

# Finance and Resources Committee

10.00am, Thursday, 24 September 2015

## Supply and Delivery of Kerbside Recycling Refuse Collection Vehicles

Item number	7.22
Report number	
Executive/routine	
Wards	All

### Executive summary

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This report seeks Finance and Resources Committee approval to award a contract for the supply and delivery of 10 refuse collection vehicles to Dennis Eagle Limited and FAUN Zoeller (UK) Ltd. It is proposed that the new Contracts will commence on 13 October 2015 for a period of approximately six years with an overall value of approximately £1.57 million.

### Links

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Coalition pledges	<a href="#">P44</a> , <a href="#">P49</a>
Council outcomes	<a href="#">CO18</a> , <a href="#">CO25</a>
Single Outcome Agreement	<a href="#">SO4</a>

## Supply and Delivery of Refuse Collection Vehicles

### Recommendations

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- 1.1 It is recommended that Committee approves the appointment of Dennis Eagle Limited and FAUN Zoeller (UK) Ltd. to supply and deliver refuse collection vehicles (RCVs).
- 1.2 The breakdown of the Contract award is listed below:
  - 26 Tonne RCV Chassis – Dennis Eagle Limited
  - 26 Tonne RCV Body - Dennis Eagle Limited
  - 26 Tonne RCV Bin Lift - FAUN Zoeller (UK) Ltd
  - 18 Tonne RCV Chassis – Dennis Eagle Limited
  - 18 Tonne RCV Body - Dennis Eagle Limited
  - 18 Tonne RCV Bin Lift - FAUN Zoeller (UK) Ltd

### Background

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- 2.1 The Fleet Replacement Programme is a project which aims, over the next five years, to procure a new fleet of Council vehicles which comply with current environmental standards, and are therefore cheaper to run. This strategy will be delivered to ensure that investments are made on vehicles which are good value for money in terms of purchase costs, but also in terms of whole life costs – an area where the Council is spending excessive amounts of money on maintaining vehicles which are beyond their planned term of usage.
- 2.2 This Programme will help to deliver savings of £1.2 million across Fleet through effective usage of vehicles, reduction in external hires and spare vehicles, and lower maintenance costs through an effective purchasing strategy based on minimising whole life costs.
- 2.3 A high priority within this Programme is the procurement for Refuse Collection Vehicles (RCVs), which are required to support the delivery of the new kerbside recycling service which is to be in place by November 2015. This procurement for Refuse Collection will involve the purchase of 6 x 26 tonne narrow chassis recycling RCVs and 4 x 18 tonne narrow chassis recycling RCVs. The 4 x 18 tonne vehicles will additionally have reinforced floors to facilitate the collection of glass.

## Main report

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- 3.1 The mini-competition was advertised on Public Contracts Scotland advertising portal on 19 June 2015, utilising the Scotland Excel Heavy and Municipal Vehicles Framework Agreement.
- 3.2 The evaluations were carried out by three Fleet Services Officers, and one Commercial and Procurement Services Officer. The pricing evaluation was undertaken after the completion of the quality evaluation.
- 3.3 A ratio of 70% commercial and 30% technical was used to ensure that suppliers were evaluated on their ability to provide vehicles at competitive rates and to measure their ability to meet high performance requirements.
- 3.4 The vehicles will be procured in three separate parts:
- Body
  - Chassis
  - Bin lift
- 3.5 The Body provider will be the Principal Contractor with Chassis and Bin Lift providers acting as sub contractors to the Principal Contractor.
- 3.6 Suppliers short listed under Lots 1, 7 and 10 of the Framework Agreement were invited to participate in the mini-competition.
- 3.7 The Contract is divided into two separate Lots:  
Lot 1 - Supply of 6 x 26 Tonne Kerbside Recycling RCVs  
Lot 2 - Supply of 4 x 18 Tonne Kerbside Recycling RCVs
- 3.8 Each Lot was divided into three sub-Lots as follows:

	<b>Lot 1 – 26 Tonne RCV</b>	<b>Lot 2 – 18T RCV</b>
<b>Body</b>	Lot 1A	Lot 2A
<b>Bin-Lift</b>	Lot 1B	Lot 2B
<b>Chassis</b>	Lot 1C	Lot 2C

- 3.9 There are a number of suppliers for the refuse collection bodies and bin-lifting equipment that either supply both, or specialise in one of these two areas.
- 3.10 To generate the maximum competition within this market, these vehicles have been purchased in three distinct parts. This is standard practice for these vehicles.

- 3.11 The Body provider will be responsible for the safe attachment of the Body to the Chassis to meet all legislation and in line with the specification.
- 3.12 The Lot specific breakdown is as follows:
- Lot 1A – If Dennis Eagle Limited is appointed, the estimated value of the six Bodies will be £305,190 (£50,865 per unit)
  - Lot 1B – If FAUN Zoeller (UK) Ltd is appointed, the estimated value of the six Bin Lifts will be £107,700 (£17,950 per unit)
  - Lot 1C – If Dennis Eagle Limited is appointed, the estimated value of the six Chassis will be £553,530 (£92,255 per unit)
  - Lot 2A – If Dennis Eagle Limited is appointed, the estimated value of the four Bodies will be £203,460 (£50,865 per unit)
  - Lot 2B – If FAUN Zoeller (UK) Ltd is appointed, the estimated value of the four Bin Lifts will be £71,800 (£17,950 per unit)
  - Lot 2C – If Dennis Eagle Limited is appointed, the estimated value of the four Chassis will be £329,020 (£82,255 per unit)

## Measures of success

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- 4.1 Realisation of increased kerbside recycling tonnage from approximately 14,000 tonnes per annum to approximately 27,000 tonnes per annum.
- 4.2 The vehicles will be fitted with Euro VI engines that will improve air quality in terms of Nitrogen Oxide and Particulate Matter.
- 4.3 The new vehicles will be more reliable and so improving the service to the public with reduced vehicle failure.

## Financial Impact

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- 5.1 The estimated Contract value is £1,570,700 resulting in a saving of £75,168 (4.57%) across all Lots.
- 5.2 This savings figure has been benchmarked through a comparison of list prices from the Scotland Excel Framework with tendered prices derived from this tendering exercise with the optional extras stripped out.
- 5.3 The prices from this tendering exercise compared to the list prices from the Scotland Excel Framework are illustrated in the table below with the savings figures per Lot:

<b>Lot</b>	<b>Scotland Excel – List Price</b>	<b>Tender Submission – Basic Price</b>	<b>Saving per Unit</b>	<b>Overall Savings</b>

1A – 26T Body	£39,260	£36,950*	£2,310	£13,860
1B – 26T Bin Lift	£16,962	£14,950*	£2,012	£12,072
1C – 26T Chassis	£82,870	£78,500*	£4,370	£26,220
2A – 18T Body	£40,022	£37,868*	£2,154	£4,308
2B – 18T Bin Lift	£16,962	£14,950*	£2,012	£8,048
2C – 18T Chassis	£71,165	£68,500*	£2,665	£10,660
<b>Total Saving</b>				<b>£75,168</b>

\*Excludes warranty

- 5.4 The whole life costs resulting from this procurement will deliver considerable benefits and savings to the Council. The vehicles procured will be of higher quality resulting in reduced maintenance costs and emissions. There will also be a reduced dependency on the costly practice of utilising spot hire vehicles.
- 5.5 The costs associated with procurement on this contract are estimated at less than £10,000.
- 5.6 An indication of the operating cost difference between the new and the current vehicles with finance within their cost, is a saving of £1,980 per annum for an 18 tonne vehicle and a saving of £2,600 for a 26 tonne vehicle, or £23,520 p.a. across all 10 vehicles.
- 5.7 The annual running costs associated with these vehicles will be contained within the existing Waste Services budget.

## **Risk, policy, compliance and governance impact**

- 6.1 The following risks have been identified as potential issues to the Council as to the successful delivery of the Contract:

<b>Risk</b>	<b>Mitigating Action</b>
Vehicle Performance	The high performance threshold set in the specification has ensured the suppliers are aware of Council expectations. The two preferred bidders have confirmed their ability to meet strict performance criteria.

Quality of Vehicles	There is a risk that vehicles will break down or will be expensive to maintain. This is being mitigated by asking suppliers to price for warranty over the six year period as well as ensuring that tenderers must comply with a high quality specification.
Contingencies for Vehicle Break Downs	Free of charge replacements will be available to cover periods when vehicles are off the road.

- 6.2 A Fleet Services representative will be responsible for Contract Management and will monitor the performance of the vehicles throughout the duration of the Contract.
- 6.3 In the event of vehicles failing to meet quality requirements specified in the Contract, Fleet will ensure that strict Contract Management has minimal effect on Refuse Collection service.

## Equalities impact

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- 7.1 There is no relationship to the public sector general equality duty to the matters described in this report and no direct equalities impact arising from this report.

## Sustainability impact

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- 8.1 These vehicles are required to be compliant with the current regulations and have the latest emission reduction technology, reducing the impact of Council fleet on air quality.
- 8.2 To meet the Council's air quality and carbon management commitments, the vehicles are required to be compliant with Euro VI standards. Euro VI engines produce 90% less particulates and Nitrogen Oxide than the Euro V engines.

## Consultation and engagement

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- 9.1 Refuse Collection managers, along with Fleet Maintenance, have engaged with Commercial and Procurement Services throughout this procurement exercise.
- 9.2 A tendering exercise was undertaken through a mini-competition utilising the Scotland Excel Heavy and Municipal Vehicles Framework Agreement taking forward the following Framework evaluation criteria:
- 70% - Commercial
  - 30% - Technical

9.3 The criteria used to determine the preferred supplier utilised this ratio, in order to determine the most economically advantageous suppliers by Lot.

## Background reading/external references

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None required.

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## Links

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<b>Coalition pledges</b>	<b>P44</b> – Prioritise keeping our streets clean and attractive <b>P49</b> – Continue to increase recycling levels across the City and reducing the proportion of waste going to landfill
<b>Council outcomes</b>	<b>CO18</b> – Green – we reduce the local environmental impact of our consumption and production <b>CO25</b> - The Council has efficient and effective services that deliver on objectives
<b>Single Outcome Agreement</b>	<b>SO4</b> – Edinburgh’s communities are safer and have improved physical and social fabric.
<b>Appendices</b>	<b>Appendix 1</b> – Summary of Tendering and Tender Evaluation Process

**Appendix 1 – Summary of Tendering and Tender Evaluation Processes**

Contract	Supply and Delivery of Kerbside Recycling Refuse Collection Vehicles Ref: CT3004					
Contract Period	October 2015 – September 2021 (six years)					
Estimated Contract Value Across All Lots	£1,570,700					
Estimated Savings Across All Lots	£75,168 (4.57%) + £23,520 per annum from year 2					
Standing Orders Observed	<p>2.4 EU Principles applied</p> <p>2.7 Commercial and Procurement Manager provided resource to undertake tendering</p> <p>3.1 Director has responsibility for selecting and appointing contractors</p> <p>3.2 Director has responsibility for all Contracts tendered and let by their Directorate</p> <p>5.1 Tenders were evaluated on the basis of most economically advantageous criteria</p> <p>5.3 Tenders evaluated by a panel with the appropriate technical knowledge and expertise</p> <p>6.1 Standstill period will be observed</p>					
EU Procedure Chosen						
	Lot 1A	Lot 1B	Lot 1C	Lot 2A	Lot 2B	Lot 2C
Invitations to Tender Issued	14	14	14	14	14	14
Tenders Returned	2	3	1	2	3	1
Tenders Fully Compliant	1	2	1	1	2	1
Recommended Supplier	1	1	1	1	1	

Primary Criteria	<p>Most economically advantageous tender to have met the qualitative and technical specification of the client department.</p> <ul style="list-style-type: none"> <li>• 70% Commercial</li> <li>• 30% Technical</li> </ul>		
Evaluation Team Across All Lots	<ul style="list-style-type: none"> <li>• 3 Fleet Staff</li> <li>• 1 CPS Staff</li> </ul>	•	•
Procurement Advisors	<ul style="list-style-type: none"> <li>• 2 CPS Staff</li> </ul>	•	•