replacement of the vehicle fleet in April 2023.

3. Background

- 3.1 The JWS requires a fleet of 24 heavy goods vehicles (HGVs) to provide collections of household waste (refuse, dry recycling and garden) to the residents of Lichfield and Tamworth plus the collection of trade waste from commercial premises. Lichfield's Street Scene requires a single HGV for the collection of litter and the emptying of public waste bins.
- 3.2 In February 2016, SFS Ltd were awarded the contract to provide and maintain the required fleet of HGVs in return for a fixed annual cost for each vehicle. The contract is due to expire on 31st March 2022.
- 3.3 The JWS also has a contract for the disposal of the dry mixed recyclate (DMR) collected from the kerbside which was deliberately set to end on the same date as this makes it much easier and cheaper to make changes to the service and/or vehicles if required.
- 3.4 It has not been possible to make a decision on the future of the recycling in sufficient time to procure the number and type of HGVs which will be required by the JWS. The re-procurement of the disposal contract has not been straightforward due to significant changes in the market for DMR and the delay to the National Waste Strategy. The Strategy contains proposals to make recycling more consistent across the country and it may prescribe how collections are undertaken by local authorities.
- 3.5 The procurement exercise for the replacement disposal contract has recently been completed and it is hopeful that the future of the dry recycling service can be determined by Cabinet in July, but this is subject to negotiations with the County Council being concluded in time.
- 3.6 Determining the future of the recycling service in July will not leave sufficient time for the authority to assess different options for procuring the next fleet of vehicles, place orders and take delivery. The JWS and Street Cleansing cannot take the risk of not having the required vehicle infrastructure to deliver their respective services and have therefore negotiated a one year contract extension with SFS Ltd.
- 3.7 It is intended that the existing fleet will be retained for the duration of the extension and SFS Ltd have agreed to maintain the current contract hire prices. The cost of the year's extension to the contract will be approximately £900k for both authorities. However should the review of the Recycling Service require a change in collection methodology at the end of the DMR disposal contract in March 2022 then it is likely that the vehicles used on this service will need to be swapped. The cost of the replacements will be higher than the existing recycling vehicles. This additional cost has been built into the options appraisal which will be considered by Cabinet in July.
- 3.8 All the existing vehicles are fitted with CCTV cameras and in cab units (Bartec) which allow communications to take place between the crew and the back office. This equipment has now reached the end of its working life and SFS Ltd were asked to submit quotations for its replacement as part of the contract extension negotiations. Satisfactory prices have now been received and the intention is to replace the equipment later this year. The equipment remains in the ownership of JWS and will then be transferred to the new fleet in 2023.

Alternative Options	<ol style="list-style-type: none"> 1. The extension will enable the authority to consider different procurement options for acquiring the next fleet. The appraisal will consider both capital purchase using prudential borrowing and contract hire. 2. There are not considered to be any other options that will ensure continuity of fleet provision by April 2022.
Consultation	<ol style="list-style-type: none"> 1. Tamworth Borough Council as our partners in the Joint Waste Service. 2. SFS Ltd as the current fleet contractor.
Financial	<ol style="list-style-type: none"> 1. SFS Ltd have agreed to maintain the current annual lease cost for existing

Implications	<p>vehicles for the duration of the extension and there is sufficient budgetary provision for 2022/23. The budget for 2022/23 is £900K and the proposed extension is in accordance with the Procurement Strategy.</p> <ol style="list-style-type: none"> Prices have been agreed with SFS Ltd should the recycling vehicles need to be swapped at the end of the DMR disposal contract in March 2022. The cost implications of this scenario if required will be dealt with by Cabinet in July. The cost of replacing the ancillary equipment on the vehicles is approximately £90k and will be funded from existing budgets.
Contribution to the Delivery of the Strategic Plan	<ol style="list-style-type: none"> The provision of the Joint Waste Service and Street Cleansing plays a key role in ensuring we have a clean, green and welcoming place.
Equality, Diversity and Human Rights Implications	<ol style="list-style-type: none"> There are no equality, diversity and human right implications associated with the contract extension. SFS comply with all relevant legislation associated with preventing modern slavery and human trafficking.
Crime & Safety Issues	<ol style="list-style-type: none"> There are no crime and safety issues associated with the contract extension.
Environmental Impact	<ol style="list-style-type: none"> The vehicles are essential for providing waste and recycling collections which assist the Authority in meets its environmental obligations. The year's extension to the existing contract will allow for the exploration of the inclusion of electric vehicles as part of the waste fleet.
GDPR/Privacy Impact Assessment	<ol style="list-style-type: none"> A Privacy Impact Assessment has not been undertaken because extending the contract does not involve the handling of any personal data.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The vehicles will have to operate for a year longer than was originally intended and this may increase the risk of breakdowns and service issues.	Robust contract monitoring so as to ensure the vehicles are being regularly inspected and maintained by SFS Ltd.	Likelihood: Green Impact: Yellow Severity of Risk: Green
B			
C			
D			
E			

Background documents <ol style="list-style-type: none"> Fleet contract with SFS Ltd.
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Relevant web links
