

RAMSEY TOWN COMMISSIONERS
PETITION REPORT
ACQUISITION OF NEW REFUSE COLLECTION VEHICLE
UNDER A 5-YEAR FLEET REPLACEMENT PROGRAMME

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 Two Hundred and Seventy-Five Thousand Pounds (£275,000) repayable within a period not exceeding 5 years to defray the cost of acquisition of:

1. One new Refuse Collection Vehicle (RCV) together with the purchase and installation of associated bin weighing equipment and hardware - £231,889.

The sum is subject to change due to inflation increase and the inclusion of new safety equipment required by law due to come in to place June 2024. A confirmed price will be obtained following approval to borrow money for the purchase. Prices for an RCV were obtained in June 2023 and then again in January 2024 where there was an inflation increase of £13,908.

A request to the Department of Infrastructure to obtain funds from the Climate Grant to go towards the purchase of two electric RCV's was made 9th August 2023. This was subsequently declined stating that the grant was for studies into how we might achieve the climate targets. The purchase price as of June 2023 for an electric RCV was £467,509, twice that of diesel RCV.

A request was made to Fleet Services for quotes for an RCV but they were 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 £63,406 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.

At a meeting held on Wednesday 6th December 2023 the Ramsey Town Commissioners, as part of their 2024-25 budget planning agreed to purchase the following:

1. The purchase of a new RCV to replace our existing 8-year-old RCV together with the purchase and installation of modern replacement bin weighing equipment.

At a meeting held on Wednesday 20th December 2023 the Ramsey Town Commissioners considered a request for a single source purchase of an RCV and requested further prices be obtained. On Wednesday 17th January 2024 the Ramsey Town Commissioners considered the additional information and agreed to the purchase of an RCV.

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 the Commission 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 and these include:

- A finance leasing agreement – total repayments calculated at £341,844.
- A fixed rate hire purchase agreement – total repayments calculated at £347,385.
- A variable rate hire purchase agreement – total repayments calculated at £340,720 (but being subject to changes in the Base Lending Rate).
- HSBC variable loan under the Local Authority Borrowing Agreement – total repayments calculated at £317,028 (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 £63,406 (or the quarterly equivalent of £15,851.50) with these being a charge against the rate fund and based upon a recent 3-month SONIA rate of 5.19% plus a Margin of 0.65% (total 5.84%). Budgetary provision for the borrowing has been made within the rate set by the authority for the 2024-25 financial year.

20th March 2024

T. R. K. Cowin BEng., CEng., FIMechE.

Town Clerk and Chief Executive.



RAMSEY TOWN COMMISSIONERS

Local Government Act 1985

Ramsey Town Commissioners are petitioning the Department of Infrastructure seeking consent under Section 25 of the Local Government Act 1985 to:

- Purchase a new Euro 6 Diesel engine Refuse Collection Vehicle including purchase and instalment of bin weighing equipment and hardware to replace existing machinery – provisional cost £275,000.

Further details of the petition may be obtained from the Town Clerk's Office, Ramsey Town Hall or from the Commission's website www.ramsey.gov.im.

The petition will be considered by the Department of Infrastructure and any views on the proposal should be submitted to the Petitions' Officer, Local Government Unit, Management Services Division, Department of Infrastructure, Sea Terminal Building, Douglas, IM1 2RF, no later than noon on Friday, 12th April 2024.

Dated this 20th day of March, 2024.

T. R. K. Cowin BEng., CEng., FIMechE
Town Clerk & Chief Executive