

Report to the Cabinet

Report reference: ***C-038-2023/24***

Date of meeting: ***15 January 2024***



**Epping Forest
District Council**

Portfolio: **Contracts, Service Delivery, and Improvements (Cllr Ray Balcombe)**

Subject: **Procurement of Waste Fleet Vehicles**

Responsible Officer: **James Warwick, Service Director, Contracts, Partnerships and Procurement (jwarwick@eppingforestdc.gov.uk)**

Democratic Services Officer: **V Messenger (democraticservices@eppingforestdc.gov.uk)**

Recommendations/Decisions Required:

- (1)** That Epping Forest District Council (EFDC) award an 8-year contract hire and vehicle maintenance agreement to Specialist Fleet Services (SFS) to provide EFDC with vehicles and the maintenance of provided vehicles within the agreed financial cap which can be found in restricted Appendix A.
- (2)** Officers and advisers are instructed to finalise negotiations with SFS with a view to placing an order by 1st February 2024 subject to Leader, Portfolio Holder, and Section 151 Officer approval.

Executive Summary:

The fleet of vehicles used by our current waste contractor is not owned by EFDC and will be unavailable for use when the current contract expires later this year. For EFDC to manage its statutory duties in relation to domestic and commercial waste collections from November 2024, we must procure a new fleet of vehicles.

Contract hire as opposed to the outright purchase of vehicles is the preferred method of procurement. An independent financial advisor supported EFDC to determine the preferred route of contract hire based on EFDC's requirements.

Contract hire provides for:

- Greater flexibility to switch and change vehicles to fit the changing requirements of the waste service
- The ability to introduce greener, cleaner vehicles when it is both affordable and practicable to do so
- Available vehicles ready for the start of operations in November 2024
- The ability to right size the number of vehicles throughout the life of the contract ensuring value for money and that the very best use is made of all resources
- The ability to include the maintenance and servicing of vehicles within one more cost-effective agreement
- Vehicle maintenance to take place at the Operations Hub at North Weald Airfield maximising vehicle availability
- EFDC to include the disposal of vehicles within the agreement

Reasons for Proposed Decision:

The reason for the proposed decision is to ensure EFDC can maintain and appropriately manage its statutory duties around domestic and commercial waste collections and has vehicles ready for operation in November 2024.

Other Options for Action:

Outright purchase of vehicles

This option was rejected following a detailed options appraisal and external financial advice based on EFDC's requirements.

An earlier options paper considered the two routes to market; outright purchase versus contract hire.

While outright purchase of vehicles provides cheaper long-term costs if the vehicles last for many years, waste vehicles typically only last for 8 years. Outright purchase of vehicles also increases the risk of not having vehicles ready for operation in November 2024 due to delays in manufacturing. Contract hire ensures that the contract hire vehicle company has to provide EFDC vehicles ready for operations in November 2024, as the contract hire will provide temporary vehicles for the start of operations in November 2024 if the vehicles that are being manufactured for the contract are delayed.

Report:

1. A Prior Information Notice was issued on 7th June 2023, this was published on the Find a Tender Website and was available publicly, inviting any supplier/s to engage with us in a Soft Market Test and help us to shape our future requirement. EFDC opened a tender box for two weeks, closing on 21/06/23, and received three replies, from Dawson Group, Hako Machines and Specialist Fleet Services. All three responses specifically mentioned the Halton Housing Framework as a potential route to market for us. The use of this framework was subsequently explored, evaluated and agreed for use.
2. EFDC issued an Invitation to Tender document on 19th October 2023 to the six suppliers listed on the Halton Housing Framework Lot 2. This was a 2-stage process, in that EFDC asked for an initial submission of pricing and some of the quality questions on 27th November 2023, to enable the Waste Client Team to assess the initial pricing and make decisions on types of vehicles (ICE vs Electric, for example) and then reissue a final set of requirements to the bidders on 4th December 2023. Bidders were then given a week to make any final adjustments to their pricing schedules based on EFDC's final requirement and return on 11th December 2023.
3. At the close of Phase 1 on 27th November 2023, EFDC received a bid. Of the companies that did not bid, only one provided feedback as to why they chose not to take part; this company said they would not be able to supply, maintain and service all the vehicles that were required. EFDC continued with the process as outlined above and issued our final requirement on 4th December 2023, receiving a final bid back from SFS on 11th December 2023.
4. The quality elements of their bid were evaluated by officers from EFDC and Optimum Professional Solutions (OPS) and a moderation meeting was held on 15th December 2023 Chaired by EFDC's Procurement and Contracts Team Manager.

The scores of the SFS bid were as follows:

Criteria	Score
Suitability of Vehicles	5/5
Vehicle maintenance and servicing provision	4/5
Vehicle delivery	4/5
Contract Management, Customer Service and Performance Management	4/5
Sustainability & Social Value	4/5

5. All panel members agreed that the quality elements of SFS bid were very good, and a detailed and robust tender had been provided to EFDC. Further work was undertaken to benchmark the submitted bid within the current waste vehicle market to test whether the bid represented good value for money. EFDC was provided with anonymised data from another public body who had recently been out to tender, which is comparable to the submission received from SFS. SFS are the number 1 ranked supplier on the Framework (which would allow a direct award if desired) and have an excellent track record with similar contracts.

6. Control over the physical deployment of EFDC's Waste fleet was also a further important consideration. Typically achieved through telematics analysis and fuel management modelling, this can be technically demanding for a large fleet, and relationships with a contract hire company partner can help to reduce or remove significant pressures. This can clearly save on costs associated with management/analytical time and supporting technologies.

7. SFS have stated that savings could be realised by EFDC if the Council is willing to slightly flex its requirements around performance management, payment terms, risk on inflation and third party works. These options are currently being explored by EFDC.

Scrutiny Comments

N/A

Resource Implications:

This report asks for permission to award an 8-year contract hire contract to SFS within a capped annual spend that can be found in restricted Appendix A.

Final contract figures are to be finalised following negotiations with SFS (hence the restriction on Appendix A where the annual financial cap can be found). Final approval must be sought from the Leader, Portfolio Holder and Section 151 Officer prior to awarding the contract.

Legal and Governance Implications:

Anthony Collins Solicitors Ltd are providing legal advice, support and drafting all contract documentation.

Safer, Cleaner and Greener Implications:

As part of the procurement process all environmentally friendly options have been considered and alternative fuel types have been considered wherever feasible. There are several viable alternative fuel types available. EV technology is not yet offering comparable performance or affordability to warrant switching whole fleets of vehicles, especially Refuse Collection Vehicles (RCVs) or specialist machines (eg medium and large sweepers). EFDC will be getting some electric vehicles as part of the proposed contract and there will be the opportunity to change more to alternative fuels if technology develops during the contract period. Hydrotreated Vegetable Oil

(HVO) is a potential good diesel substitute which delivers carbon savings of 80-90% compared to diesel with no impact on vehicle warranties.

Consultation / Scrutiny Undertaken:

N/A

Background Papers:

Cabinet Report March 2023

Risk Management:

Failure to place the order in February 2024 could mean the vehicles are not ready for November 2024. SFS bid guarantees we will have vehicles ready to use in November 2024 if orders are placed by 1st Feb 2024.

Equality:

An Equality Impact Assessment was carried out and there was no significant impact.