

## **Cabinet**

**11 OCTOBER 2016**

**PRESENT:** Councillor N Blake (Leader); Councillors J Blake, H Mordue and Sir Beville Stanier Bt

**APOLOGIES:** Councillors S Bowles, A Macpherson and C Paternoster

### **1. MINUTES**

RESOLVED –

That the Minutes of 6 September, 2016, be approved as a correct record.

### **2. NEW HOMES BONUS**

Cabinet was advised that the Informal New Homes Bonus (NHB) Grants Panel had met on 7 September, 2016, to consider applications for funding from Parish and Town Councils under the NHB grant funding scheme. Members were reminded that New Homes Bonus (NHB) was a national initiative whereby funding from the revenue support grant for local authorities had been top sliced and allocated to councils in proportion to the number of new homes in their area.

In December, 2012, AVDC had agreed to allocate a share of the NHB to Parish/Town Councils to help alleviate the impacts of housing growth on local communities. 20% of the allocation had been set aside for the funding scheme, which equated to £1,282,000 being available in 2016/2017, the fourth year of funding for Town/Parish Councils. In addition, £15,578 had been carried over from the third round of funding, making a total of £1,297,578 available in the current funding round.

In January, 2013, Cabinet had agreed to establish an informal Panel to consider applications and make recommendations to Cabinet. The Cabinet report summarised the approved criteria for applications. Prospective applicants were required to submit a preliminary “expression of interest (EOI)” to identify whether projects met the key criteria and to enable an assessment to be made about alternative forms of funding such as that available in accordance with Section 106 Agreements.

In total, 12 EOIs or enquiries had been received and 8 Parish and Town Councils had subsequently submitted firm applications with a total value of £1,485,099. The Informal Panel had also been asked by Turweston Parish Council to consider increasing the amount of grant awarded in the 2014/15 funding round.

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

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

With regard to an application from Chearsley Parish Council for the rebuilding of the village hall, the Panel had been divided. Although the application was very thorough, and the scheme was of high quality, the Panel had not been entirely convinced that the application was in keeping with the original NHB funding criteria because of the limited impact of growth in the village. The Panel had therefore referred the final decision to Cabinet. The Chairman of Chearsley Parish Council attended the meeting and made a statement in support of the application. After careful consideration and taking all the information into account, Cabinet was of the view that the application should be supported.

An application had been submitted by Quainton Parish Council on behalf of Quainton Tennis Club, but the Panel had questioned whether the project fully fitted with the NHB funding criteria i.e. the provision of community facilities associated with growth which had tangible benefits for the community accepting that growth. The Tennis Club was a members only club that did not currently offer any pay and play community access options. The Panel had therefore recommended that the application be refused. The Panel's decisions with the rationale behind them had been summarised in a schedule attached as an Appendix to these Minutes.

It was reported that once the Panel's decisions had been agreed, funding agreements would be finalised with the successful applicants, which would include timescales for delivering the projects. The grant awards would be made on completion of particular phases.

All the funding under the scheme would be drawn from the 20% set aside and ring fenced for the scheme in 2016/2017. As previously mentioned, the underspend from 2015/2016 would be carried forward. The Panel's recommendations totalled £524,295 plus £376,372 for Chearsley village hall. This represented 82% of the budget available, with £236,911 being carried forward to support future applications.

RESOLVED –

That the Panel's recommendations as set out on the schedule attached as an Appendix to these Minutes, which now included approval for funding for the construction of a new village hall at Chearsley, be approved.

### **3. CAPITAL PROGRAMME (DEPOT DEVELOPMENT AND NEW FLEET)**

Cabinet received a report on the business needs and benefits of redeveloping the waste and recycling depot at Pembroke Road and the capital investment required to put in place the infrastructure necessary to meet the regulatory and growth needs of the Vale. The report also covered a proposal for replacement of the vehicle fleet. In relation to both issues, a schedule showing the projected rate of return was submitted as part of the confidential agenda.

The need to redevelop the depot was driven by the following factors:-

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

The current constraints on the site and the configuration posed considerable risks, in particular because of the inadequate segregation of vehicles and people. The Workplace (Health, Safety and Welfare) Regulations 1992 made clear recommendations concerning the operation of traffic routes on site, but the existing configuration and condition of the site did not comply in a number of key respects.

#### **The need to address environmental risks**

The depot site was bordered to both the north and south by rivers and the water table was relatively close to the surface. This posed a risk of flooding to the site. Despite recent attenuation works to cover a one in 100 year event, the site had to be closed temporarily following a flooding incident in 2014. In addition, there were identified risks associated with pollution from diesel and detergents escaping into the watercourses because of inadequate drainage.

### **Operational improvements**

The current site configuration did not lend itself to effective operational management. All operational activities were currently managed in an area of less than 2 acres, hence the requirement to park all HGVs off site during the past 3 months. Other Council owned vehicles were parked within operational areas and roadways and resulted in further constrictions on the effective management of the site.

### **The need to accommodate the growth of the District**

Recent demographic projections showed that the population of the District would increase as a result of the construction of around 33,000 new homes between 2011 and 2031. Assuming growth of around 1,500 new homes per year, this would increase the requirements of the waste collection and recycling service in terms of the volumes of waste, number of HGVs and the number of staff. The current size and configuration of the depot did not allow for this growth and all recent works undertaken in 2012 were now at capacity.

### **Existing disrepair**

There were repair and investment requirements on the current site which needed to be addressed. The yard also required major resurfacing as its current condition contributed to the pollution risks identified above.

### **Income generation and development costs**

The redevelopment of Pembroke Road would allow new commercial opportunities to be developed as well as efficiencies and savings to be made elsewhere in the waste and recycling budgets.

The provision of an enhanced workshop would achieve total expected income/savings in year one of £364,000 net, increasing to £837,100 net in year ten. This figure was primarily made up of savings in vehicle maintenance paid to third party suppliers, income generation from increased taxi and private vehicle MOTs and income from an authorised testing facility for commercial HGV MOTs.

### **Fleet procurement**

Currently AVDC had a mixed waste collection fleet primarily leased over a six year period. The lease for some of the vehicles was due to expire imminently and other fleet, owned outright by the Council had come to the end of its operational life. It was felt that now that the Council was no longer required to tip waste into landfill on a regular basis, it would be prudent that all the fleet was purchased outright by the Council. Current leasing costs were £864,000 per annum. Although subject to a full OJEU procurement process, it was anticipated that the capital costs for a fleet would be in the region of £3.6 million with a payback period of seven years (the typical operating life of a refuse collection vehicle). It was estimated that savings would amount to £300,000 per annum.

Some of the fleet leases were not due to expire until 2018. However due to persistent vehicle breakdowns and inflexibility of the vehicle configuration, that procurement of the

fleet needed to be brought forward in order to meet the on-going operational demands of the service.

### **Depot development cost**

The Pembroke Road development would provide a mid term option to accommodate around ten year's growth. The depot design was submitted as part of the Cabinet report. The total capital cost of the full redevelopment was circa £9.2 million, including professional fees and a contingency.

The depot design had been costed in two parts – option 1 and option 1a. This would allow for a review towards the end of the 18 months development project to re-evaluate the needs of 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. Also this would allow some income generation to continue from existing tenants in two of the units in Pembroke Road until their lease expired in late 2018.

The Cabinet report included a full budget breakdown, but the following was a summary of the net revenue impact of the capital loan:-

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

A similar report had been considered by the Finance and Services Scrutiny Committee and the proposals had been supported.

### **Summary**

In November, 2011, approval had been given for the refurbishment of Pembroke Road and for negotiations to be commenced with Aylesbury Vale Estates (AVE) in relation to a land transfer (from AVE to AVDC). These negotiations had been suspended temporarily while the Council reconsidered its position with regard to its longer term waste strategy and possible alternative locations for a waste transfer station and vehicle depot. However, after an extensive period of research and the development of a business case for an enhanced vehicle maintenance workshop, Pembroke Road had been identified as the most suitable location for the Council's mid term needs (ten years).

Pembroke Road had been acquired from AVE in July, 2016 and work had been underway to produce a layout and costings. Pembroke Road was primarily a vacant site and many of the existing units were in a state of disrepair. The existing tenancies had been factored into the phasing of the depot redevelopment.

The investment proposals for Pembroke Road required a Capital Programme provision of up to £9.2 million, of which £1.9 million would only be required if there was sufficient evidence of the demand and take up for the expanded vehicle testing facilities included within the proposal. The business case was predicated on all the required resources being borrowed, with the repayment cost being borne by the General Fund.

The proposal to purchase rather than lease the new refuse freighter fleet would require a further £3.6 million (subject to full OJEU procurement). The savings from this proposal (borrowing costs being lower than leasing costs) would help to mitigate the revenue repayment costs of the borrowing.

The estimated net annual revenue repayment costs for the two combined schemes initially amounted to £489,000 per annum, but would reduce over time as the borrowing was repaid. Crucial to the business case and assumed within the net revenue cost above was £364,000 of savings from the internalised maintenance and income from expanding vehicle testing and MOT operations. If not achieved as projected, this would increase the net revenue cost to the organisation. The Capital Programme therefore required provision £12,860,000 funded by new borrowing and £489,300 in the revenue budget for 2017/2018.

These sums might potentially be reduced when a review of capital resources took place later this year as part of budget setting. This might identify unallocated capital resources which could be allocated to this scheme in lieu of borrowing. However this could not be guaranteed, hence approval being sought for the maximum borrowing requirement.

RESOLVED –

That Council be recommended to:-

- (1) Make a provision of £3.6 million within the Capital Programme for the procurement and purchase of a new waste collection fleet, subject to OJEU and the satisfactory conclusion of negotiations.
- (2) Approve a capital budget of £9.2 million for option 1 and option 1a in the report submitted for the development project in order to provide certainty of compliance with statutory and regulatory obligations relating to waste collection, waste transfer and fleet parking.  
  
(it being noted that a review of the depot development project will be undertaken before the implementation of option 1 to ensure that the 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 of the existing units in December, 2018)
- (3) Permit additional new borrowing up to a maximum of £12,860,000 in order to fund these schemes, whilst recognising that these amounts may be reduced when a review of capital resources takes place later this financial year as part of the normal budget development process.
- (4) Require officers to make the necessary adjustments to the Council's Treasury Management Strategy and Medium Term Financial Plans for 2017/2018 and beyond, consistent with the above.

#### **4. 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 item of business on the grounds that it involved the likely disclosure of exempt information as defined in the Paragraph indicated in Part 1 of Schedule 12A of the Act:-

Financial information concerning the Pembroke Road redevelopment proposals and the purchase of a new vehicle fleet (Paragraph 3)

The public interest in maintaining the exemption outweighs the public interest in disclosing the information because the report contains 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.

**5. CAPITAL PROGRAMME (DEPOT DEVELOPMENT AND NEW FLEET)**

In connection with the decisions referred to above in relation to the proposed redevelopment of the depot and the acquisition of a new waste collection fleet, consideration was given to commercially sensitive financial information.