

Individual Cabinet Member Report – transfer of capital scheme from provisional to approved programme

The attached background papers are **NOT FOR PUBLICATION** in accordance with paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972

Name of Cabinet Member	Cllr Sue Cooper
Delegations Checked and certified by	
Name of officer requesting the decision	William Maxwell
Contact details of officer	William.maxwell@southandvale.gov.uk 07523 939193
Details of decision required	To approve the transfer of up to £950,000 from the provisional capital programme (scheme number 380) to the approved capital programme for essential waste vehicle replacements
Recommended Action	That up to £950,000 included within the 2023/24 provisional capital programme be transferred to the approved capital programme, which will allow the purchase of nine replacement essential waste vehicles.
Reasons for recommending decision	In the spring of 2023 an audit of waste vehicle condition was undertaken and this led to a list of nine replacement vehicles being put forward. With the 'lead-in' time for new vehicles being up to ten months, the order needs to be placed in October to ensure delivery by June 2024. The current fleet is coming to the end of its useful life and the purchase of new vehicles will ensure the continuity of the waste collection service.

Financial details	A total of £1.9 million has been set aside across South Oxfordshire District Council and Vale of White Horse District Council to purchase nine replacement vehicles in 2023/24. South Oxfordshire District Council will be the named owner for the assets, with the costs split between South Oxfordshire and Vale of White Horse District Councils based on Household numbers. More details in Appendix 2 of this ICMD.
Alternative options considered and rejected	To buy second hand, to lease/hire, or to increase the maintenance of the current fleet, were all considered. It was concluded that the cheapest option and the one delivering the lowest risk to the service was to purchase new vehicles.
Details of background documents	Full briefing note is available in the Delegated Authority decision report on Waste vehicle purchase.
Declarations / conflict of interest	Declarations of any other Cabinet Members consulted by the Cabinet Member making the decision.

Consultation (officers/ward councillors)	Section	Name	Outcome	Date
	Ward Councillors			
	Legal legal@southandvale.gov.uk	Legal legal@southandvale.gov.uk	Pat Connell Two suggestions made	22/9/23
	Finance Finance@southandvale.gov.uk	Finance Finance@southandvale.gov.uk Emma Creed	No issues raised	13/9/23
	Procurement procurement@southandvale.gov.uk	Angela Cox	Approved	12/9/2023
	Human Resources hradminandpayroll@southandvale.gov.uk	HR hradminandpayroll@southandvale.gov.uk	From the mailbox No issues raised	7/9/23
	Strategic property Property@southandvale.gov.uk	Chris Mobbs	No comments	7/9/23
	Diversity and Equality equalities@southandvale.gov.uk			
	Climate and ecology climateaction@southandvale.gov.uk	Heather Saunders	No issues raised	11/9/23
	Risk and insurance risk@southandvale.gov.uk	Yvonne Cutler Greaves	The new vehicles will be owned by the council and will therefore need to be covered on our motor policy. Please ensure all details are sent to insurance in good time to enable insurance to be put in place.	07/09/23
	Communications communications@southandvale.gov.uk	Lucy Billen	While the reasons are clear in this report for the choice in purchasing of new diesel vehicles – we will have to expect and manage some criticism from the public for these choices. This is especially in light of the councils' strong stances on tackling climate change and in particular the recent council campaigns to encouraging residents to consider using EVs by installing EV chargers in their car parks etc. Careful consideration will have to be given when communicating this news.	8/9/23

Strategic Director's approval	Suzanne Malcolm	Date 20/10/23
Cabinet Member's approval	Councillor Sue Cooper	Date 20/10/23

Appendix 1: Detailed capital scheme appraisal report

Ownership of report/ scheme	Environment Portfolio Holders/Cabinet Members
Details of the scheme	For South Oxfordshire District Council (SODC) to directly purchase nine new waste vehicles, consisting of six refuse collection vehicles (RCVs), two narrow access RCVs and a food waste collection vehicle by entering into a framework drawdown contract. That the purchases of these nine vehicles will be funded by both councils (split of costs based on the number of households in each district) and to propose that South enter into the framework drawdown contract to formalise the purchase of the vehicles. These vehicles will be leased by SODC to Biffa for them to use solely on the contract, for the contract extension period up until the end of June 2026.
Strategic objectives	To protect and restore our natural world and action on the climate emergency
Purpose of the scheme	To replace waste collection vehicles that have come to the end of their useful lives and to ensure waste service continuity.
Benefits of the Scheme	The waste service is shared between councils and of universal importance to residents. Failure to secure regular delivery of this core service is both problematic for the public, as well as risks breaking statutory requirements set for waste collection and street cleanliness by central government.
Measuring the success of the scheme	The replacement vehicles should provide additional reliability of provision.
Financial details	Financial details are shown in Appendix 2
Hurdles to be overcome	With lead in times from eight to ten months, there is some pressure to get the order placed in time for the replacement vehicles to arrive June 2024.

Appendix 2: Financial details

<p>The capital cost of the scheme</p>	<p>£1.9 million split between South and Vale, adjusted to reflect household numbers</p> <ol style="list-style-type: none"> 1) South (having a larger population/number of households) would be the buyer of vehicles as it is likely that it will utilise more vehicles on a daily basis than Vale, though for operational purposes the vehicles will be treated as one fleet. 2) When vehicles are purchased, costs will be shared between both councils based on the number of households in each district at the point of purchase (note that we could consider a more suitable metric for this and the subsequent points if one was identified). This means that the costs of future vehicle purchases may well be shared on a different basis to that which will be used for these first purchases 3) Running costs of the fleet will be shared based on the number of households in each district as at the start of each financial year (i.e. it is subject to an annual refresh). 4) Costs of vehicle purchase and running costs to be formalised in a sharing agreement.
<p>The profile of that expenditure</p>	<p>A one-off capital cost for purchase of nine vehicles in 2023/24, though delivery lead times could mean that some vehicles are delivered in 2024/25.</p> <p>Note that this is part of long term waste vehicle replacement programme, with a total budget for South of £5.7 million, that will continue over the next three financial years.</p>
<p>The revenue consequences of the scheme (expenditure and income)</p>	<p>As a part of the Open Book contract arrangements going forward, this cost will be included in the annual target price setting process, having minimal overall effect on revenue.</p> <p>The capital cost of this scheme is up to £950,000 which will be funded from the council's reserves. The council will lose interest of £49,875 a year (assuming an average rate of return of 5.25 per cent) by spending this money rather than investing it as it does at the moment. If the council wished to replenish the reserves over the estimated life of the scheme (7 years), then the revenue cost of this scheme will increase to £165,670 per annum.</p>
<p>Details of any specific sources of external finance available for this scheme</p>	<p>None</p>

Any VAT implications of the scheme	None
Any financial risks associated with the scheme	None
Details of any financial return on the investment	These vehicles will not be given to the waste contractor but remain an asset of the councils.