

BROMSGROVE DISTRICT COUNCIL

Cabinet

24th July 2024

Combined Financial Outturn and Quarter 4 Revenue Monitoring 2023/24 (Including an update on the fleet)

Relevant Portfolio Holder	Councillor Colella – Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Report Authors	Head of Finance and Customer Services Debra.Goodall@bromsgroveandredditch.gov.uk
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. SUMMARY

The purpose of this report is to set out the Council's draft Revenue Outturn position for the financial year April 2023 – March 2024 (subject to final accounts closedown procedures and audit).

2. RECOMMENDATIONS

Cabinet are asked to RESOLVE to NOTE:

- 1. That the 2023/24 provisional outturn position in relation to revenue budgets is a projected revenue overspend of £453k after applying £351k from the Utilities Reserve as approved at Quarter 1.**
- 2. That the 2023/24 provisional outturn position in relation to capital expenditure is £4.0m against a total of an approved programme of £11.1m (see Appendix A).**
- 3. The provisional outturn position in respect of the General Fund Reserves at paragraph 3.13.**
- 4. The provisional outturn position in respect of Earmarked Reserves at Appendix B.**
- 5. That at the time of writing, the Council is yet to formally close its accounts for the 2020/21, 2021/22 and 2022/23 financial years. This could therefore result in adjustments to actual income and expenditure in those years and could have a consequential impact on the 2023/24 accounts.**

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The Cabinet is asked to RESOLVE that (subject to Council approving the overall funding)

6. The revised Fleet Replacement Programme be approved.

The Cabinet are asked to RECOMMEND that:

7. The reprofiling of the Capital Fleet Replacement budget, relating to the Domestic Waste Collection Service, be approved.

3. KEY ISSUES

Financial Implications

- 3.1 This report sets out the draft financial outturn revenue and capital performance of the Council for 2023/24 against budget.
- 3.2 The £11.9m full year revenue budget included in the table below is the budget that was approved by Council in February 2023.
- 3.3 Whilst the Council has been on a finance recovery programme since April 2022, following the implementation of a new financial system in February 2021 which led to a deterioration of the Council's financial position, it is important to note that at the time of writing the Council is yet to formally close its accounts for the 2020/21, 2021/22 and 2022/23 financial years. This could therefore result in adjustments to the actual expenditure and income in those years and could have a consequential impact on the 2023/24 accounts.
- 3.4 The Finance team have undertaken a detailed review of the 2023/24 accounts since year end. There are a number of assumptions and manual adjustments that have been made to arrive at the provisional revenue outturn position, mainly as a result of transactions still being cleared from suspense. Those assumptions and manual adjustments include:
- Anticipated accruals and prepayments,
 - Grants are applied to known expenditure and remaining balances are carried forward,
 - Reserves are applied to known expenditure,
 - Shared service recharges between Redditch Borough and Bromsgrove District Councils where a shared service arrangement exists and
 - Transfers between the Collection Fund and the General Fund.
- 3.5 Work continues to refine the position including addressing the backlog of entries that are in suspense and any miscoding. Therefore, the provisional position detailed in this report is subject to change, and a further update will be presented to Members in due course. Taking this into account, the provisional revenue outturn position is anticipated to be a £453k overspend. This is an increase with the reported Q3 forecasted overspend of £222k due to additional fleet costs incurred, such as fleet repairs and hire costs within the Environmental Services department.

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	2023/24 Full Year Budget	2023/24 Actual	2023/24 Shared Service and Manual Adjustments	2023/24 Adjusted Provisional Outturn	2023/24 Adjusted Provisional Outturn Variance
Regulatory Client	239,871	314,722	(59,687)	255,035	15,164
Business Transformation & Organisational Development	1,813,586	1,553,272	75,021	1,628,293	(185,293)
Corporate Budgets & Services	1,446,605	1,137,257	486,686	1,623,943	177,338
Community & Housing GF Services	1,102,638	1,264,347	(355,252)	909,095	(193,543)
Environmental Services	3,410,080	4,566,453	(486,685)	4,079,768	669,688
Financial & Customer Services	1,401,755	(17,594,293)	18,931,254	1,336,961	(64,794)
Legal, Democratic & Property Services	1,181,962	1,685,732	(521,521)	1,164,211	(17,751)
Planning, Regeneration & Leisure Services	1,349,503	2,075,311	(322,544)	1,752,767	403,264
Net Budget	11,946,000	(4,997,199)	17,747,272	12,750,073	804,073
Utilities Reserve	0	(351,000)	0	(351,000)	(351,000)
Overall Total	11,946,000	(5,348,199)	17,747,272	12,399,073	453,073

3.6 The following paragraphs set out the variances for each service area against the 2023/24 revenue budget.

Regulatory Client – draft outturn position £15k overspend

Within Regulatory Client there has been a decrease of £38k in anticipated taxi licensing fees offset by various underspends of £23k.

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Business Transformation & Organisational Development – draft outturn position £185k underspend

Within Business Transformation & Organisational Development there is a large underspend on ICT purchases of £368k offset by overspends in Business Transformation on salaries and agency costs of £53k, Corporate Staff costs of £26k and Policy service of £67k. There are other various smaller overspends totalling £37k.

Community and Housing General Fund Services - draft outturn position £194k underspend

Within the Community and Housing General Fund Services the underspend is due to a number of factors. There are a number of staff vacancies within the service which accounted for £152k of the underspend, an £8k underspend on CCTV, £7k underspend on Lifeline services together with a number of smaller variances amounting to £27k.

Corporate Services - draft outturn position £177k overspend

Within Corporate Services the 'Corporate' service areas has a projected overspend due to increased audit fees in year.

Environmental Services – draft outturn position £670k overspend

Within Environmental Services there are two key areas that impact on budgets, fleet costs and salaries. Within fleet costs there is a £760k overspend due to maintenance, fuel and Insurance costs. The fleet used across the service area is generally beyond its life cycle, especially within the waste service. A revised fleet replacement programme is designed to ensure we have a more reliable fleet across the service which will result in lower maintenance costs and associated hire costs in order to deliver statutory responsibilities.

Within Bereavement Services there has been an increase of £10k in anticipated burial and cremation fees.

There were a number of smaller underspends amounting to £80k within the service.

Financial & Customer Services – draft outturn position £65k underspend

Within Financial & Customer Services there is an underspend of £55k due to lower than forecast Rent Allowances. There are salary underspends due to vacancies in Finance which are offset by additional agency costs. There are a number of various underspends of £10k within the service.

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Legal, Democratic and Property Services – draft outturn position £18k underspend

Within Legal, Democratic and Property Services there was an increase in forecasted income for property rental income offset by an overspend on agency fees. There was also an underspend on the Market.

Planning, Regeneration and Leisure Services – draft outturn position £403k overspend

Within Planning, Regeneration and Leisure Services there are a number of factors resulting in a £403k overspend. There are additional costs for NWEDR amounting to £123k, an overspend in Development Management of £187k due to Professional Fees including Solicitor Fees and Planning Enforcement and £87k overspend on Town Centre. There were also additional £6k overspends within the service.

3.7 Cash Management

Borrowing

- As of the 31st of March 2024, there was £7.5m short-term borrowings. The Council has no long-term borrowings.

Investments

- On 31st March 2024 there were no short term investments held.

Capital Monitoring

3.8 A capital programme of £11.1m was approved in the Budget for 2023/24 in February 2023. This has been fully reviewed as part of the MTFP using actual data as at the end of December 2023. The table below and detail in Appendix B set out the Capital Programme schemes that are approved for the MTFP time horizon.

3.9 Many of these schemes are already in partial delivery in the 2023/24 financial year. By approving this list, the Council also agreed sums not spent in 2023/24 (and 2022/23 by default if schemes originated earlier than 2023/24 as sums have been carried forward through to the 2022/23 MTFP Report) to be carried forward into 2024/25. The table also splits amounts by funding source, Council or third party.

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Financial Year	Total Budget £000	Council Funded £000	External Funded £000
2021/22	16,511	12,146	4,366
2022/23	8,126	1,485	6,641
2023/24	10,852	1,694	9,158
2024/25	4,921	2,224	2,697
2025/26	3,156	1,558	1,598

3.10 Included in this funding the Council also have the following Grant Funded Schemes which are being delivered in 2023/24:

- The two Levelling Up schemes – Old Fire Station and Market which are funded via £14.5m of Government Funding, and the Council is funding £1.6m of works. Public Realm works link to both schemes.
 - The Market Street is in the middle of a re-engineering process to bring it closer to the budget level and finalise the design. The original application has passed planning and Kier has been appointed as the Design and Build contractor.
 - Windsor Street demolition tenders are in process. Project managers MDA have been appointed. The winning tender, which is being validated is now back to the budgeted level (a £19k overspend). Work on the demolition is expected to be completed by the end of this calendar year. Given power to the site has now been switched off, more vandalism is taking place which is requiring mitigation.
 - Public Realm though is projected to be underspent by £546k which will be used to part mitigate the Market Hall overspend position.
- To mitigate any further overspending position, we have the following option which needs to be pursued as this funding is due to the Council:
 - There is £1.5m available from the GBLEP to Bromsgrove to apply to the remainder of the overspend although this would need to go through the appropriate Member approvals. In late November, there is now a joint proposal to split the overall sum at £2.45m per Council which the Council is actively pursuing its portion.
- UK Shared Prosperity Schemes totalling £2.8m (although it should be noted that these grants funded schemes are a mix of capital and revenue).
- The Burcot Lane development at £10.275m (£904k spend this year) which has now been completed.

3.11 The outturn spend is £4.0m against a capital budget totalling £11.1m and is detailed in Appendix B. It should be noted that as per the budget decision carry forwards of £2.843m will be rolled forward from 2023/24 into 2024/25 to take account of slippage from 2023/24.

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Earmarked Reserves

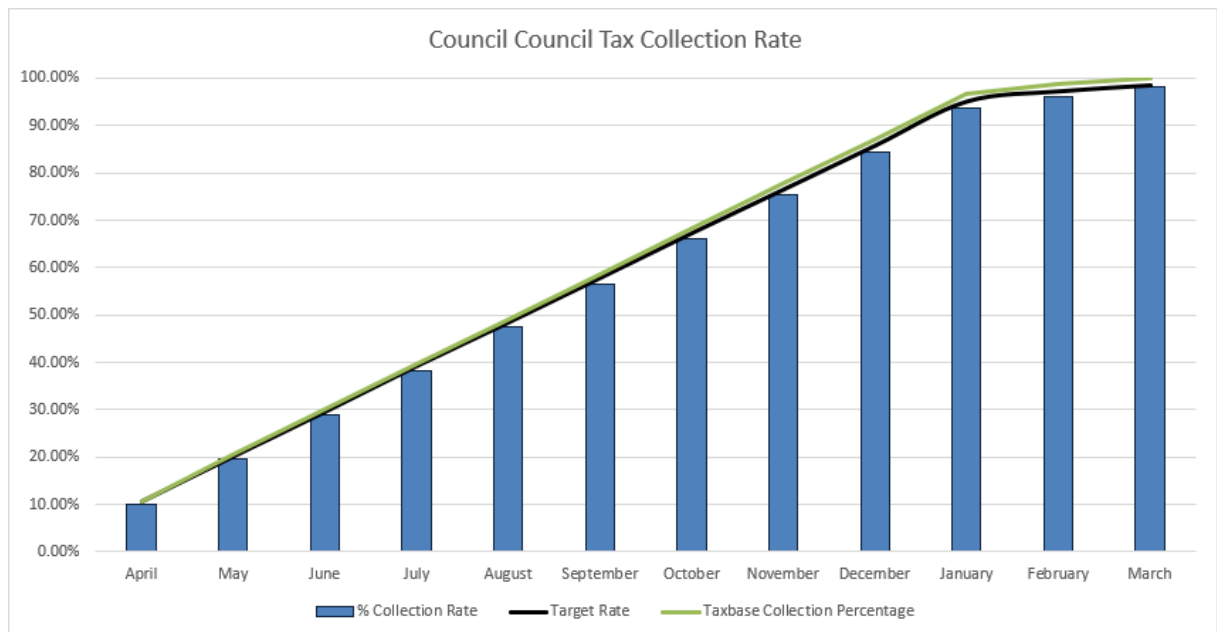
3.12 The position as reported to Council in February 2024 as per the 2024/25 – 2026/27 Medium Term Financial Plan (MTFP) is shown in Appendix C. This has been adjusted for the actual 2023/24 Outturn position, which was only estimated based on Q3 monitoring information at the time of the MTFP. As part of the MTFP all reserves were thoroughly reviewed for their requirement and additional reserves set up for inflationary pressures such as utility increases. At the 31st March 2024 the Council holds £6.379m of Earmarked Reserves.

General Fund Position

3.13 The General Fund Balance as at the 31st March 2024 is £5.197m. With 2020/21, 2021/22 and 2022/23 still to be closed and approved by Audit, these figures are subject to change. Progress on the Accounts has been reported to Executive through the Finance Recovery Plan Report and is reviewed at every Audit Committee.

Financial Performance

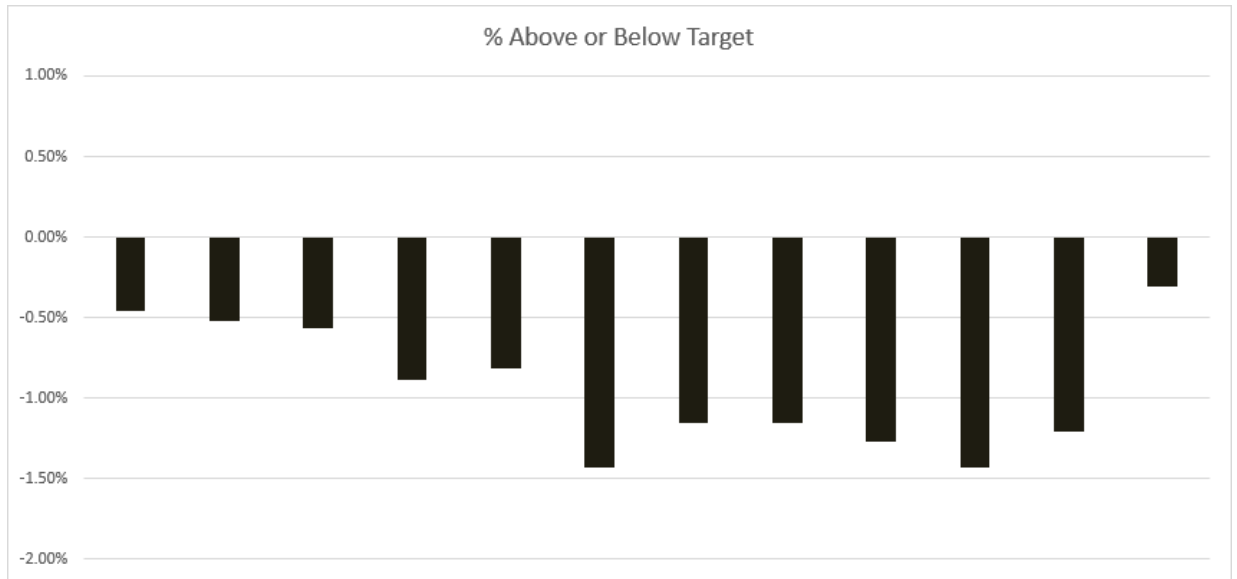
3.14 Council Tax collection rate data as Quarter 4 2023/24 is set out in the following tables. Overall, collection was just under 0.5% below target.



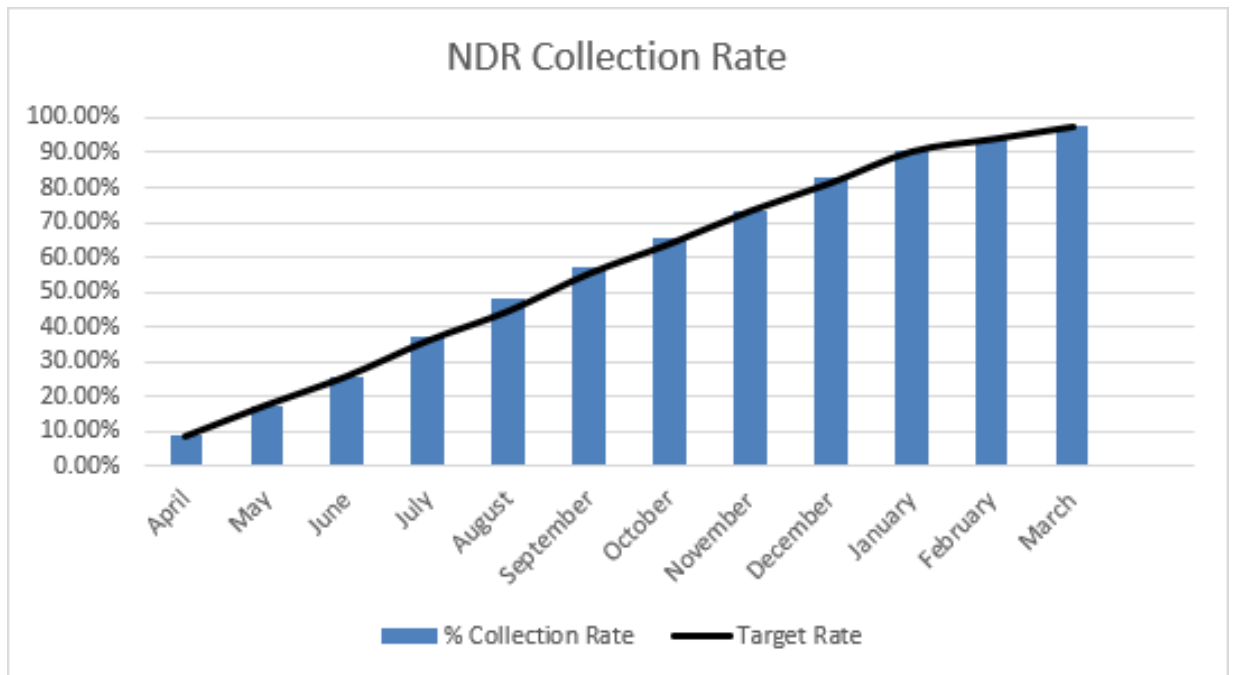
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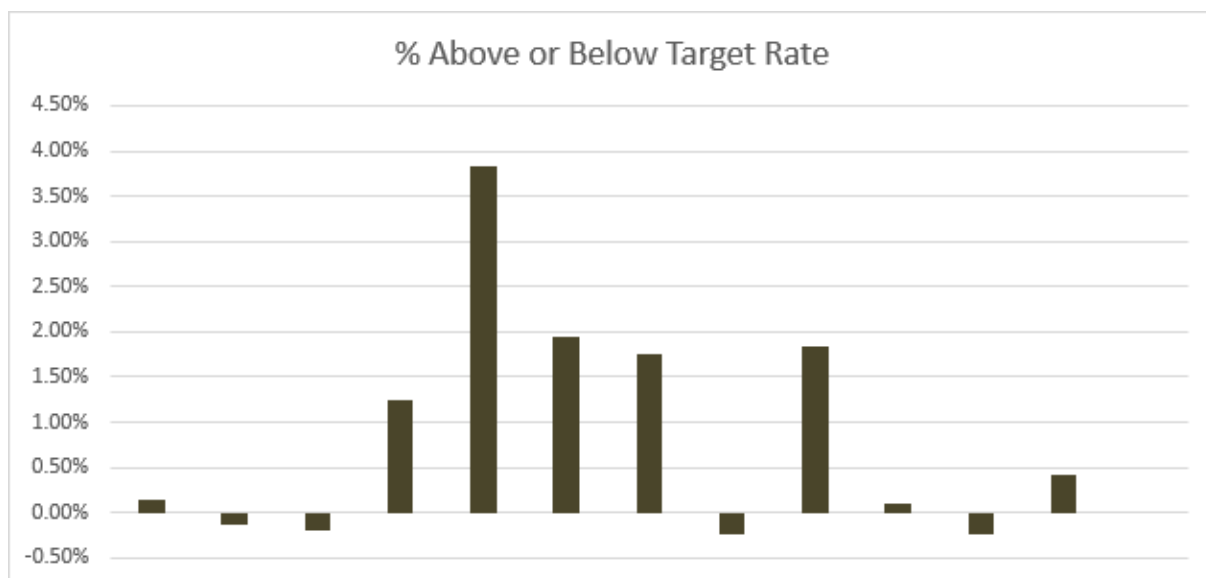
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3.13 The National Non Domestic Rates collection rate data as Quarter 4 2023/24 is set out in the following tables. Overall, collection was just under 0.5% above target.





Reprofiling of the fleet

- 3.14 The first of these is the reprofiling of the Capital Fleet Replacement budget relating to the Domestic Waste Collection Service.
- 3.15 In 2021, as part of a review of Council finances, the decision was taken to extend the life of operational vehicles by an extra year before replacement, and also to start refurbishing Waste Collection Vehicles to extend their life by a further period in order to reduce the capital expenditure on new vehicles, and make savings that could be put towards the increased costs of more expensive energy efficient vehicles as part of our Climate Change ambitions in the future.
- 3.16 When this adjustment was made, no allowance was given for the operational impact of refurbishment, which removed multiple vehicles from the operational services for extended periods, requiring the use of hire vehicles to support service delivery, and introducing an additional unbudgeted revenue pressure.
- 3.17 In addition to this, the first few vehicles took nearly 12 months to be refurbished as a result of parts and supply issues that were confirmed as affecting the sector during 2022/23, and subsequent vehicles have all over run on planned timescales.
- 3.18 Due to significant mechanical failures with these older vehicles on our existing fleet, in addition to the normal operational requirements for vehicles to be in for servicing, MOT's, and day to day repairs, we are currently reliant on a number of hire vehicles to maintain our minimum service at additional un-planned cost. In light of the increased costs and operational challenges arising from the extended vehicle operational lifespans, refurbishment experience, and staffing issues within our workshop, it is proposed to revert to a seven-year replacement cycle on our Waste fleet, and re-profile the Capital Fleet Replacement budgets to support the purchase of replacement vehicles that will

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reduce the maintenance pressure on our workshop and support our operational service delivery.

- 3.19 In light of the proposed continuance of using ICE vehicles for the Waste Collection Service, we will also be exploring the options for further investment in HVO as part of the medium term financial plan to ensure that we maximise our Carbon benefits by reducing our usage of fossil fuels in the operation of our Fleet. Full detail is set out in Appendix C.

4. Legal Implications

- 4.1 No Legal implications have been identified.

5. Strategic Purpose Implications

Relevant Strategic Purpose

- 5.1 The Strategic purposes are included in the Council's corporate plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the borough and our communities. Our Financial monitoring and strategies are integrated within all of our Strategic Purposes.

Climate Change Implications

- 5.2 The green thread runs through the Council plan. The Financial monitoring report has implications on climate change and these will be addressed and reviewed when relevant by climate change officers to ensure the correct procedures have been followed to ensure any impacts on climate change are fully understood.

6. Other Implications

Customer / Equalities and Diversity Implications

- 6.1 None as a direct result of this report.

Operational Implications

- 6.2 Managers meet with finance officers to consider the current financial position and to ensure actions are in place to mitigate any overspends.

7. RISK MANAGEMENT

- 7.1 The financial monitoring is included in the corporate risk register for the authority.

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8. APPENDENCES

Appendix A – Capital Outturn
Appendix B – Reserves Position
Appendix C – Fleet Requirement

AUTHOR OF REPORT

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Appendix A - Capital Outturn

Description	Approved budget date	Original approved Budget £	duration (years)	Department	22/23 Spend £	df	2023/24 Total £	23/24 Spend £
Large Schemes								
Levelling Up Fund Fund								
- Government Funded		14,492,401		Planning, Regeneration & Leisure Services	126,902	5,202,139	7,563,360	428,395
Market Hall (LUF)	22/23			Planning, Regeneration & Leisure				
EF - Fire Station	22/23			Planning, Regeneration & Leisure				
- Council Funded		1,610,266			0	420,133	805,133	15,592
UK Shared Prosperity Fund		2,825,702						
- Capital Element				Planning, Regeneration & Leisure Services	0	50,000	0	0
- Revenue Element				Planning, Regeneration & Leisure Services	0	290,499	0	0
- Remainder (to be allocated)				Planning, Regeneration & Leisure Services	0	20,000	680,988	73,987
Schemes Agreed to Continue								
Burcot Lane	2019/20	10,275,000		Financial & Customer Services	7,914,009	-2,940,157	0	927,642
Funding for DFGs	2020/21	750,000		Community & Housing GF Services	969,792	-56,792	913,000	842,776
Home Repairs Assistance	2018/19	50,000		Community & Housing GF Services	4,088	45,912	50,000	-19,690
Energy Efficiency Installation	2018/19	110,000	2	Community & Housing GF Services	7,810	102,190	0	0
Cemetery Extension infrastructure at at North Bromsgrove Cemetery Phase	2017/18			Environmental Services	15,576	-9,076	0	0
New Finance Enterprise	2019/20	455,000		Financial & Customer Services	13,680	-13,680	0	0
OLEV ULEV Taxi infrastructure scheme	2019/20	300,000	1	Community & Housing GF Services	700	-700	0	0
Fleet Replacemnet new line	New				75,292	280,708	441,000	865,561
Replacement Parking machines and Upkeep of Sites	2020/21	120,000		Environmental Services	123,985	129,015	96,000	212,270
Wheelie Bin Purchase	2018/19	ongoing		Environmental Services	169,034	-25,034	55,000	188,195
Footpaths		ongoing		Environmental Services	0	0	75,000	75,408
Buildings		ongoing		Legal and Property	0	0	100,000	

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Description	Approved budget date	Original approved Budget £	duration (years)	Department	22/23 Spend £	diff	2023/24 Total £	23/24 Spend £
Greener Homes	2020/21	180,000	1	Community & Housing GF Services	192,053	-192,053	0	197,505
New Digital Service	2020/21	57,400	1	Community & Housing GF Services	0	33,668	33,668	0
Bus Shelters	2020/21	18,000		Environmental Services	0	18,000	0	0
Cisco Network Update	22/23		3	Business transformation & Organisational Development	18,573	-12,856	11,574	0
Server Replacement Est(Exact known Q2 2022)	22/23		4	Business transformation & Organisational Development	0	83,250	2,000	93,201
Laptop Refresh	22/23		4	Business transformation & Organisational Development	4,961	39	25,000	11,542
Install Solar panel and Upgrade lighting Sanders Park	22/23	150,000	1	Legal, Democratic and property services	0	0	0	24,707
	22/23			Planning, Regeneration & Leisure Services	24,511	-24,511	0	33,027
Fleet Replacement Costs					0	0	9,400	0
Wheely Bin Increases					0	0	85,000	0
Wild Flower Machinery					0	0	62,000	0
Initial Play Audit Requirements					0	0	87,000	0
Movement of ICT Cyber Capital Works Forward					0	0	50,000	0
New ongoing Cyber security budget								
Play Area, PDS and Sport improvements at Lickey End Recreation Ground in accordance with the S106 Agreement	22/23	37,956	1	Planning, Regeneration & Leisure Services	6,488	31,468	0	8,842
Total		32,730,005			10,256,330	2,843,286	11,145,123	3,978,960

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Appendix B - Earmarked Reserves

	Balance at 31/3/23	Transfers in 2023/24	Transfers out 2023/24	Balance at 31/3/24	Transfers in 2024/25	Transfers out 2024/25	Balance at 31/3/25	Transfers in 2025/26	Transfers out 2025/26	Balance at 31/3/26	Transfers in 2026/27	Transfers out 2026/27	Balance at 31/3/27
General Fund Reserve	5,800	100	(703)	5,197	744	(234)	5,707		(8)	5,699		(7)	5,692
General Fund Earmarked Reserves:													
Building Control Other	0			0			0			0			0
Building Control Partnerships	82			82			82			82			82
Business Transformation	0			0			0			0			0
Commercialism	0			0			0			0			0
Community Safety	0			0			0			0			0
Community Services	271		(125)	146		(125)	21			21			21
Economic Regeneration	398	50		448			448			448			448
Election Services	51			51			51			51			51
Environmental Services	49			49			49			49			49
Financial Services	3,195	638		3,833			3,833			3,833			3,833
Housing Schemes	346			346			346			346			346
ICT/Systems	197			197			197			197			197
Leisure/Community Safety	330			330			330			330			330
Litigation Reserve	0			0			0			0			0
Local Development Framework	0			0			0			0			0
Local Neighbourhood Partnerships	16			16			16			16			16
Other	0			0			0			0			0
Planning & Regeneration	133			133			133			133			133
Regulatory Services (Partner Share)	46			46			46			46			46
Replacement Reserve (Inc. Recycling)	0			0			0			0			0
Shared Services (Severance Costs)	0			0			0			0			0
Utilities Reserve	1,053		(351)	702		(702)	0			0			0
Regeneration Reserve					150		150			150			150
Ward Budget Initiative					234	(78)	156		(78)	78		(78)	0
Covid-19 (General Covid Grant)	0			0			0			0			0
Covid-19 Sales Fees and Charges	0			0			0			0			0
Covid-19 (Collection Fund)	1,547		(1,547)	0			0			0			0
Total General Fund	7,714	688	(2,023)	6,379	384	(905)	5,858	0	(78)	5,780	0	(78)	5,702

Appendix C - Reprofiting of Capital Fleet Replacement Budget – Domestic Waste Fleet

1. Context:

In 2021, as part of a review of Council finances, the decision was taken to extend the life of operational vehicles by an extra year before replacement, and also to start refurbishing Waste Collection Vehicles to extend their life by a further period in order to reduce the capital expenditure on new vehicles, and make savings that could be put towards the increased costs of more expensive energy efficient vehicles as part of our Climate Change ambitions in the future.

This was mirroring an approach taken by other Local Authorities, such as neighbouring Wyre Forest, who have refurbished their vehicles previously with positive results to extend the life of their assets.

This would also have given more time for the HGV Electric Vehicle market to develop, as current options are limited in performance and cost more than twice as much as existing internal combustion vehicles.

This saw a reduction on Capital investment from circa £200,000 per vehicle to an intended £70,000, with an expectation of a further five-year operational life before replacement.

When this adjustment was made, no allowance was given for the operational impact of refurbishment, which removed multiple vehicles from the operational services for extended periods, requiring the use of hire vehicles to support service delivery, and introducing an additional unbudgeted revenue pressure.

In addition to this, the first few vehicles took nearly 12 months to be refurbished as a result of parts and supply issues that were confirmed as affecting the sector during 2022/23, and subsequent vehicles have all over run on planned timescales, resulting in significant unbudgeted costs on Hire Vehicles.

Actual Revenue Costs - Truck Hire against a zero budget.

	2021/22	2022/23	2023/24
BDC	59,869	103,700	260,874

This has resulted in a backlog of vehicles that have exceeded their operational life, and we currently have six vehicles that should have been refurbished/replaced by the end of the 2023/24 financial year, that haven't.

Due to significant mechanical failures with these older vehicles on our existing fleet, in addition to the normal operational requirements for vehicles to be in for servicing, MOT's, and day to day repairs, we are currently reliant on a number of hire vehicles to maintain our minimum service at additional un-planned cost.

It has also been identified in conjunction with our corporate procurement team that the refurbishment and vehicle hire done to date has not been arranged through a compliant procurement route, and so further work has been paused whilst reviewing our options regarding the capital replacement schedule.

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Having extended the operational life of our Waste Collection vehicles from seven years to eight, it has become apparent that the level of failure and breakdowns associated with these vehicles has increased considerably as a result of the volume of work and mechanical wear and tear experienced.

In parallel with these pressures, the workshop providing maintenance for all of the Environmental Services vehicles has been understaffed for over five years now as result of high demand for HGV mechanics in the private sector on higher salaries, and the recent retirement of one of our HGV mechanics has now left us with 50% of the mechanics built into our staffing structure.

This is a similar picture at our Redditch workshop as well, which also supports our shared fleet across the two authorities, and is also running at 50% of planned staffing levels.

We currently have four mechanic vacancies that we are attempting to recruit to across the two sites, and this has necessitated increased use of third parties to support the maintenance of our fleet and avoid service failure, as well as associated delays as a result of capacity pressures on the private sector as well.

In conjunction with the reduced staffing currently in place at our Workshops, the extended life of Refuse vehicles and associated increased mechanical failure has put considerable pressure on our already reduced workshop teams to maintain an operational fleet each day, and those vehicles that have been refurbished have continued to see mechanical failure arising from the age of the chassis and elements that were not included in the refurbishment specification, which was primarily targeted at the body of the vehicle and waste compaction systems.

This need to prioritise work on the Waste Collection fleet (Domestic & Commercial) has impacted on the availability of other vehicles required for statutory services such as road sweepers, Place Team vans for litter picking and fly tip removal. It has also impacted on discretionary and chargeable services such as the District Public Toilet cleaner's vehicle, and WRS's dog warden van, which has impacted on their income generation as well.

Background:

The combined collection fleet for Domestic Waste in Environmental Services consists of sixteen 26ton vehicles, one 18ton vehicle, and three smaller trucks operating from the Bromsgrove Depot; and eight 26ton vehicles and one 18ton vehicle operating from the Redditch Depot. Services require a minimum of twenty 26ton vehicles, one 18ton vehicle, and one small RCV daily to operate the service across the two Authority areas.

Due to the legal requirement for regular inspections and servicing to maintain a safe and compliant fleet, as well as routine maintenance and repairs on an operational fleet that collects waste from 40,000 households each week, it is best practice to operate a number of spare vehicles, and the rural nature of Bromsgrove puts additional pressure on the fleet as a result of high mileages and narrow lanes requiring specific vehicles to support consistent collections in certain areas where standard RCV's cannot gain access.

The Redditch information is included for reference, as the shared service operates jointly across the two Local Authorities areas.

Proposals:

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In light of the increased costs and operational challenges arising from the extended vehicle operational lifespans, refurbishment experience, and staffing issues within our workshop, it is proposed to revert to a seven-year replacement cycle on our Waste fleet, and re-profile the Capital Fleet Replacement budgets to support the purchase of replacement vehicles that will reduce the maintenance pressure on our workshop and support our operational service delivery.

It is proposed to increase revenue funding to support the ongoing use of hire vehicles to safeguard operational service delivery of the waste service during 2024/25 to recognise the pressures on the existing fleet and maintenance arrangements.

In light of the proposed continuance of using ICE vehicles for the Waste Collection Service, it may be appropriate to consider a planned timescale for investing in HVO to ensure that we maximise our Carbon benefits by reducing our usage of fossil fuels in the operation of our Fleet.

FINANCIAL IMPLICATIONS

It is proposed to re-profile the existing Capital replacement budget apportioned to the Waste Fleet as shown below, which illustrates the timeframe consistent with the 7 year life span of the vehicles currently on our fleet:

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total Spend
Current Capital Prog	280,000	350,000	350,000	0	3,500,000	2,250,000	2,250,000	0	8,980,000
No. of Vehicles	4 (Refurb)	5 (Refurb)	5 (Refurb)		8 (Buy)	5 (Buy)	5 (Buy)	0	
Proposed Reprofiling	0	2,180,000	1,265,000	820,000	0	0	0	0	4,265,000
No. of Vehicles	0	10 (Buy)	6 (Buy)	4 (Buy)	0	0	0	0	0
Impact on Revenue Repayments (MRP) and Interest Payments	-15,960	88,350	342,654	371,536	289,179	-339,071	-660,499	644,539	-568,350

The current timescales on the purchase of new refuse collection vehicles is approximately 40 weeks. During that time, it is expected that there will be an ongoing need for Hire Vehicles to support the delivery of Operational Services, for which there is currently no revenue budget.

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To address this, it is recommended that a one-off revenue budget of £150,000 be approved for 2024/25 to reflect the current reliance on hire vehicles until such time as new vehicles become available, or staffing in the workshop be improved to reduce the down time of existing assets.

This additional revenue funding would be linked to the proposed re-profiling and purchase of new vehicles, and would need to be increased significantly beyond this as an on-going pressure beyond the 2024/25 financial year if the replacement programme is not adjusted.

Environmental/Climate Change Implications

Previous discussions had been looking at the possible transition to alternative energy efficient vehicles from 2026/27, but it has been identified that until parallel discussions around the future of the existing depots have been resolved and implemented, it is unknown what infrastructure will be achievable to support a transition to such vehicles.

With no current timescale for a rationalisation/relocation of our current space limited Depot Spaces, it is unlikely that we will be in a position to invest in alternative vehicles before 2030.

A decision has already been made to make greater use of HVO¹ as a Diesel alternative that provides sustainable carbon savings over fossil fuels at an approximate cost increase of 20% at current prices.

Current plans have been built into the Medium-Term Financial Plan for 30% of our Diesel usage to be replaced with HVO from the 2024/25 financial year on, and this will support a Carbon benefit to the authority alongside on-going use of ICE vehicles when compared with our previous arrangements.

The use of HVO in 2024/25 will reduce the Carbon impact from our Domestic Refuse service by an estimated 162 Tons of CO₂ per year in comparison with the use of Diesel alone.

Although HVO is more expensive than Diesel, and so places a pressure on revenue budgets, this will defer the higher financial pressure associated with converting the fleet to Electric or other alternative energy sources until such a time as technology and funding allows for a further review of the fleet and investment in appropriate vehicle technology to support delivery of improvements in line with the Climate Emergency declaration that the Council made in 2019.

LEGAL IMPLICATIONS

The current refurbishment programme has not been compliant with procurement rules, and a return to purchase of vehicles through a compliant framework agreement will prevent further non-compliance.

As there is no legal agreement or contract linked to the refurbishment programme, there are no legal implications associated with not continuing with this approach.

OTHER - IMPLICATIONS

¹ Hydrotreated Vegetable Oil

Equalities and Diversity Implications

There are no implications arising from the reprofiling of the fleet.