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AYLESBURY VALE DISTRICT COUNCIL

Democratic Services

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29 September 2016

CABINET

A meeting of the **Cabinet** will be held at **6.30 pm** on **Tuesday 11 October 2016** in **The Olympic Room, Aylesbury Vale District Council, The Gateway, Gatehouse Road, Aylesbury, HP19 8FF**, when your attendance is requested.

NOTE: There will be an informal session starting at 6.15 pm to give Members the opportunity to comment on issues on the Agenda. The press and public may attend as observers.

Membership: Councillors: N Blake (Leader), S Bowles (Deputy Leader), J Blake, A Macpherson, H Mordue, C Paternoster and Sir Beville Stanier Bt

Contact Officer for meeting arrangements: Bill Ashton; bashton@aylesburyvaledc.gov.uk;

AGENDA

1. **APOLOGIES**

2. **MINUTES** (Pages 3 - 16)

   To approve as a correct record the Minutes of the meeting held on 6 September, 2016, attached as an appendix.

3. **DECLARATIONS OF INTEREST**

   Members to declare any interests.

4. **NEW HOMES BONUS** (Pages 17 - 22)

   Councillor Mordue
   Cabinet Member for Finance, Resources and Compliance

   To consider the attached report

   Contact Officer: Jan Roffe (01296) 585186

5. **CAPITAL PROGRAMME (DEPOT DEVELOPMENT AND NEW FLEET)** (Pages 23 - 50)

Councillor Mordue
Cabinet Member for Finance, Resources and Compliance

To consider the attached report.

Contact Officers: Andrew Small (01296) 585507 / Isabel Edgar Briancon (01296) 585862

6. EXCLUSION OF THE PUBLIC

The following matters are for consideration by Members "In Committee". It will therefore be necessary to:

RESOLVE –

That under Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in the Paragraph indicated in Part 1 of Schedule 12A of the Act:-

Item 8: Capital Programme (Depot development and new fleet)

The public interest in maintaining the exemptions outweighs the public interest in disclosing the information because the reports contain information relating to the financial or business affairs of organisations (including the Authority holding that information) and disclosure of commercially sensitive information would prejudice negotiations for contracts and land disposals/transactions.

7. CAPITAL PROGRAMME (DEPOT DEVELOPMENT AND NEW FLEET) (Pages 51 - 54)

Councillor Mordue
Cabinet Member for Finance, Resources and Compliance

To consider the attached confidential report.

Contact Officers: Andrew Small (01296) 585507 / Isabel Edgar Briancon (01296) 585862

CABINET

6 SEPTEMBER 2016

HELD AT GREAT BRICKHILL CRICKET CLUB

PRESENT: Councillor N Blake (Leader); Councillors S Bowles (Deputy Leader), J Blake, A Macpherson, H Mordue, C Paternoster and Sir Beville Stanier Bt

1. MINUTES

RESOLVED –

That the Minutes of 12 July, 2016, be approved as a correct record.

2. SILVERSTONE HERITAGE EXPERIENCE

As part of a package of loan support provided by the four County and District authorities in whose area the circuit was situated, this Council had been asked to consider making a loan facility for £2m in connection with the establishment of "The Silverstone Heritage Experience". The combined loan facility of £8m made up from the four authorities was required to secure provisional Heritage Lottery funding of £9.3m and would only be required in full or in part if private sector funding could not be obtained. It was anticipated that the project would attract over 400,000 visitors to the area each year thereby bolstering tourism and the economic viability of the area.

It was proposed that the project would open in October, 2018, on the 70th anniversary of the first Grand Prix being held at Silverstone. The vision was to bring the extensive heritage of Silverstone and British motor racing to life through the creation of a dynamic, interactive and educational visitor experience, including:-

- A permanent exhibition at the entrance to the circuit that would take visitors on an exciting two hour journey through motor racing at Silverstone set against the wider context of the sport, and in particular, the role that the circuit, its owners, the British Racing Drivers Club (BRDC) and the region's motor industry have played in the development of the sport worldwide.

- A collections and research centre, offering museum and archive-accredited storage for the unique BRDC archive and other important motor sport collections.

- An extensive education programme which aimed to address the region's shortage of engineers by inspiring the engineers of the future through its interactive teaching sessions, engineering teaching bursaries and awards programmes. This would help to ensure that the region continued to be the focus of high performance engineering with a readily qualified workforce.

The Silverstone Heritage Experience would serve as a catalyst, stimulating further development at Silverstone, for example, a new hotel and family entertainment centre. Its marketing budget would also ensure that the attraction was promoted to a very large and diverse audience, helping to strengthen Silverstone's and the region's standing nationally and internationally.

Robust feasibility studies and a five year business plan had been prepared (with the assistance of sector experts) which had shown that the Silverstone Heritage Experience would deliver anticipated visitor numbers of 436,500 in its first full year of operation (2019). Once open, it would be self funding, generating a healthy annual surplus, so it could easily service a loan of £8m paid back over a ten year period. Nearly £11.5m gross visit impact to the local and regional economy was projected for 2019, with an additional 87,000 bed nights generated in the region. The total number of jobs created by the project would be 78.

By virtue of the additional visitors the project would attract to Silverstone, it would help to secure the future of the Silverstone Circuit and its ability to continue to host the British Grand Prix and other national and international events which were crucially important to the region's visitor economy (and woul underpin the performance engineering sector too). Silverstone remained the only Formula One venue in the world to operate without Government or third party subsidies.

Silverstone Heritage Limited (SHL) (Registered Charity Number 1166279), was the legal entity to take the Silverstone Heritage Experience forward. Its sole member was the BRDC. The project was a top priority of the BRDC and in order to provide the project with as much support as it could, the BRDC had gifted the land (and the hangar building) with a value in the region of £2m, on which the Silverstone Heritage Experience would be built.

The project's Round One application to the Heritage Lottery Fund (HLF) had been successful. This had given SHL a grant of £446,000 towards the development of a Round Two application which had been submitted on 5 August, 2016. The development of the Round Two grant application had been closely monitored by the HLF, and SHL was therefore confident of success, providing it had sufficient match funding (at least 80%) pledged by the time the bid was considered by the HLF Trustees Board in early November, 2016.

Without the support of the local councils, SHL would not have sufficient funds pledged and would lose the HLF grant and the project would fail. The total remaining cost of the project was £18.46m of which a grant of £9.23m was being sought from the HLF. SHL was therefore seeking support from AVDC, South Northamptonshire District Council, Buckinghamshire County Council and Northamptonshire County Council in the form of a ten year loan totalling £8m split between the parties. The loan could be made on a contingent basis, assuming that the HLF application process completed successfully.

Up to two seats would be made available to the councils on the SHL Board of Trustees which also served as the project's steering committee. The loan could be paid back with interest by SHL over a ten year period. It was believed that the project would generate significant positive PR for its partners, both prior to and post opening, as well as generating significant benefits for the region as already outlined in this Minute.

SHL had provisionally secured support from the HLF and now needed to demonstrate that 80% of the scheme funding was in place as part of the HLF's final sign off process. The practical deadline for SHL to achieve this was the end of October, 2016.

It was the intention of SHL to raise the balance of funding between the scheme cost and HLF funding through private donations and sponsorship, but fund raising in this way took time to achieve and could not be guaranteed to be secured within the window of opportunity available. Without the guarantee in place, it was likely that the Lottery funding, and therefore the scheme, would fail.

Because of the importance of Silverstone to the surrounding and wider economies of the area and the importance that the Heritage Experience represented in terms of helping to secure the long term future of Formula One motor sports at the site, Silverstone Heritage Limited had approached the four upper tier councils that covered the circuit and had asked them to underwrite, via a loan facility, the funding gap for the scheme.

As mentioned earlier, the loan facility requested was £8m and each of the four councils had been asked to provide a facility for £2m.

It was the intention of SHL that the majority, or possibly all of the loan facility would not be required as a result of its own fund raising activities. However depending on the extent to which fund raising was successful at the time that construction commenced, a balance might need to be drawn down. The actual value drawn down would be split equally between the four councils supporting the scheme. Any subsequent successes in raising funding or sponsorship would be used to part repay the actual amount of loan facilities drawn down early.

Because of the requirements of the HLF, it was not possible to have a legal first charge across the assets of the scheme, so any facility provided might only be secured by a second legal charge against some of the assets. The HLF required the first legal charge in order to prevent the facility being sold or re-purposed without their consent so that the lottery funding could be protected.

Therefore depending on the amount of the loan facility actually drawn down, there was no guarantee that there would be sufficient equity in the venture to satisfy the legal charges should a default occur. Whilst every effort would be made to secure some form of legal security, effectively, any loan granted by the councils should be considered as an unsecured loan.

In support of the business case and wider ambitions of the scheme to promote and retain Silverstone at the heart of Formula One motor sports, with all the economic and employment uplift this brought, the rate of interest payable on the loan was intended to be nominal. The actual rate was still to be negotiated and would need to be satisfactory to all of the four councils involved. However it was expected that, in order to ensure that the scheme succeeds, the rate applied would be above the actual costs of borrowing and provide some level of return to the councils, but would still be well below the normal commercial rates.

The due diligence on the business case presented by SHL was being carried out by South Northamptonshire District Council on behalf of the other councils involved, so as to ensure a consistent and shared understanding of the position. This work was still in progress.

A summary version of the business case and numbers prepared by SHL in support of the Lottery application was circulated as part of the confidential Cabinet agenda. It was necessary to resolve that in accordance with Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for consideration of the business case under paragraph 3 of Schedule 12A of the Act. The business case was also being carefully scrutinised by the HLF.

Approval of any loan facility would be considered as capital expenditure under the Local Government Act, 2003 and would therefore require a variation of the Capital Programme. In order to meet the deadline for raising the necessary project funding so that the scheme would qualify for Lottery funding, it was intended to report the matter direct to Council. Funding for the scheme could be identified from the remaining balance on the New Homes Bonus reserve. If supported, a sum of £2m could be transferred to Capital Balances. At the point of repayment, the receipt would be classified as a capital receipt, whilst the interest payable would be treated as revenue and taken into the General Fund.

RESOLVED –

(1) That Council be recommended to authorise the Director with responsibility for finance, after consultation with the Cabinet Member for Finance, Resources and Compliance to review and make an assessment of the due diligence being undertaken by South Northamptonshire District Council.

(2) That, subject to the above assessment proving satisfactory and subject to suitable terms and conditions being agreed by the supporting councils and the necessary commitment to the scheme being given by each of them, Council be recommended to:-

- Approve the inclusion of £2m within the Capital Programme as a provision to make a loan facility available to Silverstone Heritage Limited; and

- Earmark £2m of unallocated New Homes Bonus for the above purpose.

3. GAWCOTT SOLAR FIELD COMMUNITY INTEREST COMPANY

Cabinet was advised of an approach by "Communities For Renewables CIC (Community Interest Company) seeking the Council's agreement to participate in the Community Bond Offer for Gawcott Fields Community Solar CIC. At that point "Communities for Renewables" had a well developed and advanced proposal for the scheme with all the necessary permissions, agreements and contractors in place to deliver the scheme by the Feed in Tariff deadline of 29 June, 2016.

"Communities for Renewables" was a specialist advisory company that helped local energy enterprises to develop, finance and manage renewable energy generation schemes that were owned by and run for, the benefit of the local community. They had considerable experience in this field and were seeking the Council's commitment to participate in a Community Bond Offer both as advocate of the concept and to encourage members of the local community to also invest in the proposed Gawcott Fields Community Solar Community Interest Company (Gawcott CIC).

A Community Interest Company was not established or conducted for private gain, but rather to benefit the community. The Gawcott CIC would generate a "community surplus" instead of a profit and this "community surplus" had to be used to provide funding for community organisations and projects in the local community. It was hoped that this particular scheme would generate up to £1.5m over the 30 year life of the project. The local community was defined as the parishes within a 5km radius of the Community Solar Farm.

Initially, the Community Interest Company Board would be made up of Messrs Jake Burnyeat and Tom Cosgrove of Communities for Renewables CIC and Ian Payne, CEO of Citizens Advice, Buckingham, Winslow and District. In time, it was intended that the Board membership would be expanded to include other directors taken from the local community. This might include the opportunity for an elected member of AVDC to take a Board position, should the Council decide to participate. The Buckingham accountancy firm, Tearle and Carver, were providing support to the Board, in addition to providing accountancy services.

The scheme would be partly financed by a bank loan and partly by a Community Bond Issue. It was proposed that the Council should take a stake in the Bond Issue to support the community and renewable energy aspirations.

The project was an operational 4.17MWp solar PV array at Gawcott Fields, adjacent to an existing 5MWp solar PV field array owned by the landowner. This would complete the planning application for a 9.18MWp scheme under a permission dated 28 October,

2015. Solar was a proven technology and at the end of 2014, global PV arrays amounted to 175GWp (International Energy Agency) or around 700 million panels.

Expectation of annual generation from the array was 4,100MWh of electricity per year from approximately 16,000 panels. The annual electricity generation estimate which underpinned the business plan had been produced by an independent technical expert and was considered to be a robust long term projection, accepted and relied upon by commercial lenders. Whilst weather conditions were subject to short term and inter-annual variations, a good level of certainty over long term averages could be assumed. Given that the average UK home used around 4,100kWh of electricity per year, this array amounted to energy for approximately 1,000 average homes. The arrays sat adjacent to each other and were connected to the same grid connection.

The scheme was unique in that it was the last to take advantage of the more generous guaranteed feed in tariff rates for electricity generated. To qualify, the scheme had to be completed before the deadline of 29 June, 2016 (which it achieved). Meeting this deadline meant that it qualified for a rate of £0.0623/kWh generated. Had the deadline not been met, the feed in tariff would have degraded to £0.0087/kWh generated. Any future scheme would be much harder to justify and finance because of the ending of these guaranteed favourable feed in tariffs.

In order to meet the requirements of the feed in incentive, the project sat beside the 5MWp commercial array and had to be a community owned and operated project. The array was all export, meaning that there was no use of the electricity generated being utilised on site at Gawcott.

The construction contractor, Pfalz Solar, was to take responsibility for the operation and maintenance of the site for up to 10 years, with the ability to break the contract after 5 years. The site was flat and there was perceived to be no flood risk. The site was secured and bounded by 2m fencing and there was limited CCTV monitoring on site. Pfalz Solar had considerable experience in the design, installation and management of these projects throughout Europe.

The export floor rate was £.0491/kWh meaning that this was what was expected to be delivered for every kWh generated and exported to grid. A decision might be made later to adjust this to a market based figure (if a higher rate could be achieved as a consequence of doing so) through a power purchase agreement (PPA). As a consequence, the project benefited from both the generation and export tariffs so the total value of the power generated was 6.26p + 4.91p/kWh.

The approximate cost of the development and construction of the site was £4m. This was to be funded around 70% by Santander Bank and around 30% by the Community Bond Offer. Should the Bond Offer fail to generate the minimum amount of community interest, then the scheme could be sold to an institutional investor and the Community Interest value lost as a consequence.

The Bond holding position should enable the scheme to meet its minimum amount. The Bonds were being offered for sale in £250 lots and the expectation was that these would receive a 6% return. The Bond would represent a contractual obligation, but the Bonds were unsecured and should for any reason the company fail, then there was no special protection for Bond holders.

If the 6% return was not achieved in any given year then the difference between the actual amount payable and the target return would be carried over and paid when funds allowed. If inflation rose above 3%, the Bond interest would increase by 0.5% for each 1% rise above 3%. This was possible as the feed in tariff was inflation linked. The Bonds would be repayable at the end of the 20 year term, or sooner (at the discretion of the CIC), should finances allow. The Bonds were tradeable but only on the proviso that a willing purchaser could be found. The Bond offer was currently open until the end of October, 2016. A detailed and comprehensive prospectus had been prepared and could be viewed on the Gawcott Solar web site.

The prospectus contained the details of the scheme proposals, the finances and the validation of the proposals by the appropriate professionals. The Bond offer had been approved as an authorised financial promotion by Bates Wells Braithwaite Solicitors. This involved a full verification review of all the statements made in the Bond offer document. The financial projections had been prepared by Westerly Chartered Accountants. A financial model was available.
It was reported that if the Council took a Bond holding position in the company of up to £200,000 in order to support the community and renewable energy ambitions of the project, then the funding would be considered capital expenditure under the Local Government Act, 2003 and would therefore require a variation to the Capital Programme. In order to meet the deadline of the project to raise the requisite minimum amount of funding, it would be necessary to make a direct recommendation to Council. Funding for the scheme could be identified from the excess Working Balances held at the start of the year and if supported a sum of up to £200,000 would be transferred to Capital Balances to fund the position.

After lengthy discussion however and although appreciating the potential benefits to the community, Cabinet felt that its commitment to the scheme might be viewed as an endorsement of the Bond as an investment to the wider community. Without making any judgement on the quality of the Bond offer as an investment, Cabinet felt that it was inappropriate for it to be in a position of effectively recommending investments through its actions. Accordingly, it was,

RESOLVED –

That no action be taken in relation to the invitation to the Council to participate in this Bond offer.

4. AYLESBURY VALE COMMUNITY CHEST

Cabinet received an update on the grants made via the Community Chest in year nine (2015/2016) of this ten year funding scheme.

2016/17 was the final year of this ten year arrangement between the Vale of Aylesbury Housing Trust (VAHT) and AVDC involving the provision of £5m of funding for voluntary and community sector projects within the Vale. A copy of the year nine Annual Report was appended to the Cabinet item. The leverage of grants had decreased slightly during the year to £5.81 of local investment for each £1 granted. The average over the past nine years was nearly £8, with £32m of projects supported through the £4.1m granted by the end of March, 2016.

Members were reminded that the Community Chest had been launched in March, 2007, having been established under schedule 19 of the Housing Stock Transfer Agreement with VAHT. Each partner to the fund (AVDC and VAHT) had agreed to contribute £250,000 to the Community Chest fund each year, from tax funds reclaimed under a VAT shelter arrangement. Each partner had three representatives on the grants approval panel.

Since the fund had been launched and to the end of July, 2016, 715 grants had been made totalling £4,355,229. The penultimate project grants round had closed on 8 July, 2016 and the eleven applications received would be considered by the grants panel on 19 September. The final round of project grants (up to £25,000) would close on 2

December, 2016 with the final grants panel meeting scheduled to take place on 9 January, 2017.

"Micro-grant" applications (up to £1000) would be accepted up to 15 December, 2016, with monthly assessments being made by the Grants Officer using the approved scoring system.

An annual event entitled "Working Together" had been held each Summer since 2008 as a celebration of the scheme and as a networking event for grant recipients. In 2016, the "Working Together" event had taken place at Westbury Village Hall. The final event would be held on 17 March, 2017 at The Gateway.

The Annual report for the ninth year showed a wide range of community projects that had been grant aided across a large number of community organisations. Examples included £20,000 for drop in sessions for homeless adults run by the Aylesbury Homeless Action Group, £22,000 for a multi use games area at Ashendon and a paved area renewal scheme at Aston Clinton Bowls Club. These were but a few of the schemes that had benefited from the Community Chest Scheme. Attention was drawn also to a number of projects grant aided within the Great Brickhill Ward, the venue for this evening's meeting.

RESOLVED –

(1) That the Cabinet report and accompanying information be noted.

(2) That all Members be invited to encourage organisations within their Wards to contact the Council's Grants Officer as soon as possible if they had schemes that might qualify for grant aid so as not to miss out on the remaining opportunities to apply for funding.

5. ACCEPTANCE OF THE GOVERNMENT'S FOUR YEAR GRANT SETTLEMENT OFFER

As part of the December, 2015 spending review, the Secretary of State for Communities and Local Government had made an offer to councils to take up a four year funding settlement for the period 2016/2017 to 2019/2020. In order to accept this offer, councils had to prepare an efficiency plan for publication by 14 October, 2016. The Secretary of State had not issued guidance on what an efficiency plan should contain – a development welcomed by the local government community generally.

The offer made by the Government was to any council that wished to take up a four year funding settlement. The purpose of the offer was to help local authorities prepare for the move to a more self-sufficient resource base by 2020. The multi-year settlement was intended to provide funding certainty and stability for the sector, thus enabling more proactive planning of service delivery and to support collaboration with partners. The Government expected these multi-year settlements to be used to strengthen financial management and efficiency, including maximising value in arrangements with suppliers and making strategic use of reserves in the interests of residents.

The Medium Term Financial Strategy agreed by Council in February, 2016 had incorporated the funding provided within the four year settlement offer. However it had related only to Revenue Support Grant (RSG) which was a reducing proportion of total Council funding, currently £1.569m in 2016/17, decreasing to a negative figure (payment to the Government) of £0.687m in 2019/20. If the offer was accepted it would provide greater certainty as the funding received would not be less than outlined in the final settlement and would not be subject to the yearly process determining the local government finance settlement.

The grant settlement number had always been a volatile and difficult to predict element of budget planning and the certainty provided by a four year settlement would allow the Council to plan with greater certainty in the later years of the MTFP period. The following table was submitted showing the settlement funding assessment per year, including RSG:-

	2016-17 £M	2017-18 £M	2018-19 £M	2019-20* £M
Settlement Funding Assessment	5.21	4.30	3.83	3.26
of which:				
Revenue Support Grant	1.57	0.58	0	0
Baseline Funding Level	3.65	3.72	3.83	3.95
Tariff/Top-Up	-16.16	-16.47	-16.96	-17.50
Tariff/Top-Up adjustment				-0.69

The offer made by the Government was as follows:-

"On 9 February we provided summaries and breakdown figures for each year to your s151 Officer. From those figures the relevant lines that are included in the multi-year settlement offer, where appropriate, are:

- Revenue Support Grant;
- Transitional Grant; and
- Rural Services Delivery Grant allocations.

In addition, tariffs and top-ups in 2017-18, 2018-19 and 2019-20 will not be altered for reasons related to the relative needs of local authorities, and in the final year may be subject to the implementation of 100% business rates retention. The Government is committed to local government retaining 100% of its business rate revenues by the end of this Parliament. This will give them control over an additional £13 billion of tax that they collect. To ensure that the reforms are fiscally neutral local government will need to take on extra responsibilities and functions. DCLG and the Local Government Association will soon be publishing a series of discussion papers which will inform this and other areas of the reform debate. The new burdens doctrine operates outside the settlement, so accepting this offer will not impact on any new burden payments agreed over the course of the four years. The Government will also need to take account of future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities and any other unforeseen events. However, barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the Government expects these to be the amounts presented to Parliament each year".

No guidance had been issued by the Government for the production of these efficiency plans but they must cover the full four year period and be open and transparent about the benefits they would bring to both the Council and the community. Further, the Government did not expect this to be a significant burden on councils but rather a drawing together of existing corporate plans and strategies, and this had been this Council's approach.

At the time that the Council had set its budget in February, 2016, the detail of what the Plan should contain, nor the process for accepting the offer had been known, and although Council had authorised the Director with responsibility for finance, after consultation with the Cabinet Member for Finance, Resources and Compliance to accept the offer, it had been agreed that if time permitted, a report would be submitted to Council.

It was reported that ultimately the process and the requirement for acceptance had been light touch and although no special report or strategy was required, it had been felt that a report should be made to Cabinet with a request that Council be recommended to accept the offer.

Council had already agreed the basis of its efficiency statement as part of its strategy for balancing the budget within its Medium Term Financial Plan. This was an integral part of the budget adoption process in February, 2016 and the budget report approved by Council was reproduced as part of the Cabinet report. In accepting the Government's offer, the Secretary of State would be directed to this statement as demonstration of compliance with the terms of acceptance.

The Council had a proven track record of being innovative and creative in terms of its approach to identifying solutions to the budget gap created by the on-going reductions in Government Grant. Evidence of this could be further found in the form of the two conferences which the Council had recently held for its peers to showcase the income generation and efficiency solutions it had developed. A document illustrating this was also attached to the Cabinet report.

Accordingly, it was,

RESOLVED –

That Council be recommended to accept the Government's four year funding offer and to approve the submission of a link to the Appendices to the Cabinet report as the Council's Efficiency Plan and supporting evidence in order to satisfy the conditions of acceptance of the four year funding settlement for the period 2016/17 to 2019/20.

6. AYLESBURY VALE BROADBAND BUSINESS PLAN

In December, 2014, the Council had committed £1.536m of New Homes Bonus funding to support the roll-out of superfast broadband across the District. In April, 2015, the Council had approved an initial loan from this funding of £200,000 to run a pilot project through the creation of a limited liability company – Aylesbury Vale Broadband (AVB) – to provide superfast broadband to the villages of North Marston and Granborough.

Progress with the pilot had been reported to the Economy and Business Development Scrutiny Committee on a regular basis, with the last report having been submitted on 15 March, 2016. That Committee would also be receiving a report similar to this one at its meeting on 7 September, 2016.

As a result of the success of the pilot, in April, 2016, a further loan was approved in the sum of £500,000 to support further expansion of the service across the Vale. These loans had been made under commercial rates and were expected to be repaid by 30 June 2022.

AVB had been structured with the majority shareholder (95%) AVDC and 5% Ironic Thought. Ironic Thought was owned by Andrew Mills who had been appointed as the managing Director in July, 2016. Some of the wider benefits of AVB's progress to date include:-

- AVB's network, in the middle of rural Aylesbury Vale, was delivering speeds that only 2% of the UK population could currently receive.

- Approximately one in three of AVB's customers were small businesses who were now benefitting from AVB's 100% fibre broadband.

- As a direct result of AVB's pilot, its competitors (including fixed and wireless providers) had spent an estimated £600,000 on upgrading their existing solutions and were providing new services to Aylesbury Vale. This expenditure was unlikely to have happened without AVB's existence and it meant fewer people were having to make do with poor broadband in Aylesbury Vale.

The business plan included plans for expansion which went further across the Vale to deliver fibre to the home (FTTH) to more villages. This was predicated on an additional £550k loan being allocated to AVB from the original £1.536m of funds earmarked for superfast broadband (and previously approved by the Council).

It had been forecast by several industry bodies that demand for bandwidth was expected to grow exponentially by 2020. Fibre was the only known technology that could cope with this demand, without additional investment and therefore by selecting FTTH, AVB was reducing its future support and maintenance costs and increasing confidence in the financial forecasts for the future.

A copy of AVB's draft business plan was submitted as part of the confidential Cabinet agenda. It was necessary to resolve to exclude the public to enable the plan detail to be discussed under section 100(A)(4) of the Local Government Act, 1972, because of the commercial sensitivity of the information contained therein as defined in Paragraph 3 of Schedule 12A of the Act.

RESOLVED –

That the draft business plan prepared for Aylesbury Vale Broadband Ltd (attached to the confidential Cabinet agenda), be agreed.

7. WATERSIDE NORTH - FUTURE PHASES OF DEVELOPMENT

In 2014, AVDC had published a masterplan for the phased redevelopment of the Exchange Street Car Park, Aylesbury. (For ease of reference a copy was appended to the Cabinet report). Although indicative, the master plan set the context for phase one – the redevelopment of the area between the restaurants outside the cinema and Long Lionel.

Outline planning permission for Phase One which comprised restaurant and commercial space on the ground floor with one and two bedroomed apartments on four floors above, together with a stunning new public square, had been granted in late 2014. The reserved matters application was due to be considered by the Strategic Development Management Committee on 21 September. If approved, construction was expected to start on site in early Spring, 2017, with completion approximately 18 months later.

The progress made on the plans for Phase One had been monitored with interest by the market. The collective investment in recent years by both the private and public sectors was a sign of the growing confidence in the town centre and its future.

There was also a recognition that as the County Town, expected to accommodate significant housing growth on its fringe as part of the Vale of Aylesbury Local Plan (VALP), Aylesbury had the scope and potential to attract more retail and food and beverage outlets whilst providing a highly desirable location for town centre living. More quality space would be expected to feature as an important part of the mix.

These assertions were supported by a recent study by The Retail Group which had been commissioned as part of the evidence base for the draft VALP. The final conclusions of the study were awaited but the early indication was that there was demand for additional retail space whilst recognising that it was also important to ensure that existing retail space was fully occupied and not compromised by new space.

With regard to food and beverage demand, a study by Coverpoint in 2013 had confirmed that upwards of 15 additional operators were needed to reflect the changing role of town centres, where leisure dining had become a visit in its own right, as well as now being an increasingly popular part of a visit for retail shopping. The growth in the food and beverage sector remained very strong and even though new restaurants had opened since 2013, they had mostly replaced former operators rather than taken new space. The delivery of the new restaurants in phase one of Waterside North would still leave considerable unmet demand and would help attract other operators who wanted to be part of the Aylesbury food and beverage community.

There also continued to be a compelling case for town centres to be a hub for new homes and any schemes which emerged for future phases of redevelopment were likely to include new housing as well as quality open space, helping to connect pedestrian circuits through the town and provide a place for people to dwell, relax and socialise.

The draft VALP Aylesbury Town Centre Policies (appended to the Cabinet report), supported continued development of the town centre and reflected the vision of the town described in the Aylesbury Town Centre Plan.

With regard to future phases of redevelopment, the draft VALP did not limit this to the Waterside North site. VALP identified an area which embraced a wider area for redevelopment. However, the scope of area for future phases would depend on a number of factors, not least the market, developer interest in Aylesbury (which was expected to be good) and the financial viability of any draft scheme put forward.

Nationally, there was an expectation that local authorities would take a leading role, working with businesses and community involvement to bring about successful long term changes on town centre function and provision.

In effect, AVDC was ahead of the game, and for some years had taken a leading role in the regeneration of the town centre. It had taken a place shaping role and financial and economic development objectives to deliver a wide range of new facilities, including the theatre, Travelodge, new car parks, public space and, more recently, the University Campus Aylesbury Vale.

This had returned both direct and indirect benefits. By using prudential borrowing and Council assets, AVDC had funded build costs and used the rental income from tenants to generate a return on investment and a revenue income stream to contribute towards the costs of delivering other services. Indirectly, AVDC had delivered:-

- An increase in business rates (of which AVDC retained a percentage) as other operators had moved into the town.

- Protection of the Council's investments e.g. customers visiting new restaurants also patronise the theatre.

- Over 200 jobs, creating wealth in the local economy and sustainability.

- The theatre brought people to the town centre with spin-off spend for local businesses.

- AVDC's role and reputation had helped secure a £3.3m grant from the South-East Midlands LEP for Waterside North Phase One.

AVDC was now bringing Phase One of Waterside North to fruition. With supporting funding from Aylesbury Vale Advantage, it had led the process from working with the architects and the market to develop the masterplan to procuring a development partner and detailed planning approval. It was, therefore well placed to continue in this role and ensure that the momentum building in the town was not lost.

The Council would not be in a position to take any scheme forward without a private investment partner and/or support funding from other sources. However, in order to attract quality investment partners and potentially other funds in a very competitive market, it would need to have carried out certain preparatory work first.

As with Phase One, any future development would need to be supported by a business case and meet the objectives of the commercial AVDC programme. Costs incurred now by AVDC would be built into the business case and recouped over time.

Cabinet was advised that there were six areas work that now needed to be commissioned:-

(a) A retail Review to Identify Market Opportunities and Operator Interest

The Retail Group had been commissioned by Planning to update the capacity retail requirements of Aylesbury and other centres to inform the VALP policies. However, to help shape the future development of Aylesbury Town Centre, the brief needed to be extended to understand current retail trends, gaps in the retail offer and start a dialogue with target operators to "pitch" Aylesbury and obtain a realistic understanding of their interest in locating in the town. The indicative cost was £25k.

(b) Additional Master Planning Support to Define the Scope of the Next Phases of Development and Specify the Development and Planning Outcomes the Council wished to Achieve

The Council had a number of significant land and operational interests in the town centre, including surface and decked car parks, mixed commercial accommodation and land being used for informal/formal vehicular and pedestrian access.

There might also be land and property which AVDC would like to see being brought into beneficial economic uses, which was currently in third party ownership. When considering the next phases of development, the Council would need to support these development factors with an indication of its planning objectives in the form of a master plan or development framework. Whilst a framework had had been published in 2014 for the redevelopment of the whole of Exchange Street car Park and some adjacent areas, the area in scope as defined in the draft VALP, was now much more extensive. Thinking around the composition of mixed-use schemes had also moved on. The indicative cost of this work was £25k

(c) Soft Market Testing

Soft market testing of the emerging proposition was an important opportunity to engage with active developers and gauge the market appetite for the project. Through the soft marketing process the Council would also gain insight into aspects of the master plan which required further consideration before a formal marketing process commenced.

The agreed project would be market tested with a pre-agreed list of developers and investment partners. These might comprise developers which were principally known for their retail expertise, some who might be better known for their contracting expertise, and some who focussed on residential led schemes and others with a regional focus.

The soft market testing would enable AVDC to establish current developer interest in the project, benefit from developer ideas and thoughts about the best approach to delivering the next phase of development and understand current capacity to respond to a tender invitation. The Council could also use soft market testing to explore AVDC's role in the delivery process, critical aspects of the scheme which required more detailed consideration prior to marketing and the scope to participate in a joint venture if that was one of the Council's preferred options. The indicative cost was £10k.

(d) Valuation Advice Relating to Land and Property Included in the Scope or Affected by any Next Phases

The next phases of development were not necessarily constrained to land just within AVDC ownership. Understanding third party interests would be an important part of producing the master plan or development framework. In order to inform the viability of a prospective scheme, the Council would need to prepare a land assembly cost assessment, which would take account of acquisition by agreement as well as through the use of any compulsory purchase powers that might be necessary. The indicative cost of this work was £15k.

(e) Marketing the Development Proposal and Procurement

The successful implementation of the next phase would involve many ingredients, one of the critical being the procurement of the right development partner. In order to deliver the Council's objectives, it would be necessary to consider carefully the partner selection and there would be a need to have a robust business plan in place prior to the formal marketing being implemented.

There was a need to evaluate the procurement options open to the Council and to evaluate the relative benefits of each option before deciding on the procurement strategy. Once a strategy was in place, the Council could move on to delivering the procurement process. This process could be complex and lengthy but the aim would be to simplify it where this could be achieved and to make it as streamlined as possible to ensure that interest was attracted from quality development partners. The indicative cost was 135K.

(f) Commissioning a Parking Strategy

With the housing growth anticipated on the edge of the town and the Council's aspiration to increase employment and visitor footfall in the town centre, the Council needed to review its parking capacity and plan for the future. Parking would need to be included in the master plan or the development framework, referred to earlier in this Minute. But this strategy would need to extend beyond the area in scope and consider the whole town needs alongside any parking arrangements and plans by the private sector and Bucks County Council. The Bucks County Council input would also reflect their on-street parking and transport plans. The indicative cost was £30k.

The total indicative cost was therefore £240,000. If approved, the different services would be procured on a competitive basis using a relevant procurement framework. At least two different commercial services would be needed to fulfil the brief, given the specialist nature of some of the work. However, where possible, existing contractual arrangements would be used – for example, with HB Law.

The estimated costs would initially be met from the General Revenue Fund, but would need to be recouped as part of the business case for any scheme coming forward as a result of the forward investment.

RESOLVED –

That Council be recommended to approve a budget of up to £250,000 to be met from the General Revenue Fund, to enable the preparatory work for the next stages of the redevelopment of Aylesbury Town to proceed in support of the Council's economic and commercial AVDC strategies.

8. EXCLUSION OF THE PUBLIC

RESOLVED –

That under Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in the Paragraph indicated in Part 1 of Schedule 12A of the Act:-

Silverstone Heritage Experience Business Plan (Paragraph 3)
Aylesbury Vale Broadband Business Plan (Paragraph 3)
Aylesbury Vale Estates Business Plan (Paragraph 3)

The public interest in maintaining the exemptions outweighed the public interest in disclosing the information because the documents contained information relating to the financial or business affairs of organisations (including the authority holding that information), and disclosure of commercially sensitive information would prejudice negotiations for contracts and land disposals/transactions.

9. SILVERSTONE HERITAGE EXPERIENCE

In reaching the decisions referred to above in connection with this project, consideration was given to the organisation's business plan.

10. AYLESBURY VALE BROADBAND BUSINESS PLAN

In reaching the above decisions, consideration was given to AVB's draft business plan.

11. AYLESBURY VALE ESTATES (AVE) BUSINESS PLAN

Cabinet recalled the consideration given on 12 April to the AVE business plan. Members had a number of questions which they felt needed answering before they felt able to approve the plan.

Consideration was given to a report summarising the questions and AVE's responses.

Members sought assurances that the dividend distribution and major acquisition would take place in 2016/17 and that the number of voids would be reduced in that financial year.

RESOLVED –

That having regard to the responses from AVE, approval be given to the business plan.

NEW HOMES BONUS GRANT FUNDING APPLICATIONS
Councillor Mordue Cabinet Member for Finance,Resources and Compliance

1 Purpose

1.1 To make decisions on the allocation of New Homes Bonus (NHB) grant funding for parish and town council projects, based on the recommendations of the Informal NHB Grants Panel.

2 Recommendation

2.1 That the recommendations of the Informal NHB Grants Panel be approved, as set out in the schedule attached at Appendix A.

3 Background

3.1 The Informal NHB Grants Panel met on Wednesday 7 September 2016 to consider applications for funding from parish and town councils under the NHB grant funding scheme. The Panel consisted of Councillors Steven Lambert, Derek Town and Peter Strachan and parish council representatives John Gilbey and Nick Hierons (nominated by the Aylesbury Vale Association of Local Councils - AVALC). The Cabinet Member and Director responsible, the Senior Community Development Manager and Grants Officer were also in attendance.

3.2 The New Homes Bonus (NHB) is a national initiative whereby funding from the national revenue grant for local authorities has been top sliced and allocated to local councils in proportion to the number of new homes in their area. For every new home built and occupied in Aylesbury Vale, and for every long-term unoccupied property that is brought back into use, the Government gives the council a NHB grant each year for six years.

3.3 In December 2012 the council agreed to allocate a share of the NHB to parish and town councils, to help alleviate the impacts of housing growth on local communities. 20% of the Government allocation has been set aside for the funding scheme, which equates to £1,282,000 being available in 2016/17, the fourth year of funding for town and parish councils. In addition, £15,578 was carried over from the third round of funding making a total of £1,297,578 available in this round.

3.4 In January 2013 Cabinet agreed the structure of an Informal Panel, to consider applications from parish and town councils and make recommendations to Cabinet on the allocation of the NHB funding. This Panel subsequently met to agree the detailed criteria and process for the grant scheme, based on the decisions of Cabinet.

3.5 The key criteria are:

a. Applications should include a business case which as a minimum should demonstrate:

- the impact of growth on their area, applications needn't necessarily be from the area directly taking growth in recognition of the fact that those most affected by growth are not always within the area taking that growth
- the need or community desire for the investment proposed

- firm costings together with a funding and delivery plan

b. Awards can be for up to 100% of the scheme cost and can support both capital and revenue projects (with a life of less than 6 years).

3.6 Prospective applicants were required to submit a preliminary ‘Expression of Interest’ (EOI) form to identify whether projects met the criteria, to discuss other possible funding sources (including Section 106), and avoid abortive work for potential applicants. The deadline for applications was 29 July 2016.

4. Applications for funding

4.1 In total 12 EOI’s or enquires were received and eight parish and town councils subsequently submitted applications for consideration by the Panel, to a total value of £1,485,099 (£1,297,578 of funding available).

4.2 The Panel was also asked by Turweston Parish Council to consider a request for an increase to the amount of New Homes Bonus grant funding awarded in the 2014/15 funding round.

4.3 In considering the applications the Panel members were unanimous in recommending funding for 4 applicants, totalling £674,295 and also recommended increasing the grant award to Turweston Parish Council by the amount requested, making a total of £684,295. The Panel declined to fund two applications.

4.4 In considering the first of two applications for funding from Haddenham Parish Council for a Haddenham to Aylesbury cycleway, the Panel was supportive of the principle of the project but felt that the level of information in the application was inadequate. The Panel therefore recommended that the funds are ring fenced and the Parish Council is invited to re-submit a fuller application with a clear project and delivery plan and costings and that this should be submitted by the end of this financial year, i.e. no later than 31 March 2017.

4.5 In considering an application from Chearsley Parish Council for the rebuilding of the village hall the Panel was divided. The Panel appreciated that the application was very thorough, but whilst it appeared to be a high quality scheme, it was questioned whether the application was in keeping with the original NHB funding criteria because of the limited impact of growth in the village.

The Panel were unable to agree on whether or not to fund the project and went to a vote. Two voted in favour, two against and there was one abstention. The Panel therefore recommended the decision be referred to Cabinet for a final decision in view of the fact that the Panel was split.

4.6 In regards to the application from Quainton Parish Council on behalf of Quainton Tennis Club, the Panel questioned whether the project fitted with the original NHB criteria to award funding to help with the provision of community facilities associated with growth that have tangible benefits for the communities accepting growth. The tennis club is a members only club that does not currently offer any pay and play or community access options. Therefore the Panel recommended that funding be declined.

4.7 The level of funding recommended and the reasons for the recommendations are outlined at Appendix A.

5. Next steps

5.1 Once the level of funding is agreed, funding agreements with successful applicants will be finalised, which will include timescales for the delivery of the project, to be monitored by the Grants Officer, and against which phased grant payments may be made. Appropriate recognition of the support provided by the NHB funding scheme will also be sought through media publicity and appropriate signage.

5.2 The timescales of any future potential NHB funding round to be agreed when the outcome of the Government's consultation is known and that in the mean time no further Expressions of Interest should be accepted.

6. Options considered and reasons for recommendation

6.1 The options considered by the Panel for each application were whether to fund, the level of funding and whether any conditions should be attached to the funding, (above those included in the standard funding agreement: that a plaque or equivalent acknowledgment of AVDC's New Homes Bonus is displayed at an appropriate location, that there is recognition of New Homes Bonus support in all publicity and that funding will be released upon the production of invoices for work completed).

6.2 The reasons for the Panel's recommendations are included in the schedule attached as Appendix A.

7. Resource implications

7.1 All funding for parish and town councils under the NHB grant funding scheme will be drawn from the 20% of the Government allocation set aside and ring fenced for the scheme in 2016/17, and the underspend carried forward from 2015/16.

7.2 If the Panel recommendations are approved a total of £524,295 will be committed and £150,000 ring fenced for Haddenham Parish Council making a total of £674,295, representing 52% of the budget available. £623,298 would be carried forward and made available to support future applications.

7.3 If Cabinet also approves Chearsley Parish Council's bid, a further £376,372 of available funds will be committed, totalling £1,060,667 and representing 82% of the budget available. £236,911 to be carried forward and made available to support future applications.

8. Response to Key Aims and Objectives

8.1 The allocation of New Homes Bonus funding to parish and town councils helps support the council's corporate plan priorities of protecting and improving the living experience in the Vale and improving our interaction with parish councils.

Contact Officer	Jan Roffe, 01296 585186
Background Documents	Previous Cabinet and Council reports relating to the New Homes Bonus. Notes of the Informal Panel meeting

New Homes Bonus budget 2016/17		**1,282,000**			
Uncommitted budget 2015/16		**15,578**			
Total budget available 2016/17		**1,297,578**			
Name of Town/ Parish Council applying	**Project description**	**Total cost of project**	**Amount requested**	**Grant Panel's Recommendation**	**Reasons for recommendation**
Wing Parish Council	Redevelopment of the Recreation Ground	208,000	208,000	208,000	The Panel was very supportive of this application to fund a new Portakabin pavilion and the resurfacing of the football pitch at the Wing Recreation Ground. The application included a clear demonstration of growth in Wing. The Panel recognised that the pavilion and resurfacing of the football pitch are key elements of a wider project to redevelop Wing Recreation Ground. Supporting the project would provide pump priming funding which is in line with the intentions of the NHB scheme. The pavilion will be used by a large number of local sports and leisure groups, benefitting the whole community and Wing's growing population. The Panel recommended funding the project up to the amount requested.
Winslow Town Council	Town Centre Park and Arboretum	175,000	150,000	75,000	The Panel awarded £200,000 in the 2013/14 round of funding for phase one of this project to purchase land in the centre of Winslow, known as The Paddock. The intention at phase two was to build a community centre on the land as well as provide a town park. Since then further consultation with residents has taken place. It is now considered that The Paddock is too valuable a resource upon which to build a new community centre and that it should be developed solely as a town park. The Panel was mindful that AVDC is currently holding over £736,000 of S106 money for Winslow, some of which could support this project. The Parish Council advises that the money is still being held for the building of a new community centre, although a suitable location has yet to be identified and further S106 contributions are likely to be forthcoming as Winslow continues to grow. The Panel recommended that funding be awarded up to £75,000. The shortfall to be met using £75,000 of S106 money and the £25,000 of reserves already committed to the project by the Town Council. The Panel also recommended that this should not prejudice a subsquent bid to the NHB for additional work.
Quainton Parish Council (on behalf of Quainton Sports Club - tennis section)	Refurbishment of tennis courts	52,486	44,678	0	In considering this application, the Panel discussed whether the project fitted with the original NHB criteria to award funding to help with the provision of community facilities associated with growth that have tangible benefits for the communities accepting growth. The tennis club is a members only club that does not currently offer any pay and play or community access options. The Panel recommended that funding be declined.
Marsworth and Pitstone Parish Councils	Marsworth to Pitstone footway along the B489	251,320	241,820	200,000	The Panel was very supportive of this application to provide a footway alongside the B489 between Marsworth and Pitstone, providing a safe walkway for residents. The Panel was surprised by the 40% contingency built into the costings provided by Transport for Bucks, believing this to be an unnecessarily large percentage. The Panel recommended funding the project up to £200,000, representing project costs but supporting only up to 10% of the contingency figure.
Haddenham Parish Council	Haddenham to Aylesbury cycleway	150,000	150,000	150,000	The Panel was sympathetic to the amount of housing growth that Haddenham has taken in recent years and the likelihood of signficantly more housing growth to come. However, in considering the application the Panel agreed that there was insufficient information upon which to make a judgement as the application did not include a fully costed project delivery plan or timescales. The Panel was also concerned that costs could escalate at the detailed plans stage and noted that an alternative or additional source of funding could be S106 from BCC which funded the Haddenham to Thame cycleway. The Panel was also unconvinced of the benefit to the whole community. The Panel recommended that funds are ring fenced and that the parish council is invited to re-submit a fuller application with a clear project and delivery plan and costings for the consideration of the Panel and that this should be submitted no later than 31 March 2017.

Name of Town/ Parish Council applying	Project description	Total cost of project	Amount requested	Grant Panel's Recommendation	Reasons for recommendation
Haddenham Parish Council	Banks Path Paving (village hall complex)	24,000	24,000	0	The Panel appreciated that the village hall complex is well used by Haddenham's growing population. However, in addition to the village hall, the complex includes the library, Scout and Guide Centre, disused medical centre, dentist and the Banks Parade of shops and car park. There are grey areas around who is responsible for what from the repair and maintenance perspective and Haddenham Parish Council is in the process of obtaining clarification from a solicitor. The Panel agreed that the repair of the paving is a maintenance issue that does not bring anything new to the village community and that with so much uncertainty surrounding who is responsible for what recommended that funding be declined.
Aylesbury Town Council	Replacement of Aylesbury Town Cemetery paths and driveways	41,295	41,295	41,295	The Panel discussed whether this was a maintenance issue for the Town Council, but acknowledged that the replacement of the pathways and tarmac drive is part of a much larger improvement and refurbishment plan for Aylesbury Town Cemetery. The Town Council has recently enhanced the older part of the cemetery, including improved landscaping around the pond area and has created a park setting. It was agreed that the replacement of the paths and driveway will contribute to the overall enhancement of the cemetery and make it fit for purpose for future access for burials. The Panel recommended funding up to the amount requested.
Chearsley Parish Council	The rebuilding of the village hall	582,998	376,372	0	The Panel appreciated that Chearsley had submitted a very thorough application and that the village hall, constructed after the Second World War as a chicken shed, is no longer fit for purpose. The Panel was however divided, as whilst it appeared to be a high quality scheme, it was questioned whether the application was in keeping with the original NHB funding criteria because of the limited impact of growth in the village. The Panel discussed the original principles of the scheme, namely that applications need not necessarily be from the area directly taking the growth, but are affected by it. Also, that the funding scheme was designed not to be too prescriptive and that each application would be considered on its own merit. The Panel were unable to agree on whether or not to fund the project and went to a vote. Two voted in favour, two against and there was one abstention. The Panel recommended that Cabinet consider the application and make the decision on whether the project is in keeping with the criteria and worthy of NHB funding up to the requested amount.
		1,485,099	**1,236,165**	**674,295**	
Total budget available				**1,297,578**	
Uncommitted budget				**623,283**	

The Panel was also asked to consider an increase in the grant awarded to Turweston Parish Council in the 2013/14 round					
Turweston Parish Council	Traffic calming measures in village Conservation Area	77,224	10,000	10,000	In the 2014/15 round of funding, Panel members were unanimous in their support for the project to install traffic calming measures through the village. Although Turweston itself has not taken any housing growth, the village has been severely impacted by growth in surrounding areas, both within Aylesbury Vale and in South Northants, particularly in Brackley where large residential and commercial development has taken place. Turweston requested £100,000 of grant support and subsequently tried to downscale the project to work within the £60,000 NHB grant awarded. In order to meet the key objectives, the final cost is £77,224 including an unexpected 9.5% management fee imposed by the contractor Ringway Jacobs. Turweston has requested a £10,000 increase in the grant award to help cover these costs. In light of the parish council's modest reserves and financial commitment to cover the unexpected management fees, the Panel was unanimous in recommending an increase in the grant award up to the requested amount.
			1,246,165	**684,295**	
Total budget available				**1,297,578**	
Uncommitted budget				**613,283**	

Name of Town/ Parish Council applying	Project description	Total cost of project	Amount requested	Grant Panel's Recommendation	Reasons for recommendation
Budget figures should Cabinet approve funding to Chearsley:					
Name of Town/ Parish Council applying	**Project description**	**Total cost of project**	**Total amount requested**	**Cabinet decision**	**Background to the application**
Chearsley Parish Council	The rebuilding of the village hall	582,998	376,372	376,372	Chearsley is a small community with about 550 residents. 10 new homes have been built in the last five years with a further 8 to be built by a local developer. The village has doubled in size since the village hall was built in 1951. There are potentially 200 new homes to be built in Long Crendon, 2 miles away and huge development in Haddenham, 4 miles away. CHUFS (Chearsley and Haddenham Under Fives) use the building on a daily basis, the hall is in a poor state and storage space is minimal, limiting use of the hall by the community. The parish council want to provide a new, larger, modern accessible and flexible space for the village. Villagers would like to use the current hall more often, but tend to use halls further afield which have more modern facilities.
		1,485,099	**1,246,165**	**1,060,667**	
Total budget available				**1,297,578**	
Uncommitted budget				**236,911**	

DEPOT DEVELOPMENT AND FLEET REPLACEMENT PROGRAMME
Howard Mordue
Cabinet Member for Finance, Resources and Compliance

1 Purpose

1.1 The attached report outlines the business needs and benefits for development of the Waste and Recycling Depot at Pembroke Road and the capital investment required to put in place infrastructure that meets regulatory and growth needs for the Vale.

1.2 Additionally a costed fleet replacement programme and ROI proposal is provided that outlines the capital investment required by the Council to continue to deliver the Waste Collection services

2 Recommendations/for decision

2.1 That Cabinet recommend to Council that capital budget (subject to OJEU) be met for the purchase of Waste Collection Fleet due for renewal in 2017.

2.2 That Cabinet recommend to Council that capital budget (subject to negotiations) be met for the early procurement of Waste Collection Fleet due to expire in 2018

2.3 That Cabinet recommend to Council that capital budget of £9.2million be met for Option 1 and Option 1a of the Depot Development project to provide certainty of compliance with statutory and regulatory obligations relating to waste collection, waste transfer and fleet parking.

2.4 Approve that a review of the Depot Development project is taken prior to implementing Option1 to ensure requirements have not significantly changed regarding staff parking and waste storage at the site and to identify other improvements or use of this area of the site following the expiry of tenancies in the existing units in December 2018.

3 Executive summary (if longer than 2 pages)

The requirement for the redevelopment of the Pembroke Road depot is driven by the following reasons:

3.1 **The need to address health and safety risks**

The current constraints on the site and the configuration of the depot pose considerable risks, in particular inadequate segregation of people and vehicles. The Workplace (Health Safety and Welfare) Regulations 1992 make clear recommendations with regard to the operation of traffic routes on site, however the current configuration and condition of the site does not comply on a number of key criteria.

3.2 **The need to address environmental risks**

The depot site is bordered to both the north and the south by rivers and the water table is relatively close to the surface. This poses a risk of flooding to the site; despite recent attenuation works to cover a 100-year event the site had to be closed temporarily following a flooding incident in 2014. Additionally there are identified risks of pollution from diesel and detergents escaping into the water course due to inadequate drainage.

3.3 Operational improvements

The current configuration of the depot does not lend itself to effective operational management. All operational activities are currently managed in an area of less that 2 acres hence the requirement to park all HGV's off site the past 3 months. Other Council vehicles are parked within operational areas and roadways and provide further constriction on the effective management of the site.

3.4 The need to accommodate the growth within the District

Recent demographic projections show that the population of Aylesbury Vale District will increase by around 33,000 new homes between 2011 and 2031. If it is assumed that this growth will be around 1,500 new homes per year and this will increase the requirements of the waste collection and recycling service in terms of the volumes of household waste collected, number of HGV vehicles and number of staff . The current size and configuration of the depot does not allow for this growth, and all recent works undertaken in 2012 are now at capacity.

3.5 Existing disrepair

There are repair and investment requirements on the current site, which require addressing. The yard also requires major resurfacing – the current state of the surface contributes to the pollution risks identified above.

3.6 Income Generation and Development costs

A capital and revenue ROI summary is provided in Appendix A of the attached business case.

The development of Pembroke Road allows new commercial opportunities to be developed as well as efficiencies and savings to be made elsewhere in the Recycling and Waste revenue budget.

The provision of an Enhanced Vehicle Workshop allows for a conservative total expected income/savings in year one £364,000 net, increasing to £837,100 net in year 10. This figure is primarily made up of savings in vehicle maintenance paid to third party suppliers, income generation from increased Taxi and public MOT's and income from a Authorised Testing Facility for commercial HGV MOT's.

3.7 Fleet procurement

Currently AVDC have a mixed waste collection fleet that are primarily leased over a 6 year period. The lease for some of the vehicles is due to expire imminently and other fleet owned outright by AVDC has come to the end of its operational life. Now that AVDC are no longer required to tip waste into landfill on a regular basis it is prudent that all the fleet is purchased outright by the council. Current leasing costs are 864,000 per annum. Although subject to a full OJEU procurement, it is anticipated that the capital costs for a fleet will be in the region of 3.6 million. The payback period will be 7 years (the typical operating life of an RCV) and is estimated to save £300,000 per annum.

Some of the fleet leases are not due to expire until 2018, however due to persistent vehicle breakdowns and inflexibility of the vehicle configuration that procurement of the fleet needs to be brought forward to meet the ongoing operational demands of the service.

3.8 Depot Development cost

The Pembroke Road development will provide a mid term option to accommodate around 10 years growth. The depot design is provided in Appendix B. Total capital cost of the full depot redevelopment works are approximately £ 9.2 million, this includes all professional fees and a large contingency .

The depot design has been costed in two parts, Option 1 and Option 1a. This allows for a review toward the end of the 18 month development project to re-evaluate the needs for staff parking and complete build of the Bulky waste storage shed, provide the necessary highways changes to manage vehicle access to the site and improve sight lines on the chicane roadway. Additionally this allows some income generation to continue from existing tenants in 2 of the units in Pembroke Road until their lease expires in late 2018.

A full budget breakdown is provided in appendix A, the table below provides a summary of the annual net revenue impact of the capital loan.

Option	Loan amount	Loan period	ROI	Net revenue burden Year 1
1a	7.3 million	10	Year 5	274,700
1	9.2 million	10	Year 10	489,300

The full capital loan for the depot is repayable in 10 years and by year 11 savings/income generation relating to the enhanced workshop are estimated at £966,600 net.

4 Supporting information

4.1 A similar report was considered by the Finance and Services Committee on 4 October, 2016 (copy attached)

4.2 In November 2011 Cabinet gave approval for the refurbishment of Pembroke Road Depot and to open negotiations with AVE in respect of the land transfer from AVE to the Council.

4.3 Negotiations with AVE were temporarily suspended while the Council reconsidered its position with regards the longer term Waste Strategy and alternative suitable locations for a Waste Transfer Station and Vehicle Depot.

4.4 Following an extended period of research and development of a business plan for an Enhanced Vehicle Maintenance Workshop, Pembroke Road was identified as the most suitable location for the Councils mid term (10 years) needs.

4.5 Pembroke Road was purchased from AVE in July 2016 and work has been underway to develop the depot layout and costings.

4.6 Pembroke Road is primarily a vacant site and many of the existing units are in a state of disrepair. Existing tenancies are considered in the Business Case and are factored in for the phasing of the Depot Development

5 Options considered.

5.1 **Do Nothing Scenario** – Currently the site is not fit for purpose and has been identified through the Business Risk Assurance Assessment as the councils primary H&S risk.

5.2 Following a major accident in the depot in late 2014, a complete H&S audit and review of the site operations and infrastructure was undertaken. It was clear that the existing depot and waste transfer area was sub optimal and presented considerable risk. This was primarily due to the restricted operating area, where the council was unable to separate people and vehicles from the operating areas.

5.3 Safe systems of work were put in place to manage risk of accident, however the operating areas have become grid locked due to the amount of waste being brought into site and the subsequent increase in vehicle movements and waste transfer operations. Therefore in early 2016 the decision had to be taken to relocate all of the waste collection vehicles to the Gateway over flow car park to allow safer operations.

5.4 **Relocation -** Alternative sites were investigated in 2014 and 2015 both with AVE and private landowners. One of the key criteria was for a location to be found as near as possible to the primary conurbation areas of Aylesbury. Given growth and land constraints no suitable alternative site was identified that met the Councils requirements and therefore negotiations with AVE were reopened and the Pembroke Road land was purchased outright in July 2016

6 Reasons for Recommendation

6.1 Full depot and waste transfer infrastructure will give the council certainty regarding H&S and environmental compliance in the mid term. Allow for growth in households and accommodate additional waste during this period.

6.2 The Enhanced Waste Workshop will give the council flexibility in managing its own fleet and improve operations by reducing vehicle downtime. Additionally the workshop allows income generation from HGV testing and expansion for taxi and public MOT's service.

6.3 Changing the procurement approach for fleet from Leasing to our right capital purchase will save the council around 300,000 per year from reduced borrowing costs and will contribute to paying off the capital loan for the depot infrastructure

7 Resource Implications

7.1 The investment proposals for Pembroke Road require a Capital Programme provision of up to £9.2 million, of which £1.9 million will only be required if there is sufficient evidence of the demand and take up for the expanded vehicle testing facilities included within the proposals.

7.2 The business case prepared here is predicated on all the required resources being borrowed with the repayment cost being borne by the General Fund.

7.3 The proposal to purchase, rather than lease, the new refuse freighter fleet will require a further £3.6 million (subject to full OJEU procurement). The savings from this decision (borrowing costs being lower than the existing leasing costs) will help mitigate the revenue repayment costs of the borrowing required for the Pembroke Road scheme.

7.4 The estimated net annual revenue repayment costs for the two combined schemes initially amount to £489,000 per annum, but reduce over time as the borrowing is repaid.

7.5 Crucial to the business case and assumed within the net revenue cost above is £364,000 of savings from the internalised maintenance and income from expanding vehicle testing and MOT operations. If not achieved as projected this will increase the net revenue cost to the organisation

7.6 In approving this scheme members will be asked to make provision in the capital programme for £12,860,000 funded by new borrowing and £489,300 in the revenue budget for 2017/18.

7.7 These sums may potentially be reduced when a review of Capital resources takes place later this year as part of budget setting. This may identify unallocated capital resources which could be allocated to this scheme in lieu of borrowing. However, this can not be guaranteed and so approval is sought on the basis of the maximum potential borrowing requirements and cost.

7.8 This is a considerable variation from the approved budget framework and sits outside of the standard budget development timeframe. Such a decision would not normally be brought forward for member consideration in isolation of the core budget considerations and members, in taking the decision, ought to be aware of wider affordability issues associated with the decision.

The justification for doing so is the considerable operational and health and safety risks facing the organisation from operating its waste collection service from a site which is now too small due to the rapid expansion of the Vale in recent years.

Contact Officer	Isabel Edgar Briancon 01296 585862
Background Documents	Depot Development and Fleet Replacement Programme

Finance and Services Scrutiny Committee
4 October 2016

DEPOT DEVELOPMENT AND FLEET REPLACEMENT PROGRAMME

1 Purpose

1.1 To allow the Finance and Service Scrutiny Committee to review and comment upon the report relating to the Business Case for the Pembroke Road Infrastructure Development and Fleet Replacement Programme

2 Recommendations/for decision

2.1 The Scrutiny Committee is requested to indicate any comments that it wishes Cabinet l to take into account when considering whether to recommend approval of this scheme and the inclusion of provision within the Capital Programme for the infrastructure development of the depot and the fleet replacement programme.

3 Supporting information

3.1 Cabinet will be receiving a report (attached) 11 October seeking approval for the capital investment of both the depot infrastructure and fleet replacement programme.

3.2 In November 2011 Cabinet gave approval for the refurbishment of Pembroke Road Depot and to open negotiations with AVE in respect of the land transfer from AVE to the Council.

3.3 Negotiations with AVE were temporarily suspended while the Council reconsidered its position with regards the longer term Waste Strategy and alternative suitable locations for a Waste Transfer Station and Vehicle Depot.

3.4 Following an extended period of research and development of a business plan for an Enhanced Vehicle Maintenance Workshop, Pembroke Road was identified as the most suitable location for the Councils mid term (10 years) needs.

3.5 Pembroke Road was purchased from AVE in July 2016 and work has been underway to develop the depot layout and costings.

3.6 Pembroke Road is primarily a vacant site and many of the existing units are in a state of disrepair. Existing tenancies are considered in the Business Case and are factored in for the phasing of the Depot Development

4 Options considered and Resource implications

4.1 The investment proposals for Pembroke Road require a Capital Programme provision of up to £9.2 million, of which £1.9 million will only be required if there is sufficient evidence of the demand and take up for the expanded vehicle testing facilities included within the proposals.

4.2 The business case prepared here is predicated on all the required resources being borrowed with the repayment cost being borne by the General Fund.

4.3 The proposal to purchase, rather than lease, the new refuse freighter fleet will require a further £3.6 million (subject to full OJEU procurement). The savings from this decision (borrowing costs being lower than the existing leasing costs) will help mitigate the revenue repayment costs of the borrowing required for the Pembroke Road scheme.

4.4 The estimated net annual revenue repayment costs for the two combined schemes initially amount to £489,000 per annum, but reduce over time as the borrowing is repaid.

4.5 Crucial to the business case and assumed within the net revenue cost above is £364,000 of savings from the internalised maintenance and income from expanding vehicle testing and MOT operations. If not achieved as projected this will increase the net revenue cost to the organisation

4.6 In approving this scheme members will be asked to make provision in the capital programme for £12,860,000 funded by new borrowing and £489,300 in the revenue budget for 2017/18.

4.7 These sums may potentially be reduced when a review of Capital resources takes place later this year as part of budget setting. This may identify unallocated capital resources which could be allocated to this scheme in lieu of borrowing. However, this can not be guaranteed and so approval is sought on the basis of the maximum potential borrowing requirements and cost.

4.8 This is a considerable variation from the approved budget framework and sits outside of the standard budget development timeframe. Such a decision would not normally be brought forward for member consideration in isolation of the core budget considerations and members, in taking the decision, ought to be aware of wider affordability issues associated with the decision.

4.9 The justification for doing so is the considerable operational and health and safety risks facing the organisation from operating its waste collection service from a site which is now too small due to the rapid expansion of the Vale in recent years.

Contact Officer	Isabel Edgar Briancon 01296 585862
Background Documents	Business Case Pembroke Road September 2016

Aylesbury Vale District Council

Business Case

Recycling, Waste and Community Spaces Capital Programme

Operations Depot at Pembroke Road and Fleet Replacement Programme

September 2016

Prepared by Isabel Edgar Briancon

1. Executive Summary

The requirement for the redevelopment of the Pembroke Road depot is driven by the following reasons:

1.1. The need to address health and safety risks

The current constraints on the site and the configuration of the depot pose considerable risks, in particular inadequate segregation of people and vehicles. The Workplace (Health Safety and Welfare) Regulations 1992 make clear recommendations with regard to the operation of traffic routes on site, however the current configuration and condition of the site does not comply on a number of key criteria.

1.2. The need to address environmental risks

The depot site is bordered to both the north and the south by rivers and the water table is relatively close to the surface. This poses a risk of flooding to the site; despite recent attenuation works to cover a 100-year event the site had to be closed temporarily following a flooding incident in 2014. Additionally there are identified risks of pollution from diesel and detergents escaping into the water course due to inadequate drainage.

1.3. Operational improvements

The current configuration of the depot does not lend itself to effective operational management. All operational activities are currently managed in an area of less that 2 acres hence the requirement to park all HGV's off site the past 3 months. Other Council vehicles are parked within operational areas and roadways and provide further constriction on the effective management of the site.

1.4. The need to accommodate the growth within the District

Recent demographic projections show that the population of Aylesbury Vale District will increase by around 33,000 new homes between 2011 and 2031. If it is assumed that this growth will be around 1,500 new homes per year and this will increase the requirements of the waste collection and recycling service in terms of the volumes of household waste collected, number of HGV vehicles and number of staff . The current size and configuration of the depot does not allow for this growth, and all recent works undertaken in 2012 are now at capacity.

1.5. Existing disrepair

There are repair and investment requirements on the current site, which require addressing. The yard also requires major resurfacing – the current state of the surface contributes to the pollution risks identified above.

2. Income Generation and Development costs

A capital and revenue ROI summary is provided in Appendix A.

2.1. Income Generation

The development of Pembroke Road allows new commercial opportunities to be developed as well as efficiencies and savings to be made elsewhere in the Recycling and Waste revenue budget.

The provision of an Enhanced Vehicle Workshop allows for a conservative total expected income/savings in year one £364,000 net, increasing to £837,100 net in year 10. This figure is primarily made up of savings in vehicle maintenance paid to third party suppliers, income generation from increased Taxi and public MOT's and income from a Authorised Testing Facility for commercial HGV MOT's.

2.2.Fleet procurement

Currently AVDC fleet are leased over a 6 year period. Now that AVDC are no longer required to tip waste into landfill on a regular basis it is prudent that the fleet are purchased outright. Current leasing costs are 864,000 per annum. Although subject to a full OJEU procurement, it is anticipated that the capital costs for a fleet will be in the region of 3.6 million. The payback period will be 7 years (the typical operating life of an RCV) and is estimated to save £300,000 per annum.

2.3.Development costs

The Pembroke Road development will provide a mid term option to accommodate around 10 years growth. The depot design is provided in Appendix B. Total capital cost of the full depot redevelopment works are approximately £ 9.2 million, this includes all professional fees and a large contingency .

The depot design has been costed in two parts, Option 1 and Option 1a. This allows for a review toward the end of the 18 month development project to re-evaluate the needs for staff parking and complete build of the Bulky waste storage shed, provide the necessary highways changes to manage vehicle access to the site and improve sight lines on the chicane roadway. Additionally this allows some income generation to continue from existing tenants in 2 of the units in Pembroke Road until their lease expires in late 2018.

A full budget breakdown is provided in appendix A, the table below provides a summary of the annual net revenue impact of the capital loan, including vehicle procurement capital.

Option	Loan amount	Year 1	Loan period	ROI
Depot 1a Fleet	7.3 million 3.6 million	274k	10 7	Year 5
Depot 1 Fleet	9.2 million 3.6 million	489k	10 7	Year 10

The full capital loan for the depot is repayable in 10 years and by year 11 savings/income generation relating to the enhanced workshop are estimated at £966,600 net.

Contents

3. Purpose of this document

This document sets out the requirements and issues relating to the refurbishment and reconfiguration of the Council's Waste Depot at Pembroke Road and the Fleet Replacement Programme.

An earlier Business Case was approved by the Council in 2011 for the replacement of the current vehicle workshop with a larger facility at a capital cost of £1.5m, reflecting the changing needs of the Council since this date, and also the purchase of adjacent land in order to enable expansion of the site. It also takes into account and supersedes a subsequent review of the previous Business Case in 2013 which proposed an extension to the new workshop in order to increase capacity and enable the generation of additional external income.

Included in this report are the proposals for the fleet replacement programme which enables the Council to offset some of the revenue burden for the capital investment for the Depot.

4. Strategic Context

The proposed capital spend for the refurbishment and reconfiguration of the Pembroke Road depot and the fleet replacement programme is intended to support the Council in its move to the New Business Model. Specifically this will be through:

- Addressing key urgent health and safety and operational requirements for the delivery of the services
- Providing services more cost-effectively, through seeking to reduce the cost of delivery and increasing external income generation from partnership working
- Making better use of assets through partnership working and sharing with other public bodies

5. Case for Change - Business needs

The requirement for the redevelopment of the Pembroke Road depot is driven by the following reasons:

5.1. The need to address health and safety risks

The current constraints on the site and the configuration of the depot pose considerable risks, in particular inadequate segregation of people and vehicles. For example, the current parking on site does not allow separation of vehicles, operations, and pedestrian; the yard sees significant movements of HGVs and plant during working hours, including Refuse Collection Vehicles (RCVs) turning and reversing in the yard to tip recycling materials, and articulated lorries reversing to collect the recyclate. The Workplace (Health Safety and Welfare) Regulations 1992 make clear recommendations with regard to the operation of traffic routes on site, however the current configuration and condition of the site does not permit compliance on a number of criteria. Should there be an accident, or any HSE visit, then this is likely to result in enforcement action such as closure of the depot and possibly including prosecution of the Council by the Health & Safety Executive (HSE).

5.2. The need to address environmental risks

The depot site is bordered to both the north and the south by rivers and the water table is relatively close to the surface. This poses a risk of flooding to the site; despite attenuation works to cover a 100-year event the site had to be closed temporarily following a flooding incident in 2014, and there is the risk of resulting damage to recyclable and other materials stored on site (the location of the recycling sheds to the northern edge of the site is particularly prone to flooding). The location of the vehicle wash and fuel pumps on the site also give rise to the risk of oil and detergents draining into the rivers and the potentially high risk of prosecution by the Environment Agency.

5.3. Operational improvements

The current configuration of the depot does not lend itself to effective operational management. For example, it does not enable vehicles to travel on a one-way system and instead requires turning and reversing. The size and location of the sheds do not allow recyclable material to be loaded on to the HGVs under cover, resulting in materials being spilled and blown around the site. The location of the fuel pumps and vehicle wash exacerbate the traffic management issues as well as the environmental risks, and there is no separate area for the parking of RCVs, hence these are currently parked at the Gateway overspill car park. Other Council vehicles are parked within operational areas and provide further constriction on the effective management of the site.

5.4. The need to accommodate the growth within the District

Recent demographic projections show that the population of Aylesbury Vale District will increase by around 33,000 new homes between 2011 and 2031. If it is assumed that this growth will be around 1,500 new homes per year and this will increase the requirements of the waste collection and recycling service in terms of the volumes of household waste collected (and in the case of recyclate stored within the depot) and the numbers of rounds and vehicles required. The current size and configuration of the depot does not allow for this growth. The Pembroke Road development will provide a mid term option to accommodate around 10 years growth.

5.5. Existing disrepair

There are repair and investment requirements on the current site, which require addressing. For example the current workshop building is in a poor state of repair and has effectively been “chopped in half”, including a low asbestos roof and lack of compliance with low emission guidelines. The yard also requires major resurfacing – the current state of the surface contributes to the pollution risks identified above.

6. Fleet Replacement Programme

As part of the regular replacement of vehicles, Recycling and Waste Services is seeking to replace the majority of the current fleet of Refuse Collection Vehicles (RCVs). The age of the current vehicles is making them difficult and expensive to maintain, and can affect refuse collection service reliability with an unacceptable rate of vehicle breakdowns.

AVDC currently operates a mixed fleet of vehicles some of which are leased and some of which are purchased outright.

The majority of Mainline collection fleet was procured in 2010 and in 2012. This was to accommodate the Waste Transformation and new service implementation at the time. The current Mainline fleet is 33 in number and this procurement seeks to replace 27 of these and add 5/6 further food collection vehicles in two phases. Additionally 3 ancillary vehicles also require replacement.

Vehicle Type	Age (yrs)	Quantity	Replacement Y/N information
Standard 26t RCV	6	6	Yes – Lease expires April 2017
Narrow 18t RCV	4	4	No – Lease expires June 2018, expected life span 7 years therefore maintain for spares
Podded RCV	4	13	Yes – Lease expires July & August 2018
18t RCV	9	2	Yes –Purchased
18t RCV	8	1	Yes - Purchased
Podded RCV	6	1	Yes - Purchased
Podded RCV	8	1	Yes - Purchased
Food Vehicle	3	5	No – Purchased, expected life 8-10 years
Skip Vehicle	20	1	Yes - Purchased
RORO	16	1	Yes - Purchased
Forklift	38	1	Yes - Purchased

The final quantity of vehicles for mainline fleet procurement is dependent on round modelling, however estimates have been based on current fleet /households + contingency for planned and unplanned maintenance

6.1. Existing Fleet Issues

Some of the existing fleet is still under lease and it is expected that these vehicles will also need to be on the programme for replacement. Currently the podded RCV's have proved operationally limiting due to the reduced payload and because of the increased complexity of the vehicle, compared to standard RCV's, and the vehicles are frequently away for repair. This has resulted in increased requirement to spot hire vehicle replacements. It is not possible to hire podded vehicles on the market and therefore 2 vehicles have to be hired to accommodate the waste types collected or if this is not possible waste food and recycling or refuse have to be mixed on the same vehicle.

The recycling and waste department have identified a greater need for flexibility of the fleet to reduce downtime due to vehicle repairs and allow greater capacity for waste collection. Currently make up of the fleet is making the collection service untenable in the short term, due to persistent breakdowns of the ancillary equipment on the vehicles. Therefore it is recommend to provide a standardised fleet of RCV's and 7.5 tonne food collection vehicles across the service. Additionally the capital cost of standard RCV's is around 25% less than podded RCV's and maintenance is reduced similarly.

Discussions with our current leasing partner SFS has begun. There is an early termination clause within the contract and there are financial impacts as a result of the early termination, which is likely to be around 1 year early. These include:

- All costs and expenses to SFS for recovering vehicles and enforcing terms of the agreement
- Agreed compensation for each lease schedule (termination sum) – balance of lease payments from termination date to end of lease date
- All arrears of rentals
- An amount equal to SFSs accounting book value for the vehicles as well as any costs incurring by SFS in breaking funding arrangement

In practise these cost are offset by any sums recovered from selling or re-siting the vehicles with other partners, and further offset by a reduction in maintenance, vehicle down time, and spot hire. Final costs to be calculated, as at the time of preparing this report SFS are were providing a quote.

6.2. Replacement Requirement

Outright purchase is normally the most economic way of procuring vehicles, and unless there are overwhelming reasons to vary this, outright purchase is the proposed method of acquisition for this procurement cycle.

Modern diesel-engine vehicles are very efficient, generally clean and are capable of running on more eco-friendly biofuels, which will become increasingly available over time and may in the future offer tax advantages with reduced fuel duties. They are generally more economical than their equivalent petrol-engine alternative, particularly over long distances.

It is intended to standardised the fleet as far as possible on diesel over the short term whilst keeping hybrid development under review particularly for heavier vehicles which currently operate at very low levels of fuel efficiency. If opportunities arise to pilot such technology at reasonable comparable cost these will be explored and decisions made on a case by case basis.

It is proposed that the following fleet is procured over an 18 month period with delivery of vehicles in two phases:

Vehicle Type	Quantity
Standard 26t RCV	18
Narrow 18t RCV	4
Food Vehicle	6
Skip Vehicle	1
RORO	1
Forklift	1

6.3.Fleet Costs

The procurement programme would be by Lot to ensure competitive tendering from the market, and allows delivery of the vehicles to be staggered. The cost to purchase the fleet outright is expected to be in the region of £3.7 million. The pay back period for the capital investment is 7 years (the typical operational life of an RCV) and represents around £300,000 per annum revenue saving compared to leasing.

7. Depot Infrastructure Requirements

Officers have identified the following requirements for the reconfigured depot:

Description	Considerations and issues	Priority
General principles	• Separation of people and vehicles • Remove/limit reversing vehicles • Speed limit on site • Improvement to Drainage	Essential Essential Essential Essential
Depot operational area	• Fix surface to south of site (necessary whether or not waste to be stored there) – Where waste is stored/moved/prepared etc. then drainage/bunding improvements i.e. if it is intended to store waste on south side where existing workshop is this whole area will need to be resurfaced due to bucket of JCB	Essential
Increased capacity to store recyclates	• Materials must be kept dry • Warehouse needs to be secured (locked up – Roller doors) • Potential to store materials separately by type. • Ability to load materials for onward haulage inside a building to avoid litter and spillage in the depot (min 10ms high). And improve haulage weights for onward transfer of material, by use of a grab loader. • Area for recycling contamination to be removed and store working bins • Resilience and district growth	Essential Essential Preferable Preferable Essential Essential
Increase capacity for general waste	• Externally stored waste requires additional drainage/bunding requirements. Where possible waste all should be stored inside • Residual waste for disposal - ad hoc tipping area (currently 8m x 5m) • Skips and Shipping containers storage • Hazardous waste containment (WEEE etc.) • Internal quarantine area for non-conforming waste (i.e. asbestos brought in unknowingly to site) • Waste materials to be sorted for flytipping (SITA/JOC)	Essential Essential Essential Essential Essential Essential
Weighbridge	• Options to add commercial weighing location, automation • Allows SITA to bring in waste to Pembroke Rd	Optional
Vehicle Wash	• Vehicle wash and Jet • Option to have 2 drive through and 2 jets, to reduce queuing. • Allow third party vehicle washing for ATF clients etc • Steam cleaning – preparation for MOT • Opportunity to offer cleaning to external parties (e.g. VAHT, SITA, Fire Service, BCC etc.)	Essential Preferable Preferable Optional Optional
Fuel Tank	• Above Ground • Security • Capacity	Essential Essential Essential

Security	• Existing CCTV provision is inadequate as parts of site not covered • Gated entrance and exit	Essential Essential
Sita Building	• Co-location of vehicles and staff with AVDC operation	Preferable
General Storage	• Address requirement of Facilities Team storage • Storage for Bins • Ancillary equipment	Essential Essential Essential Optional
Bulky Waste	• Area for storing bulky items for disposal • Area for storing bulky items for reuse	Essential Essential
Staff Facilities	• Reconfiguration of access to mess room for crews • Reuse of existing buildings on site? • Parking - increase in staff parking	Preferable Optional Preferable
Enhanced Workshop*	• 2 x car MOT lanes • 1 x full VOSA ATF test lane • 2 x HGV pit lanes	Essential Essential Essential Essential

8. Enhanced Workshop Benefits

The original business case for an enhanced workshop were approved by cabinet in 2011. The original Business Case was reviewed in 2013 by IESE and Officers and further income generation opportunities were identified.

Quantifiable	**Non Quantifiable**
• Income from providing VOSA Approved Testing Facility (ATF) • Income from additional taxi MOT and Inspections • Income from additional private MOTs • Savings in the cost of outsourced vehicle maintenance (taking into account growth in the fleet and net of increase in staffing)	• Improved health and safety
Financial	**Non-financial**
• Reduced cost of vehicle downtime • Savings in building running costs (utilities, repairs etc.) • Alleviation of flooding risk (potential cost avoidance)	• Accommodation of growth • Improved risk mitigation • Improved operational efficiency • Compliance and retention of Operators license • Environmental permit compliance

9. Enhanced Workshop Commentary

The original business case for the new workshop in 2013 (now updated) sets out the following costs and investment requirements that would be necessary in order to generate additional income:

- Increase in the size of the workshop from 357 square metres to 660 square metres.
- Increase from 3 bays (HGV service pit, group 4 MOT testing bay and floor area with 2 lift post) to 5 bays made up of a commercial Authorised Testing facility for HGV's and improved taxi and public MOT provision and improved HGV maintenance and repair provision to enable all

maintenance to occur in house. (1 x ATF DVSA test lane, 2 x HGV pit lanes and 2 x MOT bays with lifts)

- Increase in the staffing establishment from 4 (Fleet Manager and 3 Technicians) to 8 (Fleet Manager, Senior Technician, 6 Technicians) at an annual cost of £113,000 (increasing by 2% per annum) less between £30,000 to £40,000 savings on overtime.

9.1. Income from DVSA ATF

The Business Case assumes full utilisation of the ATF facility by year 7, yielding annual income of £182,000. Assumed income is only £36,000 and £72,000 in each of the first two years with a linear increase year on year. This is based upon a facility fee from DVSA of £91 per test and up to 8 tests per day.

In terms of achievability, officers have met with DVSA who confirm the need for an ATF in Aylesbury (nearest facilities are currently High Wycombe, Milton Keynes, Leighton Buzzard and Dunstable). Contact has also been made with nearby businesses with HGV fleets which confirm the likely interest in the facility. Officers have also identified a market from local residents with motor homes and horse boxes.

The ATF would also enable all of AVDC fleet to undergo MOT testing on site rather than being sent away for several days. Long term bookable slots for commercial MOTs would also enable improved operational planning and become a unique selling point for other HGV operators.

The income identified is achievable and the profiling prudent.

9.2. Income from additional taxi MOT and inspections

The Business Case assumes annual income of £36,000 from additional Taxi MOT's, based upon utilisation of 8 of the 8 available slots per day on the first MOT lane, an increase of 2-3 on the existing volume.

Figures from the Council's Licensing Section show that there have been 1,396 inspections from April to January (2015/16) compared to 1,370 for the whole of 2014/15 and 1,167 in 2013/14, an annual increase of around 20%. This represents 7 inspections per day on average.

To meet existing demand and continue to develop the income opportunity from Taxi Licensing the provision of more slots is necessary (currently this is achieved by staff overtime payments). Additionally a second MOT lane will meet longer term demand as the Licensing Section forecast a further increase in inspections as a result of an increase in the number of drivers applying for a taxi license and changes in legislation. It is prudent to assume a 10% increase in years 1 and 2 which would generate around £12,000 per year. Secondly the numbers do not include retests which are thought to number around 6 per week on average, which at £28 per retest would generate an additional £8,400 per year.

9.3. Income from additional private MOT

The Business Case assumes annual income of £36,000 based upon 30% utilisation of the second MOT lane (i.e. 3 tests per day). This is from year 1 and increase conservatively to 6 tests per day by year 4 and 100% occupancy by year 7.

The IESE business case for the Enhanced Workshop identifies the fact that the workshop is 'independent' and will not carry out follow-up repairs as a unique selling point for its MOT service and AVDC staff are seen as a target market. Evidence from Cherwell District Council demonstrates demand for Council operated MOT services.

The income target is challenging given the competition – there are around 50 garages in Aylesbury offering MOTs – and the fact that the existing workshop is only currently carrying out 5 private MOTs a week. However this is primarily because the private MOT service is not promoted due to the lack of slots available in the current facility.

The private and commercial MOT services link well with both the LimeCart and Incgen offering and the income identified is achievable and the profiling prudent.

9.4.Savings in vehicle repair costs and downtime

The Business Case assumes savings of £185,000 in year 1 from reduced usage of external garages rising by 10% to £327,800 by year 7, reducing in year 8 with the replacement of the vehicle fleet. Expenditure on external maintenance is budgeted at £312,000 in 2015/16 and is expected to increase to around £552,800 in year 7

The current fleet list shows 31 RCVs and other HGVs. The conditions within the Council's O Licence requires the vehicles to have a safety inspection every six weeks, therefore the maintenance plan per vehicle per year is as follows:

- 6 x A Service = Safety inspection, levels check and grease
- 2 x B Service = Safety inspection, engine oil and filter change, levels check and grease.
- 1 x C Service = Safety inspection, engine oil and filter change, gearbox oil and filter change, body filter change, levels check, grease, steam clean and MOT.

Each C Service is currently carried out externally due to the capacity of the workshop, and is taken to the garage on a Wednesday and collected the following Tuesday, hence is off road for 5 working days. Assuming on average a C service takes 12 hours then the downtime associated with taking each vehicle to the garage is 2.5 days. Over 29 RCVs this represents 72.5 days' downtime or one-third of the annual availability of a vehicle. At an annual running cost for a RCV of around £50,000 this represents a notional saving of £18,000 which can be realised through either avoiding the cost of short-term hires to cover downtime or through the deferral of purchasing an additional vehicle by using the increased capacity to absorb growth.

10. Business Benefits

10.1. Depot Redevelopment

10.1.1. Savings in building running costs

Over the last two financial years, the principal annual running costs for the buildings occupied by the Council and its contractors (SITA and John O'Connor) are as follows:

- Rates £61,000
- Electricity £19,000 to £20,000
- Gas £6,500 to £10,000
- Water £3,000 to £4,000

The units are of a basic construction and hence there would be opportunities for savings in gas and electricity costs should the buildings be replaced. Advice from the Council's Property & Estates Manager is that although a detailed survey has not been undertaken, whilst they are not necessarily beyond economic repair they are in need of major refurbishment. Roofs and gutters leak, cladding and access doors have been damaged, and the office and the mess facilities are out dated. The buildings also contain a degree of asbestos.

Annual reactive maintenance expenditure has run at £43,500 in 2014/15 and £27,000 in 2013/15, whilst planned maintenance has run at £16,000 per year.

Although it has not been possible to disaggregate all of the costs by building, a conservative estimate of the potential savings through complete replacement would be in the region of £41,000, based upon 10% reduction in gas and electricity costs (c. £3,000), 75% reduction in reactive maintenance (c. £30,000) and 50% reduction in planned maintenance (£8,000).

10.1.2. Improved Health and Safety

The HSE Guidance on Workplace Transport Safety sets out clear recommendations on site management in relation to the management of traffic on sites in accordance with the Workplace (Health Safety and Welfare) Regulations 1992:

- They must be suitable for the people and vehicles using them and organised so that they can both move around safely.
- Where vehicles and pedestrians share a traffic route, there must be enough separation between them (segregation).
- Pedestrians or vehicles must be able to use a traffic route without causing danger to the health or safety of people working near it.
- Vehicle routes must be far enough away from doors or gates that pedestrians use, or from pedestrian routes that lead on to them, so the safety of pedestrians is not threatened.

- Every traffic route must have a well-drained surface that is suitable for its purpose and must not be so uneven, potholed, sloped or slippery that it might expose anyone to a risk to their health or safety.
- They must, so far as is reasonably practicable, be kept free from obstructions and anything that may cause anyone to slip, trip or fall.
- They must have appropriate markings and signs where necessary for health or safety reasons.

The current traffic routes within the depot do not adequately address the issues of segregation, well-drained surfaces or obstructions. As a result there is a serious risk of incident which would lead to investigation and enforcement action by the HSE (including potential site closure) if the Council is judged to have taken inadequate steps to comply with the regulations or industry guidance. It must be noted that the latest Sentencing Council Guidelines1 state that "The offence is in creating a risk of harm" rather than injury or breaches of any regulations. This must therefore be a key objective of any works.

10.1.3. Alleviation of flooding risk

The site is at risk of flooding and the surface routinely floods during periods of heavy rain. Whilst this does not impact on operations, it does add to the environmental risk with diesel and detergent washing into the foul drain and watercourse without filtration. There is a financial impact of the ongoing risk, for example:

Potential damage to recyclable materials: Flooding of the sheds requires the disposal of all material stored as it cannot be re-processed. Based upon an estimated 300 tonnes of material stored and an average value of £51 per tonne plus income of £12 per tonne from UPM suggests a loss of over £18,900 for each incident of flooding, plus the disposal costs borne by the County Council. In addition the most recent incident in 2014 resulted in the Council having to also dispose of the recycling collected from households as residual waste as the Council could not tip at the depot for two days (which would be in the region of £2,520 per day through loss of income and payment of gate fees, based upon 40 tonnes per day at £63 per tonne).

10.1.4. Accommodation of growth

The 2013 revision to the original Business Case assumes the construction of 1,500 new homes per year within the district for the next 20 years and that the majority will be in and around Aylesbury. This is equated to the requirement for an additional 1.25 collection rounds per year or one new RCV (allowing for route optimisation). By definition this is a requirement for up to 20 additional vehicles. Historically the number of rounds has increased at this rate.

To review this requirement, in general terms most refuse collection crews will service between 850 and 1,500 homes each working day, dependent upon the geography and whether residual or recyclables (given the different weight and compaction). Assuming the lower level of collections per day and based upon the current four-day operating model, this would suggest an additional round would be required

[1] https://www.sentencingcouncil.org.uk/wp-content/uploads/HS-offences-definitive-guideline-FINAL-web1.pdf)

once every 2 years rather than each year, an additional requirement of around 10 vehicles eventually. An alternative calculation is based upon weights, with an average collection weight of 16kg. Given an RCV payload of between 6 and 11 tonnes (recyclate and residual respectively) and tipping twice a day with full loads, this would suggest that each RCV could collect from around 900 homes per day (3,600 per week). This capacity will reduce if for example:

- the proportion of waste recycled increases (lower tonnage for the same volume);
- more waste is collected by podded vehicles (smaller capacity);
- the extent of 'dispersal' of new homes around the district and the impact on travel distances vehicles are able to collect two full payloads each day.

Whilst an assumption of average tonnages and collection levels would suggest one new round every two years, the impact of new household growth could be faster depending on the variables above and so it is possible that a continuation of one new round per year may arise. This will also be affected by the waste strategy review that is currently underway.

The household growth will – based on the current collection model – also have an impact on the depot in terms of the volumes of recyclable material collected and tipped at the depot each day, which will need to be stored until collected. Based upon 16kg average collection weight and 60% recycling, this would suggest an additional 3.6 tonnes per day to be tipped and stored. This is against an estimated 300 tonnes that can be on site at any one time so approximately a 10% increase. However it should also be noted that the current Environmental Permit for the site requires for up to three days of waste collection to be stored within the depot.

Other aspects of growth that will need to be accommodated on the site include:

- growth in food waste
- bulky waste: the availability of storage on site is a constraint on the growth of the current service which only operates one day per week
- the impact of new collection rounds on staff accommodation, i.e. mess provision, toilet facilities and parking (for example 7 new rounds would result in 34 additional staff)
- the need for additional skips
- the need for additional bin storage

10.2. Fleet Replacement Programme

Much of the existing waste collection fleet is due for renewal. In previous years the Council has elected to lease the fleet. This was primarily because the operational life expectancy of the vehicles was reduced by around 2 years due to having to tip waste into landfill. Now that AVDC's vehicles tip directly into the EfW facility, wear and tear on the vehicles is greatly reduced. Life expectancy of modern RCV's that do not have to regularly operate on landfill are expected to last around 8-9 years.

11. Risks

Risk	Probability	Impact	Mitigation	Business/ Service
Delays in acquisition of the site mean that detailed site investigations have not been possible. Issues may relate to contaminated land, EA requirements etc.	Medium	High	Business Case includes provisional sum to cover potential additional works. Initial desk based studies are reassuring	Business
Ecological survey results in delays to commencement of works and achievability of timescale	Medium	High	Some contingency built into programme provided no significant delays	Business & Service
Difficulty in obtaining possession of remaining commercial units due to length of lease remaining	Medium	Medium	The majority of Tenants have already received notice. Alternatives are being considered including the relocation of 2 tenants whose lease expires 2018.	Business
Difficulty in maintaining 'business as usual' during works period	Low	High	Proposed phasing of works allows for maintaining BAU	Business & Service
Waste strategy review recommends service model that cannot be incorporated within existing or planned depot configuration	Low	Medium	Project to work alongside waste strategy review – due to complete late 2016 – and flexibility built into design	Service
Council seeks to externalise service in the future	Medium	Low	The Council would still need to make a suitable depot and waste transfer available	Service
Service does not deliver level of income projected within Business Case	Medium	High	Service to develop clear business plans to deliver additional net income. Current projections in ROI are conservative.	Business & Service
Sustainable Urban Drainage requirements	Medium	High	Business Case includes provisional sum to cover potential additional works. Early engagement with Planning and EA	Business & Service

12. Depot Design Options

12.1. Option 1

Option 1 meets all the requirements of the brief, while maintaining existing road infrastructure, office and storage buildings. Key features include:

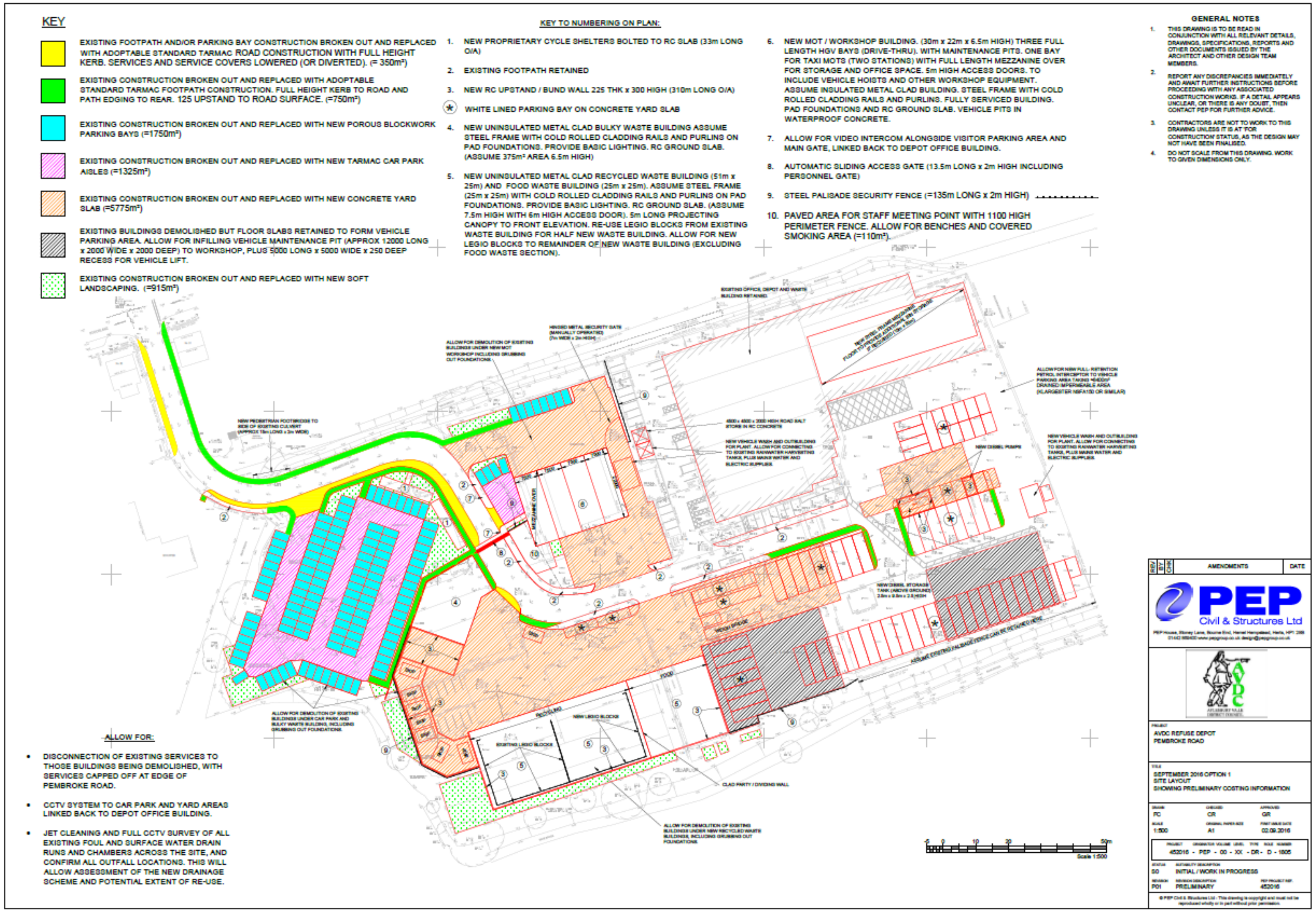
- All public activities such as visitor parking and MOT's are located outside a secure boundary of the operational aspects of the site, with controlled entry only.
- Meets all fire, waste and operators licence regulations and works to the last H&S principals recommended.
- Allows for separate HGV parking that minimises reversing and separates pedestrians.
- Allows for co-location of Street Cleansing and Horticultural services in one site.
- The enhanced workshop is located in the public area of the site and provides for the Commercial ATF, MOT's and all non specialist internal vehicle maintenance.
- Waste transfer and waste storage is located in the south of the site, away from residential properties. The waste transfer area is also located in an area that is not known for flooding and therefore works relating to drainage is minimised.
- New buildings/infrastructure is built away from the river course through the site. EA requires an 8 meter corridor for new infrastructure.
- The waste storage sheds allow for 10 years of growth for recycling and food and is built for flexibility with internal walls moveable. The sheds also allow for loading internally and therefore reduces the impact of litter and escape of waste from the site.
- Existing storage prone to flooding is adapted for general storage of around 20,000 bins on site.
- Links are run from existing rain water harvesting to vehicle wash.
- Provides for improved fuelling and vehicle washing and prevents escape of spilled fuel or detergent entering water courses.
- Provides for weighbridge for commercial activities associated with ATF and waste management
- Parking for 128 staff.
- Widens and clears roadway to remove blind bend and allows better sight lines into the facility to improve vehicle and pedestrian/visitor access

12.2. Option 1a

Option 1a meets most of the requirements for the brief with the notable exceptions of:

- Does not allow for provision of a bulky waste building – This part of the operation will need to be located in existing storage sheds (allocated for bin storage) and therefore waste transfer activities for bulky will remain in pedestrianised areas of the site.
- Does not allow for total parking requirements – interim parking may need to be provided during development
- Reduces the operational area for waste management activities
- Does not improve Highways issues or remove 'blind bend' access into site
- Does not widen road to improve pedestrian access into site

Appendix B - Depot layout option



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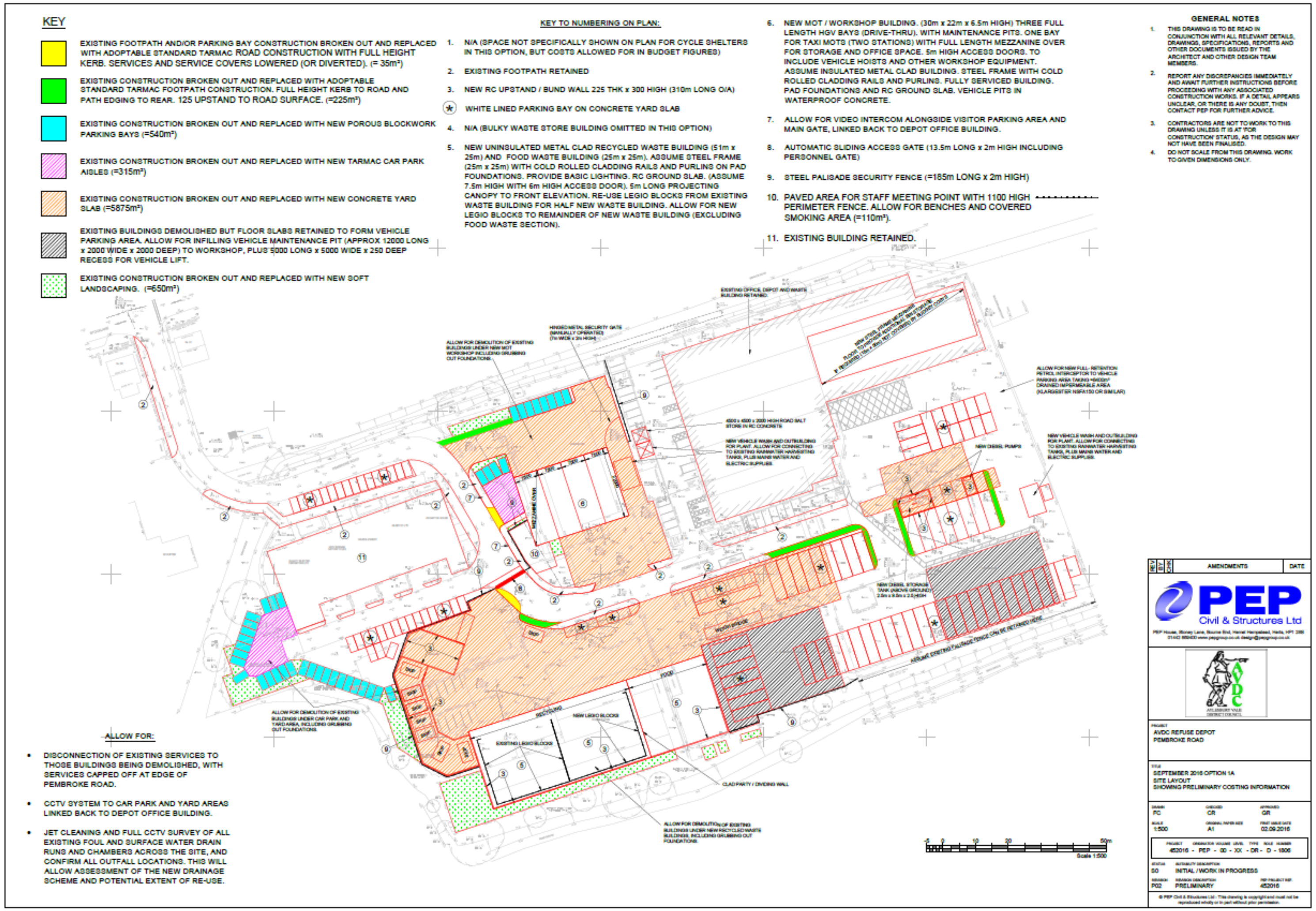
Appendix B - Depot layout option 1a



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