

Finance and Resources Committee

10.00am, Thursday, 4 June 2015

Supply and Delivery of Refuse Collection Vehicles

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| Item number | 7.16 |
| Report number | |
| Executive/routine | |
| Wards | All |

Executive summary

This report recommends that Finance and Resource Committee approves the award of the Supply and Delivery of Refuse Collection Vehicles to Dennis Eagle Limited, DAF Trucks Ltd, Heil Europe Ltd and FAUN Zoeller (UK) Ltd. It is proposed that the new Contracts will commence on 22 June 2015 for a period of approximately six years with an overall value of approximately £3m.

The vehicles will be covered by a six year warranty period and free-of-charge replacements will be available to cover periods of vehicles being off the road.

Links

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| Coalition pledges | P44 , P49 |
| Council outcomes | CO18 , CO25 |
| Single Outcome Agreement | SO4 |

Supply and Delivery of Refuse Collection Vehicles

Recommendations

- 1.1 It is recommended that Committee approves the appointment of Dennis Eagle Limited, DAF Trucks Ltd, Heil Europe Ltd and FAUN Zoeller (UK) Ltd. to supply and deliver Refuse Collection Vehicles (RCVs), as 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
 - 26 Tonne Side-loading RCV Chassis – DAF Trucks Ltd
 - 26 Tonne Side-loading Body – Heil Europe 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

- 2.1 As part of the regular replacement of vehicles, Waste Services is seeking to replace part of the current fleet of Refuse Collection Vehicles (RCVs). The age of the current vehicles is making them difficult and expensive to maintain, and can affect refuse collection service reliability with an unacceptable rate of vehicle breakdowns. The current RCV fleet is 51 in number and this procurement seeks to replace 19 of these.
- 2.2 A requirement to purchase the following vehicles has been identified:
- 15 x 26 Tonne RCVs
 - 2 x 26 Tonne Side-loading RCVs
 - 2 x 18 Tonne RCVs.

Main report

- 3.1 These Contracts will provide Refuse Collection Vehicles (RCVs) for a period of approximately six years.

- 3.2 The mini-competition was advertised on Public Contracts Scotland advertising portal on 9 January 2015, utilising the Scotland Excel Heavy and Municipal Vehicles Framework Agreement.
- 3.3 The Commercial and Technical 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.
- 3.4 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.
- 3.5 The vehicles will be procured in three separate parts:
- Body
 - Chassis
 - Bin lift (except 26 Tonne Side-loading RCVs).
- 3.6 The Body provider will be the Principal Contractor, with Chassis and Bin Lift providers acting as sub contractors to the Principal Contractor.
- 3.7 Suppliers shortlisted under Lots 1, 7 and 10 of the Framework Agreement were invited to participate in the mini-competition.
- 3.8 The Contract is divided into three separate Lots:
- Lot 1 - Supply of 15 x 26 Tonne RCVs
- Lot 2 – Supply of 2 x 26 Tonne Side-loading RCVs
- Lot 3 - Supply of 2 x 18 Tonne RCVs.
- 3.9 Each Lot was divided into three sub lots as follows:

| | Lot 1 – 26 Tonne RCV | Lot 2 – 26T Side-loading RCV | Lot 3 – 18T RCV |
|-----------------|-----------------------------|-------------------------------------|------------------------|
| Body | Lot 1A | Lot 2A | Lot 3A |
| Bin-Lift | Lot 1B | (Integral with body) | Lot 3B |
| Chassis | Lot 1C | Lot 2B | Lot 3C |

- 3.10 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.
- 3.11 To generate the maximum competition within this market, these vehicles have been purchased in three distinct parts. This is standard practice for these vehicles.
- 3.12 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.

3.13 The Lot specific breakdown is as follows:

- Lot 1A – If Dennis Eagle Limited is appointed, the estimated value of the fifteen Bodies will be £719,625 (£47,975 per unit)
- Lot 1B – If FAUN Zoeller (UK) Ltd is appointed, the estimated value of the fifteen Bin Lifts will be £276,750 (£18,450 per unit)
- Lot 1C – If Dennis Eagle Limited is appointed, the estimated value of the fifteen Chassis will be £1,356,975 (£90,405 per unit)
- Lot 2A – If Heil Europe Ltd is appointed, the estimated value of the two Bodies will be £209,190 (£104,595 per unit)
- Lot 2B – If DAF Trucks Ltd is appointed, the estimated value of the two Chassis will be £153,310 (£76,655 per unit)
- Lot 3A – If Dennis Eagle Limited is appointed, the estimated value of the two Bodies will be £95,950 (£47,975 per unit)
- Lot 3B – If FAUN Zoeller (UK) Ltd is appointed, the estimated value of the two Bin Lifts will be £36,900 (£18,450 per unit)
- Lot 3C – If Dennis Eagle Limited is appointed, the estimated value of the two Chassis will be £160,810 (£80,405 per unit)

3.14 If a vehicle goes off the road for a warranty repair, a replacement vehicle will be provided free of charge after 24 hours

Measures of success

- 4.1 Increased reliability of RCVs and with free-of-charge replacements when vehicles are off-road, stopping the need for “spot hires” to supplement the existing fleet.
- 4.2 The new vehicles will be fitted with Euro VI engines, improving air quality with reduced Nitrogen Oxide and Particulate Matter (PM₁₀).
- 4.3 Refuse Collection service reliability will improve with reduced vehicle failure and lower maintenance costs.
- 4.4 The vehicles have improved Contract Management requirements. The quality of the vehicles will be higher and cheaper to maintain with inclusion of a six year warranty.

Financial Impact

- 5.1 The estimated Contract value is £3,009,510 resulting in a saving of £42,670 (1.41%) across all Lots.
- 5.2 This savings figure has been benchmarked through a comparison of list prices from the Scotland Excel Framework with list prices derived from this tendering exercise.

- 5.3 This method was used as the previous vehicles were purchased over five years ago and a like-for-like price comparison would have provided an inaccurate indication of value for money.
- 5.4 The list 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:

| Lot | Scotland Excel – List Price | Tender Submission – List Price | Saving per Unit | Overall Savings |
|---------------------|------------------------------------|---------------------------------------|------------------------|------------------------|
| 1A – 26T Body | £36,750 | £36,750 | 0 | 0 |
| 1B – 26T Bin Lift | £16,962 | £14,950 | £2,012 | £30,180 |
| 1C – 26T Chassis | £79,500 | £79,500 | 0 | 0 |
| 2A – 26T Body | £83,302 | £81,223 | £2,079 | £4,158 |
| 2B – 26T Chassis | £70,950 | £70,950 | 0 | 0 |
| 3A – 18T Body | £40,022 | £37,868 | £2,154 | £4,308 |
| 3B – 18T Bin Lift | £16,962 | £14,950 | £2,012 | £4,024 |
| 3C – 18T Chassis | £79,500 | £79,500 | 0 | 0 |
| Total Saving | | | | £42,670 |

- 5.5 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.
- 5.6 The costs associated with procurement on this contract are estimated between £10,001 - £15,000.
- 5.7 An indication of the operating cost difference between the new and the current vehicles, with finance costs included, is a saving of £1,980 per annum for an 18T vehicle and a saving of £2,600 for a 26T vehicle.

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:

| Risk | Mitigating Action |
|---------------------------------------|---|
| 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

- 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

- 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 and Euro IV engines that are being replaced.

Consultation and engagement

- 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

None required.

John Bury

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Links

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

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

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|--|---|--------|--------|--------|--------|--------|--------|--------|
| Contract | Supply and Delivery of Refuse Collection Vehicles Ref: CT3003 | | | | | | | |
| Contract Period | May 2015 – April 2021 (six years) | | | | | | | |
| Estimated Contract Value Across All Lots | £3,008,610 | | | | | | | |
| Estimated Savings Across All Lots | £42,670 (1.41%) | | | | | | | |
| 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 3A | Lot 3B | Lot 3C |
| Invitations to Tender Issued | 7 | 7 | 6 | 7 | 7 | 6 | | |
| Tenders Returned | 1 | 3 | 5 | 1 | 2 | 4 | | |
| Tenders Fully Compliant | 1 | 2 | 5 | 1 | 2 | 4 | | |
| Recommended Supplier | 1 | 1 | 1 | 1 | 1 | 1 | | |

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| 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"> • 70% Commercial • 30% Technical | | |
| Evaluation Team Across All Lots | <ul style="list-style-type: none"> • 3 Fleet Staff • 1 CPS Staff | • | • |
| Procurement Advisors | <ul style="list-style-type: none"> • 2 CPS Staff | • | • |