

<b>Agenda Item No:</b>	<b>8</b>	
<b>Committee:</b>	<b>Cabinet</b>	
<b>Date:</b>	<b>15 July 2024</b>	
<b>Report Title:</b>	<b>Defra Capital Funding Food Waste Vehicle Purchase</b>	

### Cover sheet:

#### **1 Purpose / Summary**

- 1.1 To approve the procurement of food waste vehicles to commence food waste collections in line with legislative changes.
- 1.2 To delegate the procurement of these vehicles with portfolio holder oversight to the relevant director through existing procurement frameworks.

#### **2 Key Issues**

- 2.1 Given the number of other authorities also needing to secure similar vehicles there is a pressing need to get orders with suppliers quickly as lead times increase.
- 2.2 There are established national and local procurement frameworks that provide best market value and are recommended for use in this procurement.
- 2.3 Upon appeal Defra have improved the capital funding offered to Fenland by £235,000, to more than £1m. Cabinet have accepted this funding from Defra, Cabinet decision CAB61/23.
- 2.4 Work has taken place to establish the most efficient vehicle type to complete the weekly food waste service given Fenland's unique nature.
- 2.5 It is too soon to know, but there remains the risk that the improved Defra capital funding will still not cover the required costs. The District Council Network amongst others are raising this directly with Defra and Fenland has fed into this process.

#### **3 Recommendations**

- 3.1 Members note that following a successful appeal Defra's capital funding has improved to £1,061,991. An increase of £235,176 on the initial amount.
- 3.2 Agree that the Council is committed to the procurement of appropriate vehicles in a timely fashion to allow for the commencement of weekly domestic food waste collections from April 2026.
- 3.3 Agree delegation to the Corporate Director and Section 151 Officer, in consultation with the Finance Portfolio Holder, for the authorisation to secure through appropriate procurement the vehicles required to complete the weekly food waste collections.

- 3.4 Members note that the legally required changes to food waste collection, along with other Environment Act amendments, will result in future Cabinet or Council meetings being presented with updates on Fenland's Waste Strategy, Waste Service Standards, and other reports over the coming 12 months.

Wards Affected	All
Forward Plan Reference	KEY/17MAY24/02
Portfolio Holder(s)	Cllr Chris Boden, Leader and Finance Portfolio Holder  Cllr Steve Tierney, Portfolio Holder for Communications, Transformation, Climate Change & Strategic Refuse  Cllr Peter Murphy, Portfolio Holder for Refuse & Cleansing, Parks and Open Space.
Report Originator(s)	Mark Mathews Head of Environmental Services
Contact Officer(s)	Carol Pilson Director and Monitoring Officer Peter Catchpole Director and S151 Officer
Background Papers	CAB61/23 Defra Capital Funding Acceptance – <a href="#">Cabinet Report 26 February 2024</a>

## Report:

### **1 BACKGROUND AND INTENDED OUTCOMES**

- 1.1 Defra has recently distributed £295m of capital funding to 230 local authorities.
- 1.2 Following a successful appeal by the Council, Defra have improved the capital funding offered by £235,000 to £1,061,991 towards the vehicles and other equipment required. Cabinet accepted this funding from Defra ahead of the March 1<sup>st</sup> deadline (decision CAB61/23).
- 1.3 It is expected that the suppliers are going to be under pressure to deliver vehicles by March 2026 given the number of authorities requiring similar vehicles. This creates a pressing need to get orders with suppliers quickly as lead times increase.
- 1.4 The refuse and recycling team have reviewed vehicles and used logistics software to evaluate the correct vehicles sizes and working patterns to efficiently service the 49,000 properties expected in 2026/7 with weekly food waste collections. This work has established the most efficient vehicle type to complete the weekly food waste service for Fenland is a bespoke food waste HGV. This type of vehicle is offered by a range of suppliers.
- 1.5 With the delays to implementation of this service, the initial work on this commenced in 2019. The cost of this type of vehicle has risen from around £65,000 then to somewhere between £95,000 and £110,000 now. This represents a significant increase in the 5 years since this work was initially

initiated. The work has shown that Fenland will require 7 frontline vehicles to collect food waste each week, along with a spare vehicle to allow for servicing and breakdowns.

- 1.6 The number of vehicles required is based on the experience of other local authorities and agreed with Defra. The other authorities found that presentation for similar areas is 60% each week with a weekly average weight of 2.5 kg. If Fenland residents exceed this anticipated 15 tonnes a day and 4,000 tonnes per annum, then additional vehicles would be required.
- 1.7 It isn't clear how the funding of any additional resource, if it is required, is to come from New Net Burdens Funding, but members will be made aware through future reports as the nature of the modelled or grant funding structure is made clear by Defra.
- 1.8 The District Council Network amongst others are raising concerns directly with Defra that the capital funding offered will not cover the costs of all the required purchases. Fenland has fed into this process.
- 1.9 The vehicles chosen through the agreed procurement will be those that best fit the required scope and deliver best value over the life of the vehicle.
- 1.10 Where economies of scale are proven, then the other resources required for 2026 will be purchased in cooperation with RECAP waste partners.

## **2 REASONS FOR RECOMMENDATIONS**

- 2.1 Fenland is in receipt of the £1m Defra capital funds. There is now a need to quickly allow for orders to be in place for this essential resource ready for the March 2026 changes.

## **3 CONSULTATION**

N/A

## **4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 Defra have provided capital funding for the purchase of vehicles. A range of vehicle types have been modelled.
- 4.2 Consideration has been given to the contract-hire of these vehicle. Including the costs of maintenance in with the purchase costs over a 5-year period will be considered as an alternative to outright capital purchase and included as a procurement alternative. If this is deemed to be the most effective means of purchasing some or all these additional vehicles, then this will allow the capital to be diverted elsewhere.

## **5 IMPLICATIONS**

## **5.1 Legal Implications**

- 5.1.1 The agreement for capital funding places a reporting and usage obligation on the Council. This was reported to and agreed by Cabinet in February.
- 5.1.2 As a result of the Environment Act 2021 amending Section 45A of The Environmental Protection Act 1990 English Waste Collection authorities, such as Fenland, have a legal duty to collect recyclable household waste which is food waste at least once a week (from end of March 2026).
- 5.1.3 A full tendering exercise under the Public Contracts Regulations 2015 will be required. An Invitation to tender (ITT) will be produced and issued through the council's tendering portal.

## **5.2 Financial Implications**

- 5.2.1 Defra have provided improved capital funding for 7 vehicles plus a spare, which Defra expects to cost £716,000 of the allocated £1m funding.
- 5.2.2 There remains the risk that market forces result in the costs exceeding the capital funding provided. This will become clear when the costs of all the procurements are known and will be reported back to members.
- 5.2.3 Defra have informed us that New Burdens funding will be available for the revenue costs of providing the service. This will include the support services such as HR, Administration, Workshop, Supervision and Management, where these costs increase.
- 5.2.4 The process of procuring these vehicles will therefore include a means assessing how best to manage the costs of supporting and maintaining these vehicles and if contract hire, lease or outright purchase presents the most cost-effective option, or if a mixture of these is preferable.

## **5.3 Equality Implications**

N/A