

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Bram Kainth, Strategic Director of Environment in consultation with Cabinet Member for Public Realm, Councillor Sharon Holder

**Date:** 21/07/2023

**Subject:** Approval of Capital Spend for vehicles for waste, recycling, and street cleansing contract

**Report author:** Pat Cosgrave, Service Lead, Street Environmental Services

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### SUMMARY

As part of the new waste, recycling and street cleansing contract effective from January 2023, the Council is required to provide funding for the necessary vehicles to deliver these services (Authority Financed Assets). As agreed in the new waste contract, the vehicles will be procured by the contractor on behalf of the Council, and so will be owned by the Council. The contract has an aspiration to have an emission free fleet. However, this technology does not currently exist within the sector for all the necessary vehicle types and sizes. As such, the 7 required mechanical street cleansing vehicles will be diesel powered, although it is hoped that an emission free alternative may become available when the vehicles reach the end of their useful lives in 2028. A further 8 caged eBikes are requested (in place of 4 electric vehicles as originally expected). This is an innovative way to both reduce emissions and improve service delivery (for example by allowing freer movement around the borough), and also offers a cost saving compared to the electric vehicles.

This report sets out the capital investment requirement for the purchase of the first phase of cleansing vehicles (7 mechanical sweepers and 8 caged eBikes), at a total one-off capital cost of £1.153m, to be funded from borrowing.

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### RECOMMENDATIONS

1. That the Strategic Director of Environment, in consultation with the Cabinet Member for Public Realm instructs the waste, recycling and street cleansing contractor to procure new street cleansing vehicles on behalf of the Council, at a total one-off capital cost of £1.153m, to be funded from borrowing.
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**Wards Affected:** All

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Being ruthlessly financially efficient	The amendments to the cleansing methodology for the first tranche of vehicles results in a net saving from the initial solution.

Taking pride in H&F	The equipment being purchased makes a significant contribution to the cleansing solutions agreed with our contractor to make the borough even cleaner
Rising to the challenge of the climate and ecological emergency	This is the first tranche of vehicles that will be commissioned that will assist in the transition to net zero vehicle emissions across the life of the waste, recycling and street cleansing contract.

## Financial Impact

The Council is contractually obliged to fund the provision of vehicles necessary to deliver the new waste, recycling and street cleansing contract. In this first phase of transitioning from the old to new contract, it is proposed to purchase 15 street cleansing vehicles. The total one-off capital cost is £1.153m, to be funded from borrowing at an estimated annual borrowing cost of £93,000 (3.2% MRP and 4.9% interest). Financing costs will be considered as part of the Council's annual budget setting process.

*Comments provided by Kellie Gooch, Head of Finance (Environment), 1<sup>st</sup> June 2023  
Verified by Sukvinder Kalsi, Director of Finance, 11<sup>th</sup> July 2023*

## Legal Implications

These vehicles are required to enable the Council to undertake its duties in respect of street cleansing and refuse collection under the Environmental Protection Act 1990. The purchase of these vehicles is being undertaken in accordance with the terms of the Council's contract for Waste, Recycling and Street Cleansing and will be procured by the contractor and owned by the Council.

*John Sharland, Senior solicitor (Contracts and procurement), 11<sup>th</sup> July 2023*

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## Background Papers Used in Preparing This Report

**None**

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## DETAILED ANALYSIS

### Proposals and Analysis of Options

1. In terms of funding the required service vehicles, Schedule 14 of the Waste, Recycling and Street Cleansing contract (Authority Financed Assets Protocol) states that "*the Contractor shall on the Authority's behalf and with the prior written consent of the Authority procure the Authority Financed Vehicles, such Authority Financed Vehicles being required to carry out the Services. The Authority Financed Vehicles will be owned by the Authority and will remain the property of the Authority*".
2. The Schedule requires the Contractor to make a request for new assets in writing to provide evidence of the vehicles required together with alternative

options in the current fleet and all fuel options to cover diesel/HVO and electric vehicles. This is to assist the Council meet its net zero carbon targets whilst also ensuring that there is the required electric charging infrastructure in place to support electric vehicle options.

3. As part of their final tender for the contract, the Contractor was required to provide an outline of the vehicles that they would require to deliver their solutions to the requirements of the contract specification.
4. At the final tender stage, the contractor proposed purchasing 7 x 7.5 tonne mechanical sweepers (Scarab Merlin), as proposed in this report. The contract has an aspiration to have an emission free fleet. However, at this time there is no electric alternative on the market, hence the mechanical sweepers being sought are diesel powered. Officers are currently examining the feasibility of having an HVO fuel store at Bagley's Lane depot and the Contractor has confirmed that these vehicles would be suitable to be fuelled by HVO, or a blend of HVO and diesel. Assuming depreciation over 5 years the contractor considers that emission free alternatives may be available to replace these mechanical sweepers after 2028.
5. The contractors final tender solution included 4 x Goupil EV pick up vehicles. However, having reviewed the topography of the borough and the licences held by chargehands on the contract, Veolia have proposed to replace these with 8 x EAV Electric Bikes with cages which is a reduction in cost of £18,388 from their previous solution. The EAV Cage Bikes would still allow chargehands to carry tools and equipment and remove waste arisings. They would also not require any immediate additional electric charging infrastructure at Bagley's Lane or the outer depots as each bike will have a spare battery and can be charged from a standard socket in 6-7 hours.
6. Option 1 – To not approve the capital requirement for the purchase of the Authority Financed Assets. This is not the recommended option. Without approval for purchase the Contractor's street cleansing solution could not be enacted without recourse to hired vehicles, the costs of which would over time be greater than the purchase cost and would be passed through to the Council.
7. Option 2 - To approve the capital requirement to enable the services to be delivered. Should approval be granted the capital budgets will be adjusted as necessary through the quarterly capital reporting framework, per the Finance comments to this report. The annual financing costs and associated capital budgets will need to be considered as part of the Council's MTFs Strategy in the relevant year.

## **Reasons for Decision**

8. The decision will allow the Contractor to deliver their proposed street cleansing solution in a way that garners the greatest financial benefit to the Council and delivers the services with the minimum possible carbon emissions possible bearing in mind the current market for such assets.

## **Equality Implications**

9. Officer do not consider that there are any negative impacts on any groups that share protected characteristics arising from this decision.

## **Risk Management Implications**

10. The recommends instructing the contractor to purchase vehicles to enable the full and proper delivery of the services covered by the contract. The Council is funding the purchases and using the contractor's buying power to achieve value for money. This is in line with the objective of being ruthlessly financially efficient and in rising to the challenge of the climate crisis through the type of vehicles being purchased.

*David Hughes, Director of Audit, Fraud, Risk and Insurance, 19 July 2023*

## **Climate and Ecological Emergency Implications**

11. The procurement of new vehicles for the waste contract, of which this report deals with the first tranche, will over time contribute to the council's climate emergency objectives by reducing reliance on petro-diesel vehicles.
12. Officers will investigate alternate lower emission fuel for the diesel vehicles that are not currently available as electric vehicles.
13. The use of eBikes is an innovative cleansing solution that seeks to reduce emissions as far as possible in the delivery of this element of the service.

## **LIST OF APPENDICES**

None