

## **RAMSEY TOWN COMMISSIONERS**

### **PETITION REPORT ACQUISITION OF NEW REFUSE COLLECTION VEHICLE UNDER A 5-YEAR FLEET REPLACEMENT PROGRAMME**

Ramsey Town Commissioners run a fleet of three 26 tonne Refuse Collection Vehicles to enable them to fulfil their requirement to collect domestic and commercial refuse within Ramsey Town.

The Commissioners have a replacement program for all their vehicles and this replacement is the last of the three vehicles in this round of replacements. It is important that the vehicles are replaced on time to ensure that we do not incur escalating maintenance costs which are not economical and to ensure that we continue to work towards the current net zero requirements.

The Ramsey Town Commissioners have submitted a petition to the Department of Infrastructure for approval under Section 51 of the Local Government Act 1985 to borrow a provisional sum not exceeding £285,000 repayable within a period not exceeding 5 years to defray the cost of acquisition of:

One new Refuse Collection Vehicle (RCV) together with the purchase and installation of associated bin weighing equipment and hardware - £235,405.

The sum is subject to a slight change due to inflation increase, the inclusion of new safety equipment required by law and due to the long lead in time from petitioning to borrow the money to placing the order. A confirmed price will be obtained following approval to borrow money for the purchase. Prices for an RCV were obtained in June 2023, July and September 2024. Quotes are usually held for 30 days, the quote from June 2023 was £217,909, the quote in July 2024 was for £235,405, and the latest quote we have received is for the same amount £235,405

The Commission cannot justify purchasing an electric vehicle as it is twice the cost of a Euro 6 engine at £467,509 per vehicle. It is still unknown if the vehicle could perform the task of a round and then a return trip to the incinerator. Further investment needs to be made into the performance of electric bin vehicles and a reduction in the purchasing price to make it a financially viable option for the commission without burdening the rate payers more than necessary.

A follow up request was made to Fleet Services for quotes for an RCV but they have confirmed that their stance hasn't changed and they are not in a position to support us with this procurement exercise at this time.

The borrowing facility would be provided by HSBC under the Local Authority Borrowing Agreement, with annual payments estimated at £65,448 being a charge against the rate fund. Budgetary provision for the borrowing has been made within the rate set by the authority for the 2024-25 financial year.

## **Petition Report – Acquisition of New Refuse Collection Vehicle under a 5-year Fleet Replacement Programme Continued:**

At a meeting held on Wednesday 18<sup>th</sup> September 2024 the Ramsey Town Commissioners, as part of their meeting agreed to:

The purchase of a new RCV to replace our last remaining 7-year-old RCV together with the purchase and installation of modern replacement bin weighing equipment. It was also accepted to go for a single source purchase.

The Commission believe that in order to fulfil the set 5-year replacement plan external financing (either bank borrowing, hire purchase or finance leasing) would be necessary during each financial year of the plan to enable the acquisition of the various vehicles. Furthermore, the Commission feel that at the conclusion of this 5-year replacement plan they will ultimately be in a position whereby future replacement acquisitions (subject to unexpected and major price increases) will be able to be acquired from reserves and auction proceeds.

Various methods of financing over a 5-year period were investigated based on borrowing the full £285,000 and these include:

- A finance leasing agreement – total repayments calculated at £365,440.
- A fixed rate hire purchase agreement – total repayments calculated at £370,700.
- A variable rate hire purchase agreement – total repayments calculated at £364,300 (but being subject to changes in the Base Lending Rate).
- HSBC variable loan under the Local Authority Borrowing Agreement – total repayments calculated at £327,239 (but being subject to changes in the Base Lending Rate).

The calculations suggest that the HSBC variable loan under the Local Authority Borrowing Agreement is the financing option which is the most suitable and cost-effective method.

If the borrowing facility were to be provided by HSBC under the Local Authority Borrowing Agreement, averaged annual repayments are calculated at £65,448 (or the quarterly equivalent of £16,362) with these being a charge against the rate fund and based upon a recent 3-month SONIA rate of 4.95% plus a Margin of 0.65% (total 5.60%). Budgetary provision for the borrowing has been made within the rate set by the authority for the 2024-25 financial year.

23<sup>rd</sup> October, 2024.

**H. S. Bevan**  
Acting Town Clerk and Chief Executive.