NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

CORPORATE LEADERSHIP TEAM'S
REPORT TO CABINET

4th NOVEMBER 2025

Report Title: **Vehicle Fleet and Maintenance Procurement**

Submitted by: **Service Director Sustainable Environment**

Portfolios: **Sustainable Environment**

Ward(s) affected: **N/A**

Purpose of the Report	**Key Decision** Yes ☒ No ☐
To gain approval for the procurement of up to 10 Refuse Collection Vehicles (RCV's) and 8 Food waste vehicles either through direct purchase with separate in-house maintenance, or via contract hire including maintenance. Although vehicles aren't required before 2027, the lead in time for waste collection vehicles is now so long, around 18 months, that procurement needs to commence before the end of this year.	
Recommendation	
That: Cabinet: 1. **Approves the procurement of 18 vehicles to support the Council's Recycling & Waste collection service including an option to procure on a contract hire basis with maintenance.** 2. **Authorises the Deputy Chief Executive in consultation with the Portfolio Holder for Sustainable Environment to approve the award of contract for the supply of 18 vehicles following the procurement and evaluation process having confirmed a best value approach.**	
Reasons	
The current vehicle fleet utilised for the Council's dry recycling and food waste collections need to be replaced within the next 18 months, and with vehicle lead in times now being very long, procurement needs to commence this year to ensure delivery in mid 2027. This procurement exercise needs to also include an option for procuring the vehicles through contact hire with maintenance.	

1. Background

1.1 Traditionally the Council has procured and purchased all its vehicle and plant fleet through the Councils Capital programme. Vehicles and plant are then managed and maintained inhouse utilising the Councils garage workshop facilities.

1.2 The Council currently has 40 vehicles on its Operators License ('O' Licence) and manages and maintains a further 25 vehicles under 3.5 tonnes and therefore not required to be on the O licence together with 150 pieces of plant mainly mowers used in the ground's maintenance service.

1.3 The garage workshop has been operational for well over 50 years, although is now maintaining vehicles it was never designed to facilitate. As well as maintaining and repairing the Council's own fleet, the garage workshop also undertakes taxi testing on behalf of the Council's Licensing division, as well as private MOT's and small amounts of commercial work on vehicles for a private sector company.

1.4 The garage workshop employs 6 mechanics, a transport / workshop manager, as well as a part time stores person, and a full-time technical officer. The service sits under a Business Manager who is also responsible for the Council's Recycling & Waste transfer station, the depot site and compliance for the Directorates operational services.

2. Issues

2.1 Since the Covid pandemic, the supply of specialist vehicles has become increasingly difficult, with build times of more than 12 months. The roll out of the Government's Simpler Recycling legislation where all waste collection authorities are required to collect food waste separately has put considerable strain on suppliers of specialist food waste collection vehicles. If the Council does not go out to procurement within the next few months, it is likely the new fleet will not be delivered before 2028, meaning the existing fleet, due to its age will require more costly maintenance, and disruption to service delivery.

2.2 It is necessary within this procurement exercise to look at alternative delivery models for the supply and maintenance of the Councils vehicle fleet. This is because over the last 20 years or so, and particularly the last 10 the size and complexity of the Council's fleet has changed out of all recognition. This requires more diverse skills for mechanics, and maintenance equipment to service and maintain the fleet. With the introduction and expansion of electric vehicles (EVs) this adds a further complexity and dimension to the work needed to manage and maintain the fleet.

2.3 With increasing house building the recycling and waste service will need to further expand requiring additional Refuse Collection Vehicles (RCVs), putting added pressure onto the garage workshop.

2.4 The garage workshop is now old, very tired and not a pleasant place to work.

2.5 The garage workshop has an aging workforce, with over half the current staff set to retire over the next few years. Recruitment of HGV mechanics is very difficult in the current market; they are a relatively scarce resource due to market factors.

2.6 There is no digital maintenance and fleet management system in place, with the workshop still using paper-based systems. An IT solution is currently being researched with a view to implement this financial year unless other options wish to be taken forward.

2.7 Fleet vehicles have traditionally been procured in 'block', for example refuse collection vehicles. While this may provide small discounts in bulk purchasing it means the whole fleet starts to ware out at the same time, requiring costly repairs which take time and resource to fix, often requiring the need to send vehicles to third party suppliers as there is insufficient resource within the garage workshop to deal with these eventualities. This has been the case this year with the recycling and refuse fleet and several streetscene vehicles all of which are coming to the end of their operational life.

2.8 The Council is in a position where it is now having to borrow to finance Capital projects including the Councils fleet replacement programme. The cost of borrowing changes the ongoing revenue costs for the fleet significantly, with every £1m borrowed costing £415k in interest over the asset life (8 years). In addition, for every £1m borrowed on a maturity loan a charge to revenue for Minimum Revenue Provision (MRP) would be incurred – this would range between £103k and £148k over the asset life.

2.9 The garage workshop currently generates a not insignificant amount of income through providing services that are non-fleet related. In 2024/25 MOT's were undertaken that generated £13k of income and taxi tests were completed that generated a £61k recharge to licensing services who in turn charge the client a fee that includes this test.

2.10 It is of note that a standard 26 tonne RCV now costs in excess of £250k, but up to £500k if the fleet was to move to electric. Food waste vehicles are around £110k for diesel and £200k for electric ones.

3. Options and Recommendation

3.1 There are two main options to consider and test for the procurement of the vehicles outlined in this report.

- Go out to Procurement via a compliant framework and procure the new fleet in the way the Council has traditionally and continue to undertake the maintenance in-house.
- Go out to Procurement for a contract hire solution with maintenance. This could have several variances to replace the current fleet and the way the Council manages and maintains its vehicle and plant fleet.

3.2 A contact hire solution with maintenance is popular with many local authorities and private sector companies. The model is simple in that a company would supply vehicles to the Councils specification and charge a monthly hire fee for each vehicle including maintenance. A fleet provider would take over the operation of the workshop as part of the solution, along with the staff who are currently employed within that service.

3.3 There are several variations which can be looked at, effectively providing a hybrid approach between what the Council currently does, and a full contract hire solution described above. The main hybrid option would be for the Council to still purchase the vehicles itself and effectively transfer the maintenance and management of them to a fleet provider. This is the approach taken by one authority currently within Staffordshire.

3.4 Soft market testing has been undertaken with two fleet management companies who provide contract hire arrangements for other authorities in

Staffordshire. As part of this exercise, we have also been fortunate in Lichfield DC sharing their procurement results as they have recently been out to procurement for fleet management services. Additionally finance colleagues have been undertaking detail financial analysis of our current costs for procuring managing and maintaining the council's vehicle and plant fleet.

3.5 It is recommended that a procurement exercise is undertaken with the two options which once received a full analysis is undertaken to assess which option is financially preferable over the length of the vehicle's life, circa 7 years together with an analysis of risk.

4. Reasons

4.1 The current garage workshop is old and in need of significant investment, HGV mechanics are difficult to find when recruitment is needed, putting pressure on service delivery, particularly as the vehicles get older. Additionally, ever changing technology and the need to further increase the number of vehicles the Council needs to operate moving forward, the current situation could be viewed as unsustainable.

4.2 Capital financing is now a challenge with the Council now borrowing to fund Capital works including ongoing replacement of the Councils fleet.

5. Legal and Statutory Implications

5.1 The Council has a legal obligation to hold and maintain an Operator's License, for all its vehicles over 3.5tonnes. there is set criteria around how vehicles on the 'O' licence are managed and maintained, and the Council has to have at least one named individual, normally a Transport Manager who holds and is named on the licence. Currently the Council has two individuals named on its 'O' license.

6. Equality Impact Assessment

6.1 The report has no equality impact assessment implications.

7. Financial and Resource Implications

1.1 The 2025/26 net budget for the provision of the transport workshop is £496k, excluding support service recharges. Included within this is a charge direct to licensing for the provision of MOTs on hackney carriage and private hire vehicles of £88k. This licensing recharge needs to be included as if the transport workshop is no longer providing the MOT, then an external cost and therefore budget pressure would be required within licensing.

1.2 Within the Council's current Capital Programme, there is allowance for £19.236m of vehicle expenditure up to and including 2030/31. The expenditure on this is currently profiled as follows:

- 2025/26 - £3.440m
- 2026/27 - £5.803m
- 2027/28 - £400k
- 2028/29 - £973k

- 2029/30 - £1.264m
- 2023/31 - £7.356m

1.3 A full review of the benefits of any contract hire/leasing arrangement, including a comparison of the financing of both this and the purchase option will be undertaken as part of the procurement and evaluation process, any budget implications will need to be clearly determined during this period.

8. Major Risks & Mitigation

8.1 A major risk is loss of the Operator's License through not following procedures set out as part of the license requirements, and therefore not managing and maintaining the fleet to ensure it is always in roadworthy and safe condition to operate on the highway. 'O' license holders are inspected and held accountable by the Driver and Vehicle Standards Agency (DVSA)

8.2 The Council has robust policies and procedures in place to manage and maintain the Councils vehicle fleet which adhere to 'O' license requirements and guidance. Any new arrangements will need to demonstrate the Council is still able to fulfil and evidence its compliance to the DVSA.

9. UN Sustainable Development Goals (UNSDG

10. One Council

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council **x**
We will make investment to diversify our income and think entrepreneurially.

Currently the garage workshop offers MOTs to members of the public, which combined with taxi testing allows an additional Mechanic to be employed. However, it is increasingly difficult to compete with private companies, especially national corporations, who can run promotions, and undertake vehicle repairs, which the Council doesn't have the resources to offer.

One Digital Council **x**
We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.

Any new arrangements will need to make full use of the latest digital processes to ensure maximum efficiency and legal compliance required for the operation of the 'O' Licence.

Sustainable One Council **x**

We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle

An efficiently operated fleet ensures all vehicles are operating to optimal performance, and that consumables such as oils are utilised and disposed of in a way to cause no harm to the environment.

11. **Key Decision Information**

11.1 This report is a key decision, due to the value of the procurement exercise.

12. **Earlier Cabinet/Committee Resolutions**

12.1 none

13. **List of Appendices**

13.1 none

14. **Background Papers**

14.1 none