



ACQUISITION AND MANAGEMENT OF COMMERCIAL VEHICLES FOR LONDON - RCVS

FINAL REPORT for CAPITAL AMBITION

18.07.11

1. INTRODUCTION

This Report summarises the findings from the research undertaken with those London Boroughs believed to be in a position to order Refuse Collection Vehicles (“RCVs”) in the near future. It is part of a wider series of initiatives by Capital Ambition in respect of the acquisition and management of commercial vehicles in London. In this particular case, the aim is to utilise the Findings from the Commercial Vehicle Survey for London Local Authorities undertaken for Capital Ambition by Transtech in 2010 in order to support the achievement of savings from improved collaboration in the procurement of RCVs.

The objective is to achieve ‘core’ technical specifications that have been agreed to by named Boroughs, and to determine expected order volumes, so that the collaboration between Boroughs can offer increased ‘lot sizes’ to bidders.

Boroughs where staff and vehicles are provided and managed by a contractor were generally not included in this work (since it was assumed that vehicle specifications are prepared, and orders placed, by the contractor), unless the Borough was understood to be able to determine RCV specifications.

2. BRIEF

Procurement savings will be maximised if collaborative tenders can be created based around agreed common specifications suitable for use by a number of Boroughs, with as large and specific a volume to be procured as possible.



This Report addresses essentially the preparation of ‘core’ technical specifications, not the associated procurement and legal requirements – such as procurement method, conditions of contract, etc.

The types of vehicle of potential interest are RCVs - over 7.5 tonnes GVM.

Given the current levels of uncertainty in many Boroughs concerning the services to be provided over the next few years, this research was originally scoped to focus specifically on new vehicle orders expected to be placed by the Boroughs during fiscal 2011/2012. However, in view of the timing of the work, and of early findings as regards additional moves to ‘contract out’ the services by Boroughs who had hitherto undertaken them ‘in house’, this horizon was extended to cover 2012/13 and 2013/14.

3. APPROACH

Chief Executive level support for the work was sought explicitly by the Project Sponsor in letters to relevant Chief Executives and at a meeting attended by representatives from most Boroughs.

Transtech then contacted each Borough agreed to be ‘in scope’, and arranged to send each a summary of the requirements on RCV specifications.

This was followed up by Transtech, and the information provided by the Borough clarified and confirmed, as necessary.

4. FINDINGS

The following table lists those Boroughs whose requirements were agreed to be the object of this work, and provides a brief commentary on their relevance to a collaborative RCV procurement exercise.



Council	Comments
Barking & Dagenham	Current RCVs are spot-hired. Urgent purchases are needed to reduce costs. Specifications may change to accommodate recycling.
Barnet	Service under review. Being outsourced from 2013.
Bexley	Recently concluded negotiations with its contractor have resulted in an agreed extension of fleet life, with vehicle replacements delayed to 2015.
City of London	Now contracted out.
Enfield	
Greenwich	Vehicles for 2011/12 already sourced. Only Mercedes chassis used.
Hackney	Possibility of Recycling being brought in-house may change specifications.
Harrow	Now contracted out.
Hillingdon	Need to place orders for 2011 asap
Lewisham	
Merton	22 RCV's replaced in past 18 months.
Newham	Contractor has ordered new fleet.
Richmond upon Thames	Majority of fleet replaced in 2007. Contractor operated/maintained until 2014. Likely to be fully contracted out after that date.
Sutton	Review of operation/fleet size in progress - may change fleet size/composition.



The following table shows the number of RCVs expected to be ordered by each of the above Boroughs:

Council	Expected New RCV Orders		
	2011~12	2012~13	2013~14
Barking & Dagenham	9	9	0
Barnet	0	0	0
Bexley	0	0	0
City of London	0	0	0
Enfield	0	5	4
Greenwich	0	4	4
Hackney	0	26	0
Harrow	0	0	0
Hillingdon	9	0	7
Lewisham	0	16	0
Merton	0	0	0
Newham	0	0	0
Richmond upon Thames	0	0	0
Sutton	0	9	7
Total Number	18	69	22

It can be seen that two Boroughs – Barking & Dagenham and Hillingdon - have an urgent requirement to order a total of 18 RCVs, with a total of six Boroughs expecting to place orders for 69 vehicles in 2012/13. The requirements in 2013/14 are obviously more speculative at this point.

These vehicles for seven Boroughs cover eleven different vehicle sizes and specifications. The standard of specification obtained from the Boroughs varied from the detailed and comprehensive to the vague and imprecise. In most cases the specifications reflected the



types currently operated, and which for the purpose of this survey they assumed would be replaced by similar specification equipment. However there was a recurring caveat in that a number of Boroughs indicated that their policies on recycling, collection frequency, service delivery and the contracting-out of refuse collection services were currently under review and any changes to these policies was likely to have a significant impact on not only the number of RCVs to be procured in the future, but also on their specification. It was noted that one Borough, Hillingdon, for example, specify their vehicles without bin lifts for “Black Bag” collections only.

The principal variations between the specifications were the maximum vehicle operating weight (gvw), body size (volume), vehicle/body width (standard and narrow), and a multiplicity of axle/drive configurations and combinations.

In addition to these fundamental variations, there was also a considerable range of additional equipment required which varied greatly between different Boroughs and included alternative types of bin-lifts, on-board weighing equipment, video recording systems, lighting equipment and safety features.

These requirements have been consolidated into 4 ‘core’ specifications, within each the options required are listed separately to provide the combination of additional features required by the individual Boroughs. The Core Specifications are:

- ~ 1.0 RCV 26T 6x4 Wide Body Rear Loading Compactor
- ~ 2.0 RCV 26T 6x2 Narrow Body Rear Loading Compactor
- ~ 3.0 RCV 26T 6x2 Wide Body Rear Loading Compactor
- ~ 4.0 RCV 18T 4x2 Narrow Body Rear Loading Compactor

These are attached to this Report (Attachments 1 – 4).

Their applicability to the requirements of each of the Boroughs is shown in the following table:



Council	Core Specification Ref.				Order Quantities		
	1.0	2.0	3.0	4.0	2011~12	2012~13	2013~14
Barking & Dagenham	√				9	9	0
Enfield		√			0	5	3
				√	0	0	1
Greenwich			√		0	4	4
Hackney		√			0	26	0
Hillingdon			√		9	0	7
Lewisham		√			0	3	0
	√				0	13	0
Sutton		√			0	9	7
Total Numbers	31	53	24	1	18	69	22

All the optional equipment has also been listed in the specification to facilitate the provision of individual option pricing, which when combined with the price provided for the main vehicle and equipment specification will enable each Borough to determine the price appropriate to its specification.

Within these specifications it will be noted that there are items against which Boroughs had not detailed specific requirements (annotated n/s) and are prepared to accept any suitable alternative. It is expected that suppliers will use their discretion and provide their standard specification of equipment, consistent with meeting the performance criteria and other requirements that have been defined.

All Borough specifications obtained were for the direct purchase of equipment with none requiring contract-hire with maintenance. A number of Boroughs may fund their assets through prudential borrowing subsequent to the initial procurement.

Many of the Boroughs have requested the supplier to provide the capability of operating their vehicles on higher proportions of Biodiesel, up to 10%, with one (Hackney) requiring 100%. Only one Borough (Greenwich) has requested the priced option of a vehicle that can operate on Bio Methane.



In this survey it was not appropriate for us to challenge a Borough's specified requirements other than on those occasions where there appeared to be clear evidence of an error or incompatibility of the requested elements within the specification. In these cases clarification was sought and the relevant changes were made. Copies of the specifications drafted on their behalf were forwarded to each of the Boroughs during the consultation process for their confirmation prior to inclusion within the consolidated specifications produced for this report.

However a number of the specifications provided by Boroughs appeared to request features that would generally be considered inappropriate for the required duty. As one example, two Boroughs have specified 6x4 double drive chassis for an on-road operation: this would appear to be unnecessary in terms of the required performance and will adversely impact on the initial cost, operating cost and available payload. Similarly, four Boroughs currently specify a maximum vehicle gvw of 24 tonnes with a conflicting high payload requirement (in one case of 10.5 tonnes) - where it would be possible to use a vehicle with a gvw of 26 tonnes without any appreciable cost penalty and providing a greater payload with reduced risk of vehicle/axle overloading: in these cases, we have therefore assumed that the appropriate 26 tonne core specification would be likely to form the basis of future purchases, although the specification still allows the option of 24 tonnes.

It therefore seemed evident that specifications could be rationalised and it should be possible for more of the Boroughs to agree on a common refuse collection vehicle specification that is capable of meeting their operational requirements, but it would be most effective were this to be done in the context of a specific tender.

5. OTHER

The number of vehicles required during the remainder of this year is, at 18, perhaps less than might have been expected. This is due to a combination of factors:

- the increased number of Boroughs contracting out;



- the numbers of vehicles that have been replaced since the research for our 2010 (such as by Redbridge, as one example);
- the uncertainties as regards the future of these services, causing procurements to be postponed.

However, we have felt it appropriate to provide a specific comparison of the volumes underlying the tables in our Commercial Vehicle Survey Report, and the volumes now being reported. This comparison forms Appendix 1.

When viewing these two sets of data, in addition to the comments above regarding the changes in the situations of the Boroughs, it should be noted that the figures used in the Borough Survey were not provided to us by individual Boroughs, but rather were derived by Transtech based on the ages of vehicles then in service, assuming a like-for-like replacement whenever the stated (by the Borough) or assumed by Transtech (if none given) replacement policy would have required it. See section 3.3 of the Commercial Vehicle Survey for a fuller explanation of the methodology used.



APPENDIX 1

EXPECTED ORDERS FOR RCVS

Council	Current View			2010 Survey Assumptions		
	2011~12	2012~13	2013~14	2010	2011	2012
Barking & Dagenham	9	9	0	6	0	0
Barnet	0	0	0	4	3	5
Bexley	0	0	0	0	33	1
City of London	0	0	0	2	3	2
Enfield	0	5	4	0	0	1
Greenwich	0	4	4	19	2	4
Hackney	0	26	0	29	1	0
Harrow	0	0	0	1	0	0
Hillingdon	9	0	7	21	0	9
Lewisham	0	16	0	0	0	0
Merton	0	0	0	16	11	0
Newham	0	0	0	1	1	17
Richmond upon Thames	0	0	0	5	6	2
Sutton	0	9	7	12	2	0
Total	18	69	22	116	62	41

Others

Haringey				1	2	2
Havering				0	0	2
Redbridge				19	1	1
Southwark				1	0	1
Tower Hamlets				1	0	0
Sub Total				22	3	6
Overall Total				138	65	47