



<b>Signed off by</b>	Head of Neighbourhood Operations
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<b>To</b>	Executive
<b>Date</b>	Thursday, 16 November 2023
<b>Executive Member</b>	Portfolio Holder for Neighbourhood Services

<b>Key Decision Required</b>	Y
<b>Wards Affected</b>	(All Wards);

<b>Subject</b>	Contract for Lease Compact Road Sweepers
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<b>Recommendations</b>
<p><b>Executive is recommended to approve:</b></p> <p>(i) <b>The award of a four-year lease contract to Karcher UK Limited to supply four compact road sweepers. Contract to run from January 2024 to January 2028.</b></p>
<b>Reasons for Recommendations</b>
<p>The current compact road sweeper lease is due to expire on 19 January 2024. A new lease is therefore required in order to continue to deliver the service and ensure compliance with Section 22.2 of the pollution control act 1974.</p> <p>The previous lease was entered into in January 2020 to run for four years. There is no provision to extend the contract or to purchase the vehicles.</p> <p>The recent tender having been procured in line with EU Procurement Regulations and the Councils procurement procedures and has demonstrated best value.</p>
<b>Executive Summary</b>
<p>The Cleansing department in Neighbourhood Services operates a fleet of four leased compact sweepers that operate throughout the borough.</p>

The lease for these machines is due to end in January 2024. A new lease is therefore required in order to continue to deliver the service and ensure compliance with section 22.2 of the Pollution Control Act 1974.

As set out in this report the recommendation is to enter into a new four-year lease for the supply of four compact road sweepers with Karcher UK Limited at a total cost of £0.471 million over the four-year lease period.

**Executive has authority to approve the above recommendations**

### **Statutory Powers**

1. Under section 22.2 of the pollution control act 1974 “...*It shall be the duty of each local authority to undertake the cleaning of the highways in its area so far as the cleaning of them appears to the authority to be necessary in the interests of public health or the amenities of the area*”

### **Background**

2. The Cleansing department in Neighbourhood Services currently operates four compact road sweepers as part of a six-vehicle road sweeper fleet. The compact sweepers are used to maintain and clean residential streets, pathways, and pedestrian areas throughout the borough.
3. The compact road sweeper lease is due to expire in January 2024 and a new lease must be entered into in order that the service can continue to operate.

### **Key Information**

#### **Compact road sweeper replacement**

4. Replacement of the sweepers is necessary to ensure that reliable and legally compliant vehicles remain available to support ongoing service delivery
5. The current machines are four years old and are becoming unreliable, often breaking down due to their age and the nature of work that they carry out.
6. Officers have explored options for replacement based on entering into another lease, compared with outright purchase, funded through the Capital Program allocation for vehicle replacement.
7. As there is little difference in the overall cost of the two financing options, the recommendation is to enter into a new lease as this better fits the Councils long term strategy to transition to low carbon vehicles as suitable alternatives become available. Often fleet vehicles are kept beyond their ideal replacement date in order to increase resilience, leasing these vehicles commits the service to review the operational and environmental situation relating to the compact sweepers, and to replace them at an appropriate time, with low carbon alternatives.

8. From an operational perspective, leasing is preferable with this type of compact road sweeper due to their specialist nature, and their complex mechanical, hydraulic, and pneumatic systems. The machines work in all weathers, in a great variety of operational situations, and require continual and specialist maintenance. Leasing the sweepers, as opposed to purchase, means that the responsibility for servicing, maintaining, and replacing unserviceable sweepers rests the lease company.
9. The recommended option to enter into a four-year lease in January 2024 allows for exploration of options for procurement of alternatively fuelled low-carbon sweeping vehicles ready for lease expiry in 2028
10. Information about the quotation obtained through The Procurement Partnership Limited's (TPPL) Finance and Lease Dynamic Purchasing (DPS) framework is provided in the exempt Part 2 report.

## Options

Executive has three options

**Option 1: To enter into a lease for four compact road sweepers with Karcher UK Limited from January 2024 to January 2028.**

This is the recommended option.

This Option facilitates continuation of the service and allows for future exploration of low carbon alternatives. The difference in overall cost is negligible but the lease option fits better with the services longer-term strategy as it enables increased flexibility when the Council wishes to purchase EV sweepers in the future.

The lease includes a service and maintenance contract that covers the four year lease term, providing specialist support

**Option 2: To purchase four compact road sweepers in January 2024.**

This Option was considered and is not recommended for the reasons explained in this report.

It would also depend on approval of Capital Programme growth to fund the cost because it cannot be accommodated within the service's current capital allocation for vehicle replacement.

A maintenance contract would need to be entered into separately from the vehicle purchase.

**Option 3: That the compact road sweepers are not replaced.**

This Option is not recommended; the service cannot continue to operate without replacement sweepers.

There is no provision in the current lease to allow for the purchase of the machines at the end of the lease term.

### **Legal Implications**

11. Pursuant to section 22.2 of the Pollution Control Act 1974 *“It shall be the duty of each local authority to undertake the cleaning of the highways in its area so far as the cleaning of them appears to the authority to be necessary in the interests of public health or the amenities of the area”*. Performance of this duty will be in accordance with the stated legislation..
12. Pursuant to the Environment Act 1990, section 89 *“It shall be the duty of each local authority, to ensure that the land is, so far as is practicable, kept clear of litter and refuse”*, and, *“to ensure that the highway or road is, so far as is practicable, kept clean”*.

### **Financial Implications**

13. The Council’s 2023/24 revenue budget includes £0.097million to fund the ongoing cost of leasing sweepers.
14. The financial implications of the recommended lease are set out in the exempt report at Part 2 of this agenda.
15. Due to an increase in leasing costs a revenue budget growth of £0.029million is required from 2024/25 and was included in the revenue budget proposals reported to Executive in November 2023. If the growth is not approved Neighbourhood Services will be required to deliver compensating budget savings to fund this additional cost.

### **Equalities Implications**

16. There are no equalities implications resulting from this report

### **Communication Implications**

17. There are no communications implications resulting from this report

### **Environmental Sustainability Implications**

18. The replacement of the current fleet of sweepers with electric versions has been considered but rejected due to the lack of available trial vehicles. It is anticipated that the availability of this type of vehicles will improve in coming years and allow for long

appropriate trials to inform decision making when the next fleet of compact sweepers is required in 2028.

19. However, the vehicles are compatible with fuelling by hydrogenated vegetable oil (HVO). Subject to securing the funding required to use HVO across our fleet (which will be pursued via a separate decision), using HVO in the new sweepers will deliver a CO2 reduction of approximately 76% compared to existing vehicles.
20. The recommended option to enter into a four-year lease in January 2024 allows for exploration of options for procurement of alternatively-fuelled low-carbon sweeping vehicles ready for lease expiry in 2028.

### **Risk Management Considerations**

21. Objective Failure – Failing to enter into a new lease will cause the Council to fail in its obligation under the 5-year plan to “Provide high quality neighbourhood services to ensure that the borough continues to be clean and attractive”

### **Procurement/Contract Management and Subsidy Considerations**

22. The Contract Procedures Rules in the Council’s Constitution require Executive to approve the award of contracts awarded valued above £0.250million.

### **Consultation**

23. The Portfolio Holder for Neighbourhood Services has been consulted on the recommendations in this report.

### **Policy Framework**

24. The report supports delivery of objectives in the Council’s Corporate plan relating to Clean and Green Spaces: to provide high quality neighbourhood services to ensure that the borough continues to be clean and attractive.

### **Background Papers**

None