

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 than 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

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

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| <p>2.1 The Scrutiny Committee is requested to indicate any comments that it wishes Cabinet I 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.</p> |
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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.



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 than 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	7.3 million	274k	10	Year 5
Fleet	3.6 million		7	
Depot 1	9.2 million	489k	10	Year 10
Fleet	3.6 million		7	

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.

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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 recycle. 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	<ul style="list-style-type: none"> Separation of people and vehicles Remove/limit reversing vehicles Speed limit on site Improvement to Drainage 	Essential Essential Essential Essential
Depot operational area	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Options to add commercial weighing location, automation Allows SITA to bring in waste to Pembroke Rd 	Optional
Vehicle Wash	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Above Ground Security Capacity 	Essential Essential Essential

Security	<ul style="list-style-type: none"> Existing CCTV provision is inadequate as parts of site not covered Gated entrance and exit 	Essential Essential
Sita Building	<ul style="list-style-type: none"> Co-location of vehicles and staff with AVDC operation 	Preferable
General Storage	<ul style="list-style-type: none"> Address requirement of Facilities Team storage Storage for Bins Ancillary equipment 	Essential Essential Essential Optional
Bulky Waste	<ul style="list-style-type: none"> Area for storing bulky items for disposal Area for storing bulky items for reuse 	Essential Essential
Staff Facilities	<ul style="list-style-type: none"> Reconfiguration of access to mess room for crews Reuse of existing buildings on site? Parking - increase in staff parking 	Preferable Optional Preferable
Enhanced Workshop*	<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> 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) 	<ul style="list-style-type: none"> Improved health and safety
Financial	Non-financial
<ul style="list-style-type: none"> Reduced cost of vehicle downtime Savings in building running costs (utilities, repairs etc.) Alleviation of flooding risk (potential cost avoidance) 	<ul style="list-style-type: none"> 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

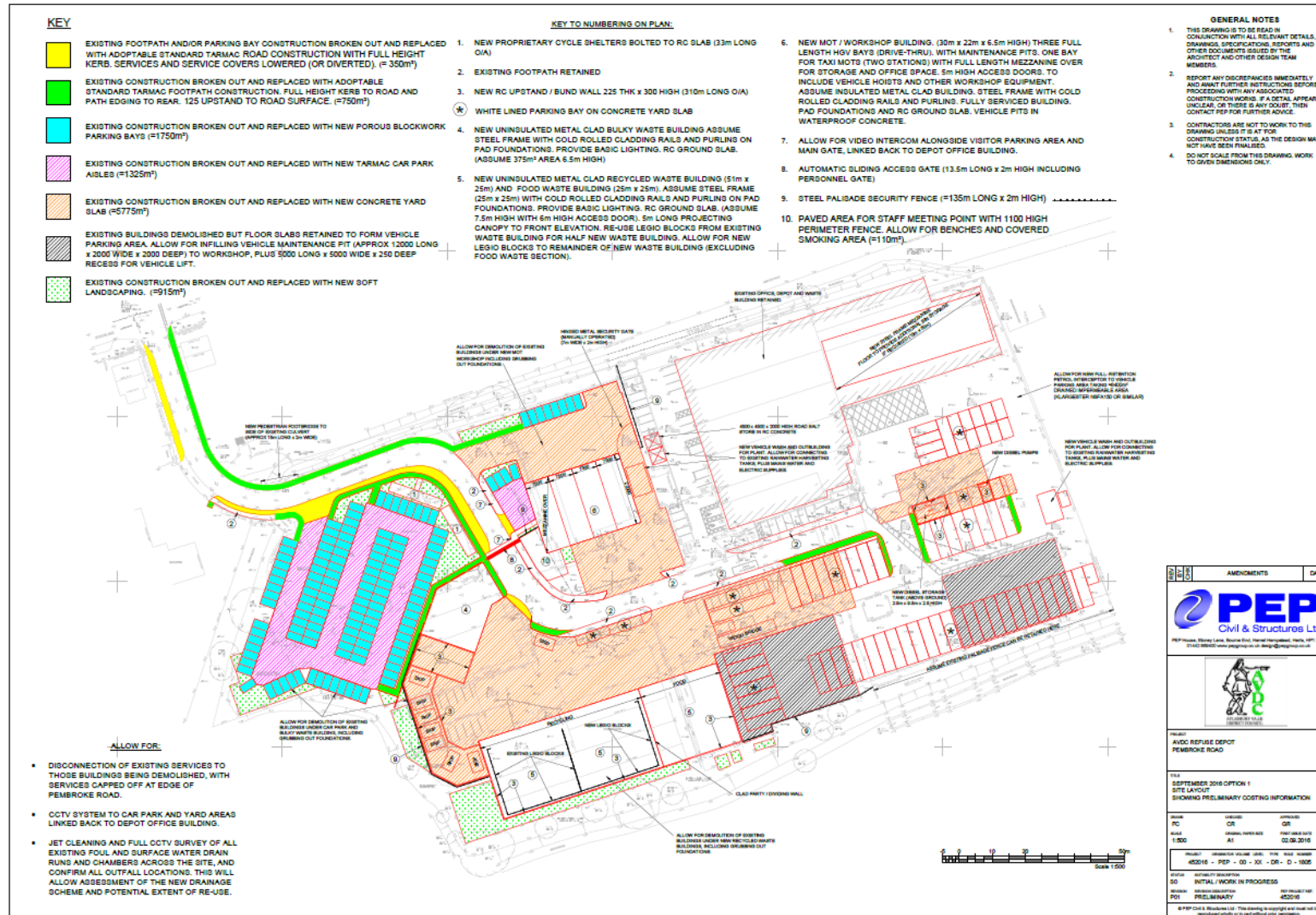
12.2. Option 1a

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



Appendix B - Depot layout option 1a

