

INVESTMENT IN WASTE MANAGEMENT VEHICLES
REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY
DIRECTION)



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1. **PURPOSE OF REPORT**

In accordance with financial procedure rules, to seek member approval for the creation of a budget to pay for Waste Management vehicles and recycling banks.

2. **RECOMMENDATION**

- i. Members approve the purchase of a new Refuse Collection vehicle for an estimated £75,000 to be funded from the waste management reserve.
- ii. Members approve the purchase of a second hand telescopic handler for £28,000 to be funded from the waste management reserve.
- iii. Members approve the creation of a capital budget of £40,000 in 2013/14 and 2014/15 to purchase new recycling banks to be funded by making a revenue contribution to fund capital expenditure arising from savings in the recycling budgets.
- iv. Members note the £8,380 saving arising from purchasing instead of spot hiring the telescopic handler.

3. **BACKGROUND TO THE REPORT**

The majority of HBBC's vehicles are leased on a contract which expires in 2017. This report only relates to vehicles which are outside of this contract.

Refuse Collection Vehicles (RCV)

The Council owns 2 ten year old Refuse collection vehicles which are used which are reaching the end of their working life, and with increasing maintenance costs are no longer economic to run or reliable in delivering our refuse collection services.

Options considered:

1. Not replacing vehicle – rejected as would compromise service delivery (inadequate vehicles available to cover servicing, repairs etc)
2. Lease another vehicle at £39,000 per year. This would result in leasing costs of £156,000 – rejected as would incur greater costs.
3. Purchase a 3 year old RCV at £75,000. Maintenance costs of £14,000 would be covered by the budget for the existing vehicle,. Sale proceeds of the existing vehicle is estimated to be £5,000

Option 3 Recommended: A capital budget of £75,000 is established and a 3 year old RCV be purchased. The waste management reserve is used to fund this purchase.

Telescopic handler (telehandler)

The telehandler is used to transfer waste from the waste bays into the skip lorry for transport off site. It is also used for other loading functions such as rock salt for gritting, grounds maintenance materials etc and is essential to the functioning of all the Street Scene Services.

The current telehandler is leased at a cost of £9,880 per year. Procuring this vehicle in another manner offers the opportunity for a saving to be made.

Options considered:

1. Not replacing vehicle – rejected as would compromise service delivery (unable to transfer waste and fulfil out environmental permit obligations)

2. Lease another vehicle on a longer 4 year lease. Costs are estimated to be £10,173 per year – Over a four year period lease costs would be £40,692. This has been rejected because it would incur greater costs compared to purchasing a second hand vehicle.

3. Purchase a new vehicle for £60,000 – This has been rejected because the option for a second hand vehicle would be more cost effective.

4. Purchase a 4 year old vehicle for an estimated £28,000 and annual maintenance costs of £1,500. Assuming the vehicle would be retained for 4 years the estimated revenue saving would be £39,520. The purchase cost of £28,000 would be capitalised giving a saving against leasing option of £11,520. At the end of the four years the residual value is expected to be £11,400.

Option 4 Recommended: A capital budget of £28,000 is established and a 4 year old telehandler be purchased. The waste management reserve is used to fund this purchase. Revenue budgets will be reduced by £8,380.

Replacement recycling banks at recycling centres

The Council began a programme to replace the recycling banks across the Borough in 2012/13 as the existing banks are damaged, unsightly and require specialist equipment to empty them. The new containers can be emptied by RCV's.

To complete the upgrade of all the recycling banks £40,000 is required in 2013/14 and 2014/15. These funds are available within the recycling revenue budgets. Due the asset life of bins being more than a year the costs will need to be capitalised.

Recommendation: A capital budget of £40,000 per year is established for 2013/14 and 2014/15, and recycling revenue budgets are reduced by the same amount.

4. **FINANCIAL IMPLICATIONS [IB]**

The current balance for the Waste Management Reserve is £316,765. Before allowing for the implications of this report the estimated balance at 31st March is budgeted to be £301,765.

RCV and Telescopic Handler - Waste Management Reserve

After allowing for the purchase of the RCV vehicle (£75,000) for and Telescopic handler (£28,000) the estimated balance as at 31st March 2014 is expected to be £198,765.

Recycling Banks

Due to the existing budgets being on the General Fund Revenue Account a revenue contribution to fund capital expenditure of £40,000 in 2013/14 and 2014/15 is required. This will have a net nil impact on general fund balances.

Revenue Impact

The overall saving on the revenue budgets will be £8,380 being the saving as a result of purchasing the telehandler instead of leasing.

Sale Proceeds

Depending on the sale proceeds from the current RCV will be receipted as revenue income if it's under £5,000 or a capital receipt if the value is above £5,000. Sale proceeds for the 2nd hand telehandler will be treated in the same way when sold.

5. LEGAL IMPLICATIONS (LH)

None other than contained in the body of the report.

6. CORPORATE PLAN IMPLICATIONS

These changes increase service reliability and contribute to the corporate plan objective of cleaner neighbourhoods.

7. CONSULTATION

None specific for this report.

8. RISK IMPLICATIONS

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

No significant risks associated with this report were identified.

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

The recommendations contained within the report will ensure our services remain reliable and are delivered across the Borough.

10. CORPORATE IMPLICATIONS

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: none
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