



Report of: Director of Communities and Environment
Report to: Executive Board
Date: 18th November 2020
Subject: Replacement depot and operational centre for Environmental Services

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name(s) of ward(s): Burmantofts and Richmond Hill, Temple Newsam	
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Will the decision be open for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:	
Appendix number:	

Summary

1. Main Issues

- a) The Council's current approach to its waste management facilities, location and operation has been subject of much consideration as it is acknowledged that the existing waste management facilities at Henshaw Lane and Knowsthorpe Way are not suited to meeting the long-term needs of the Council's operational requirements.
- b) The existing depot facilities do not have the required capacity to deal with waste management safely (Henshaw Lane in particular presents operational risks due to a lack of capacity) and they do not allow for any changes to service or provision for additional collections that may arise from future changes in accordance with the developing national and local waste management strategies. The current split site arrangement results in duplication of resources and the requirement for additional vehicles in the event of temporary breakdowns or fleet failures. In addition, since the opening of the Recycling and Energy Recovery Facility (RERF) the existing sites are no longer the most efficient location for the refuse collection service to operate from.
- c) In June 2017, Executive Board approved funding for the delivery of a new operational depot at Newmarket Approach that would address many of the issues

highlighted above and would be strategically located adjacent to the RERF to increase service efficiencies and generate revenue savings.

- d) However, following Executive Board approval in June 2017, design works have continued to develop the proposals for the new operational depot and as considerations have progressed, it is apparent that the original scheme proposed did not adequately address the service requirements identified above or resolve corporate needs for more flexible work space for the Council. We've also seen developments both nationally and locally which impact on our developing waste strategy. It has, therefore, been necessary to reconsider the original design proposals and develop a new scheme that addresses the operational and waste strategy needs of the service and allows the potential for other corporate opportunities arising from changing the workplace (CtW) approaches as well as progressing some asset rationalisation opportunities.
- e) A new design for the depot on the Newmarket Approach site has, therefore, been developed that takes into account updated service requirements, asset rationalisation opportunities, pre-application planning requirements, highways needs and corporate health and safety expectations. The design also includes ongoing consideration for future changes to the building using the councils CtW methodology and subsequent adjustments that may be required to ensure a safe working environment. The current site plan and design drawings are provided in Appendix A.
- f) The facility has also been designed to enable safe access to good quality collaboration/meeting spaces to support local consultation, community engagements events/activity and education/training activity. There is a shortage of such spaces within the area and the operational nature of the main services using the facility lend themselves to late afternoon/twilight hour availability for such use.

2. Best Council Plan Implications

- a) This scheme once delivered will allow Environmental Services the ability to provide a more unified response to the citizens of Leeds as the whole service would be located together, allowing more dynamic planning of the service, supporting the health and wellbeing of residents and helping to promote strong, safe and cohesive communities.
- b) The new facility has been designed to offer a flexible high quality work environment for Environmental Services whilst also providing the ability to accommodate staff from across the Council on a more flexible basis which will support both the Council's Estate Realisation Programme and key drivers such as the climate emergency and need for the Council to continue to reduce its carbon footprint both through reducing the buildings we have and demand for travel by staff.
- c) The new facility will include a top floor single open office space of 397m² replacing in excess of 550m² of office space currently used by the service at four different sites and several rooms across the city.
- d) The new facility responds significantly to the declaration of the climate emergency and the need to radically improve how we use resources and facilities. The facility will allow better route design and more efficient use of vehicles to reduce air pollution, which will include conversion of the fleet from fossil fuel to alternative

sustainable options such as electric and hydrogen and a reduction in the number of miles travelled through better geographical location of the facility and its direct relationship with the RERF.

- e) The facility has been designed to the highest standards of BREEAM, with a rating of excellent status resulting in the most energy efficient building that the council will occupy. It is to be constructed from sustainable materials that will reduce energy consumption within the building and limit the amount of CO² produced in its daily operation.

3. Resource Implications

- a) The estimated scheme cost is £9.076m inclusive of fees and risk contingency of which £4.01m will be funded from the existing scheme allocation with a further £5.066m being funded through prudential “invest to save” borrowing (paid for by associated “cashable” savings identified from with the Environmental and Fleet Services revenue budgets). The funds will be met through capital scheme number 32782/000/000.
- b) The borrowing costs associated with the additional £5.066m are to be funded by cashable revenue savings and, together with the financial benefit to the Council in helping deliver other savings and the securing of capital receipts for vacated sites, this exceeds the full cost of borrowing for the total project.
- c) To address the commercial risks presented as a result of the COVID-19 pandemic, the Council has requested a performance bond worth 10% of the construction value that is payable on demand. The bond will remain active until the expiry of the Defects Liability Period.
- d) Members should note that at the time of writing this report that the City Council has received the RIBA Stage 4 proposal including costs, giving a high degree of cost certainty on the maximum cost of the project. Upon approval of this DCR a formal tendered price will be requested from the contractor in line with their Stage 4 submission.
- e) Asset Management colleagues in Coty Development have supported the proposal as the relocation of the service to one site will help facilitate the rationalisation of other parts of the council’s estate by releasing Knowsthorpe Way and Millshaw depot for disposal and releasing space in Knowsthorpe Gate and within the Henshaw Highways depot for alternative uses.

4. Recommendations

Executive Board is requested to:

- a) Authorise £5.066m of prudential borrowing funding to be injected into capital scheme number 32782/000/000, fully funded from associated savings identified from with the Environmental and Fleet Services revenue budgets; noting that the project will help realise efficiencies, saving and capital receipts in excess of the cost of borrowing for the revised full scheme cost.

- b) Approve Authority to Spend and incur expenditure of £9.076m from capital scheme number 32782/000/000 for the construction work and associated fees for the construction of the new facilities.
- c) Note that the appointment of a contractor will only occur once the implications of the COVID-19 restrictions have been lifted and risks relating to programme and costs have been resolved to the satisfaction of Legal and Procurement Officers.
- d) Note that the Director of Communities and Environment will be responsible for the delivery of the project and authorise them to enter into all other agreements required to deliver this project efficiently.

1. Purpose of this report

The purpose of this report is:

- a) To provide an update on the development of the proposals for the Newmarket Approach development which will provide primary office and depot facilities for Environmental Services and local office accommodation and accessible facilities for other council departments.
- b) To seek an injection of £5.066m into the capital programme; funded by prudential borrowing paid for in full from service efficiency savings, primarily created through the rationalisation of four bases into one strategically located base.
- c) To seek Authority to Spend and incur expenditure of £9.076m for the proposed project as detailed within this report.

2. Background information

- 2.01 The current depot provision and operational route design was created at a time when there were no Alternate Week Collections and the proportion of black bin waste was much higher than now. All black bin waste was taken to either of two landfill sites; one in Bradford and one in the east of the city. From 2016 this changed so that all the city's black bin waste was taken to the Recycling and Energy Recovery Facility (RERF) in the Cross Green area, and the now increased proportion of green bin waste to a sorting facility in the south of the city.
- 2.02 Since 2016, around £1.4m per annum has been saved by the Council through the rollout of Alternative Weekly Collections and over £7m per annum through the commissioning of the Recycling and Energy Recovery Facility (RERF).
- 2.03 In June 2017, Executive Board approved funding for the delivery of a new operational "waste depot" at Newmarket Approach. The Executive Board agreed the council's current waste depot provision was insufficient and inefficient for the needs of the council's operational fleet and the provision of new, purpose built, replacement facility was required.
- 2.04 The Board agreed the Henshaw operational depot presents operational risks due to a lack of capacity and since the opening of the RERF in late 2015 it was no longer the most efficient location for the refuse collection service serving the west side of the city to operate from.
- 2.05 The Board also noted that the depot facility at Knowsthorpe Way was close to licenced capacity, was unable to be developed to accommodate any further operations/vehicles and was already identified by Health and Safety officers as a concern due to lack of space. The staff wash/changing facilities, operational start up/control desk and meeting room/office space for up to 50 staff at Knowsthorpe Way are all contained within a modular Portakabin built around 2000. This temporary structure had an intended design life of 10 years and so is beyond the end of its planned, useable life.
- 2.06 Environmental Services currently operate from four sites across the city:

- Henshaw depot (Yeadon) – The service operates 17 frontline refuse collection routes, using 18 vehicles, and associated supervisory and management resources from this depot. It is shared with the Cleaner Neighbourhoods Team and Highways, for whom it is a critical site for operation in the north and west of the city. It is not proposed to move the Cleaner Neighbourhoods Team operations from this site. The site will continue to provide strategic facilities for Highways and other council services once Refuse operations vacate the site. The site has an “operator’s licence” for 30 vehicles over 3.5 tonnes.
- Knowsthorpe Way depot (Cross Green) – The Refuse Service operates 53 frontline collection routes, using 65 vehicles, and two medical waste collection routes from this depot. It also houses the replacement bin delivery team as well as the Cleaner Neighbourhoods and City Centre cleansing teams who operate a further 25 vehicles. The site has an “operator’s licence” for 100 vehicles over 3.5 tonnes.
- Knowsthorpe Gate (Cross Green) – The service’s supporting strategy and infrastructure functions and household waste site management staff are all based at the Knowsthorpe Gate offices. The site has a very limited “operator’s licence” for 12 vehicles.
- Millshaw – Cleaner Neighbourhoods Team uses this building to locate back office/administrative functions and office space for teams serving the south/south east of the city.

The future use of each site, once it is no longer required by Waste Management Services will be managed and facilitated by Asset Management.

- 2.07 All goods vehicles over 3.5 tonnes, that are used in a business, need a goods vehicle operator’s licence to operate legally. Each operator’s licence is associated with an ‘operating centre’ and generally restricts the numbers of such vehicles that can operate from a site. The main purpose of the licence is to ensure the safe and proper use of goods vehicles and to protect the environment around operating centres. During the application process any applicant needs to satisfy a traffic commissioner that their operating centre is suitable, i.e. that it will be big enough, have safe access and be in an environmentally acceptable location. The process is also subject to public consultation. Once the licence is obtained, any breach of the licence could result in a traffic commissioner restricting the use of the site, reducing the number of vehicles allowed to operate at the site, or even taking the decision to revoke the licence altogether.
- 2.08 Suitably licenced and located sites are therefore essential for the council to deliver safe, efficient and reliable operational services to Leeds residents.
- 2.09 The best strategic location for the new facility is, therefore, as close to the RERF as possible to minimise vehicle mileage and maximise efficiency. Newmarket Approach site is the former wholesale market land to the rear of the RERF. This site is in Council ownership but needs significant investment to develop it into an operational depot as the site has mine-workings and geotechnical ground faults that all need remediation before the site can be utilised.
- a) The Newmarket Approach site has been given an operator’s licence to facilitate the safe use of up to 120 vehicles over 3.5t, allowing the whole of Waste

Management and a significant number of Cleaner Neighbourhoods Team vehicles to be located on the site.

- b) Since April 2016, all residual (black bin) waste has been treated at the new Recycling and Energy Recovery Facility (RERF), on Cross Green Industrial Estate, rather than via the old network of disposal points across the city. This long-term PFI contract, has improved service efficiency, but has led to real challenges in delivery of services from Henshaw depot. Henshaw depot is therefore no longer logistically advantageous for the refuse collection service. It remains however, an essential location for Highways and the Cleaner Neighbourhoods Team and will be retained for their operational use.

3. Main issues

3.1. *Design Proposals and Full Scheme Description*

3.1.1 The Construction works necessary to facilitate the development of Newmarket Approach as the primary office/base and depot facility for Environmental Services, consists of the following essential components:

- Construction of a three-storey office accommodation comprising of a reception/operational front desk/duty office area, rest/break facilities (with online/IT access points for operational staff), lockers, toilets and shower facilities all located on the ground floor; collaboration/training/meeting rooms with ancillary spaces and dedicated wellbeing space (adaptable for other uses) on the first floor; and a large open plan office area for over 110 staff on the second floor (open office space of 397m² replacing in excess of 550m² of office space currently used by the service at 4 different sites across the city).
- Construction of two large workshops that will be utilised by Fleet Services for on-site vehicle repairs and maintenance, and industrial activities such as ground and soil analysis and large items storage area.
- Construction of a refuelling station for both large and small vehicles.
- Construction of a drive through vehicle wash to allow the (largely recently renewed) fleet to be more regularly cleaned without Health and Safety risks or the need to introduce bio-hazard PPE.
- Creation of a staff car park with electric vehicle charging, secure cycle storage and motorcycle storage, car share bays and accessible parking spaces.
- Creation of an outdoor area including seating, landscaping and planting to improve biodiversity on the site as well as providing new secure fencing around the development with lighting and CCTV.
- Create landscape corridor to the front of the site and along both boundaries to improve biodiversity and introduce wildlife to the area as well as construction of moss walls within the building and car parking areas to capture a significant amount of CO², greatly improving air quality.

- Providing 25 charging points for new electric fleet vans and 20 heavy duty charging points for new electric RCV fleet.
- Installing ducts to all RCV vehicle parking bays to future proof for electric and/or hydrogen fuelling requirements.
- Providing 90 parking spaces for all RCV fleet with additional spaces being set out for Cleaner Neighbourhood's Team vehicles all of which will be accessed through an ANPR controlled barrier thereby removing the conflict between private and commercial vehicles.
- Reconfigured access road (Newmarket Approach) to support a one way system through the depot site and to enable quick access to the new facility by vehicles turning right out the neighbouring RERF, without having to turn left and drive up, down and back up Pontefract Lane to re-enter Newmarket Approach.

3.1.2. The estimated scheme cost is £9.076m; which includes £7.635m for construction works, £0.2m loose furniture, professional fees and survey costs of £1.241m for supporting costs including client held contingency commensurate to the scale and complexity of the project.

3.1.3 The works detailed within this report have been designed in partnership with Kier Construction following their appointment at the beginning of RIBA Stage 3. Kier have been appointed under a Professional Services Contract until the end of RIBA Stage 4, at which point a tender will be submitted and subject to agreement of contract figure and commercial terms a contract will be awarded.

3.1.4 The tendered price will be compiled using an open book method whereby the contractor has obtained a minimum 3 competitive prices for each package of work such as steelwork, roofing etc. All packages will be fully assessed using quantity surveying disciplines with NPS Leeds. NPS will then produce a tender recommendation which will form the basis of the Tender Acceptance Report that will be approved by the Director of Communities and Environments.

3.1.5 Following confirmation and acceptance of final contractor's costs a tender acceptance report will be prepared for approval prior to entering into contract. The main construction contract has yet to be agreed with Legal and Procurement colleagues and will take into account suitable risk transfer and market stability.

3.1.6 As part of the design development process Leeds City Council Highways have been commissioned to complete the transport assessment and travel plan and the associated 'off-site' road safety improvement works required as a consequence of the proposal. The scheme designed currently consists of traffic island alterations and widening of the main footpath on Newmarket Approach and the introduction of no waiting restrictions around the entrances. Noting that these measures are indicative at present and subject to further analysis by Highways engineering to confirm their suitability.

3.1.7 The new facility will provide an opportunity for other council services and directorates to use the facilities to support their business needs with a range of different spaces available to support a range of activities. The facilities will also

provide further strategically located vehicle servicing, washing and fuelling stations that will benefit LCC corporately.

3.1.8 The facility has also been designed to enable safe access to good quality collaboration/meeting spaces to support local consultation, community engagements events/activity and education/training activity. There is a shortage of such spaces within the area and the operational nature of the main services using the facility lend themselves to late afternoon/twilight hour availability for such use.

3.2 Programme

3.2.1 The key milestones to achieve the programme are as follows:

- | | |
|-----------------------------------|---------------------------------|
| • Stage 4 price submission | 12 th September 2020 |
| • Executive Board decision | November 2020 |
| • Planning determination | November 2020 |
| • Anticipated Main contract award | [Jan 2021*] |
| • Anticipated Start on site | [Feb 2021*] |
| • Anticipated completion | [Dec 2021*] |

*subject to some relaxation of lockdown restrictions and market improvement

3.2.2 The above key milestones are based on achieving Executive Board approval on the November 2020. Should any changes occur then the above sequence would need to be reviewed and any delays mitigated or accepted.

3.2.3 Completion of the works detailed herein is essential to allowing the Waste Management Service the ability to implement new route planning improving the service.

3.2.4 Executive and Ward Member briefings have taken place for the proposed development. Support has been gained from all members for the project and further consultation will take place throughout the proposed development

4. Corporate considerations

4.1 Consultation and engagement

4.1.1 An initial workshop to look at the provision of depot space took place between Waste Management, Highways, Parks and Countryside, Cleaner Neighbourhoods Team, Passenger Transport, Cleaning Services, Fleet services and Asset Management colleagues in February 2016. This workshop concluded that, whilst there were synergies between services, the lack of appropriate land, the locality-based operational requirements of some services, and the complexity of delivery, meant that the consolidation of several existing depots/operations into a single large depot site was not viable.

4.1.2 A further discussion in 2019 reviewed the above conclusion and also agreed that due to timescales necessary to complete the works for Waste Management Services the consolidation onto a single site was not possible. However, the facilities have been designed to enable other LCC office based staff to utilise the facilities in line with the changing the workplace requirements.

- 4.1.3 The possible provision of depot facilities on another part of the council's estate was investigated with colleagues in Asset Management. They have advised that the Newmarket Approach site is the only suitable site available, which meets both location and size requirements.
- 4.1.4 City Development Asset Management are supportive of the proposal as the relocation of the service to one site will help facilitate the rationalisation of other parts of the council's estate by releasing Knowsthorpe Way and Millshaw depot for disposal and releasing space in Knowsthorpe Gate and within the Henshaw Highways depot for alternative uses. The provision of a modern, fit for purpose facility at an excellent strategic location will provide further options to support future alternative working arrangements/practices and the estate realisation programme, by creating more flexibility across the estate with bookable and touch down spaces for collaboration, confidential and desk based activities. This will reduce travel demand and allow staff to work from and meet in buildings which are more convenient for their role and work pattern as well as closer to their home.
- 4.1.5 Pre-planning consultation has been held with representatives from the Planning Authority, Highways and Fleet Management Services.
- 4.1.6 Executive Member and relevant Ward Member briefings have taken place for the proposed development. Support has been gained from those members consulted on the project and further consultation will take place throughout the proposed development.
- 4.1.7 Staff drop-in/consultation exercises have also taken place at the current depots; with several comments/ideas being incorporated into revised specifications and designs.

4.2 Equality and diversity/cohesion and integration

- 4.2.1 The recommendations with this report do not have any direct nor specific impact upon any of the groups falling under the remit of the equality legislation and the need to eliminate discrimination and promote equality. A screening document has been prepared to this effect and an independent impact assessment is not required for the approvals requested. The screening document is attached to this report as Appendix B.

4.3 Council policies and the Best Council Plan

- 4.3.1 The proposal outlined within this report will support the delivery of one of the council's most critical services and enable it to be delivered in a safe, efficient and reliable manner.
- 4.3.2 The move to one depot will deliver on the council ambition to be an efficient and enterprising organisation, enabling us to drive down administration and management costs and to operate as efficiently as possible.
- 4.3.3 Given the links between the location of Waste Services and the requirements to electrify the fleet and de-carbonise operations, there is a clear and key link between this project and the council's priorities to improve air quality and to deliver low carbon services.

4.3.4 The facility will enable the council to implement further the 'changing the workplace' principles around the city, providing staff with flexible, fit for purpose facilities.

4.4 Climate Emergency

4.4.1 The following considerations have been applied to this scheme to support the climate emergency declaration:

- a) A sustainable approach to the design, construction and production of all new facilities provided, shall deliver a cost-effective and resource-efficient facility that:
 - Optimises passive design measures, including fabric first principles.
 - Minimises the use of all resources with rainwater harvesting and low energy mechanical and electrical services as well as on site energy production via photovoltaic cells.
 - Reducing the demand for energy and water use during the Works Period and in use with the use of LED lighting and energy efficient heating plant.
 - Minimises construction waste and CO2 emissions during the Works period and operation by using standard sized products and locally sourced materials where possible.
 - Allows opportunities for recycling during the Works Period and is constructed from materials that can be recycled at the end of the buildings working life.
 - Is located and connected into two main cycle routes allowing alternative methods of transport.
 - Is adjacent to the Temple Gate park and ride bus stops limiting the amount of people that will need to drive to Newmarket Approach.
- b) The contractor for the proposed development has in place a robust Waste Management Plan and is registered with The Considerate Constructors Scheme, of which, the main consideration of the scheme falls into three categories: The general public, the workforce and the environment. The contractor has a need to be sympathetic to the Leeds Talent and Skills Plan by seeking to employ local trades where possible thus reducing the impact of extended travel. A robust employment and skills training requirement has been developed for this project.
- c) Planning was validated on the 16th January 2020 and included the following improvements:
 - The Waste Management Service Travel Plan has been developed to create a package of measures in order to mitigate the potential impact on the highway as a result of the development. Leeds City Council's

'Influencing Travel Behaviour Team' have supported these measures and seek to ensure safe routes to and from work by promoting walking, cycling and public transport. Progress on these matters will be monitored and support offered to the service to improve on its target year on year.

- To protect and enhance the visual amenity the site landscape plans have included a significant number of trees and the introduction of moss walls to provide carbon capture resources and provision of greater biodiversity.
- In the interests of promoting sustainable travel opportunities, electrical vehicle charging points will be provided as part of the scheme as well as electrical charging points for commercial vehicles.

d) The project team will continue to work with the Sustainable Energy and Air Quality Team to identify and deliver any further efficiencies.

5 Resources, procurement and value for money

5.1 The estimated scheme cost is £9.076m; which includes £7.635m for construction works, £0.2m loose furniture, professional fees and survey costs of £1.241m for supporting costs including client held contingency commensurate to the scale and complexity of the project.

5.2 Throughout the construction process a full cost management process will be utilised and will look to realise any further potential savings to deliver the project on time and within the budget constraints.

5.3 A Performance Bond has been requested from the contractor valued at 10% of the total contract cost, payable on demand should the contractor fail to deliver on the agreed terms of the contract. This will be detailed within the tender requirements and will be valid up to the expiry of the defects liability period.

5.4 The cost will be met through capital scheme number 32782/000/000

5.5 The future use of the existing Waste Management/CNT depot sites is currently under review and wider service delivery options are being explored and will be subject to a separate decision making process.

5.6 Capital Funding & Cash Flow

Expenditure required	TOTAL	FORECAST				
		2019/20	2020/21	2021/22	2022/23	2023 on
	£000's	£000's	£000's	£000's	£000's	£000's
LAND (1)	0.0					
CONSTRUCTION (3)	7635.0	0.0	2290.5	4962.8	381.8	
FURN & EQPT (5)	200.0			200.0		
DESIGN FEES (6)	391.0	90.0	121.0	150.0	30.0	
OTHER COSTS - including lifecycle	850.0	100.0	200.0	400.0	150.0	
TOTALS	9076.0	190.0	2611.5	5712.8	561.8	0.0
Total overall Funding Available	TOTAL	FORECAST				
		2019/20	2020/21	2021/22	2022/23	2023 on
	£000's	£000's	£000's	£000's	£000's	£000's
e.g.						
Capital Borrowing	4010.0	190.0	2611.5	1208.5		
Capital Grants						
Total Funding	4010.0	190.0	2611.5	1208.5	0.0	0.0
Total Capital required	5066.0	0.0	0.0	4504.3	561.8	0.0

Amount to be borrowed	£9,076,000
Asset Life	60yrs
Interest Rate	2.36%-3%
Annual Financing Cost	£422k

Parent Scheme Number: 32782/000/000

Title: Waste Management Depot

5.7 Revenue Effects

5.7.1 Environmental Services has budget previously agreed to support the prudential borrowing costs of the £4.01m already approved at June 2017 Executive Board.

5.7.2 The following table shows both the “cashable” revenue savings that will specifically fund the additional £5.066m required, and also how the wider organisational savings and anticipated capital receipts that the scheme will enable amount to £173k a year more than the total annual cost of the building the new facility:

Table 2: Total revised project borrowing requirement and associated council wide savings:

	2021-22 £000s	2022-23 £000s	2023-24 £000s	2024-25 £000s	2025-26 £000s
Total Financing Costs	191*	422	422	422	422
Direct, cashable revenue budget savings:					
Duplicate spare vehicle savings identified in original 2017 approval (£47k + inflation)	-12.5	-50	-50	-50	-50
Route redesign efficiency	-30	-120	-120	-120	-120
Refuse fleet fuel savings of one base near to RERF	-10	-40	-40	-40	-40
Reduction in fleet maintenance costs due to only servicing one refuse depot	-9.25	-37	-37	-37	-37
Admin and PPE efficiency operating from one site	-3.75	-15	-15	-15	-15
Staff savings due to one less “shunt” vehicle required	-11.5	-46	-46	-46	-46
Other organisational cost reductions/savings the move to a new facility will help achieve:					
Reduction in refuse service cover costs/budget pressures by improved staff health and wellbeing	-32.5	-130	-130	-130	-130
Reduction in front desk/supervision costs caused by duplication of roles at 2 refuse depots	-20	-80	-80	-80	-80

Benefit of capital receipt for Knowsthorpe Way**	-4.5	-18	-18	-18	-18
Benefit of capital receipt for Millshaw**	-3.5	-14	-14	-14	-14
Backlog maintenance/repair saving from sale of Millshaw	-42.3	0	0	0	0
Annual running/maintenance saving from sale of Millshaw	-11.2	-44.8	-44.8	-44.8	-44.8
Total Council cost reductions/savings:	-191	-594.8	-594.8	-594.8	-594.8
Total Net Cost Reductions/Saving	0	-172.8	-172.8	-172.8	-172.8

* the borrowing costs will be profiled in 21/22 to match available budget, taking into account cashable savings

** these are indicative, estimated revenue savings that would be made if the sites were sold and the capital receipts used to offset equivalent borrowing requirements based on a 60 years term.

5.7.3 The new development replaces the current split site arrangement that occupy Knowsthorpe Way, Henshaw Lane, Millshaw and Knowsthorpe Gate. Currently Waste Management fund the revenue running costs of Knowsthorpe Way as the other three facilities are funded by other Directorates. The Head of Facilities Management/Cleaning Services has confirmed that existing budget provision, together with expected security savings and reduced energy costs etc, will be sufficient to manage the new facility as part of the Facilities Management portfolio, and therefore does not require additional budgetary provision making.

5.8 Legal implications, access to information, and call-in

5.8.1 The approval of this report constitutes a 'Key Decision' and as such will be subject to 'Call-In'.

5.8.2 There are no other legal implications or access information issues arising from this report.

5.9 Risk management

5.9.1 Risk is to be managed through the application of 'best practice' project management tools and techniques via the City Council 'PM Lite' methodology. Experienced project management resource has been allocated from within City Development's Projects & Programmes Team to deliver the project on behalf of Waste Management Service. Contractual support is being provided by Procurement & Commercial Service. NPS will be providing technical support when required.

5.9.2 An authority held contingency commensurate with a project of this value, has been included within the approval figure to address any risks that occur during construction. This is to be used at the Authority's discretion and is not accessible by any other party.

- 5.9.3 Further support on risk is to be provided by the independent technical advisors assigned to the project and will be extended to any necessary value engineering requirements.
- 5.9.4 A risk log has been developed for the scheme and will be updated and maintained throughout the project by the assigned project officer. Escalation of risk will be via the City Development's Senior Technical Manager to the Chief Officer Waste Management Service.
- 5.9.5 The recent outbreak of COVID 19 is having a serious effect on the ability of contractors to deliver their works, therefore it is highly likely that the timescales for achieving the completion date will be significantly delayed which may add further financial pressures to the project. Further negotiations regarding the award of any construction project, will be reviewed with Procurement and Legal Officers to remove as far as possible any financial implications to the council and ongoing risks.
- 5.9.6 A Performance Bond has been requested from the contractor valued at 10% of the total contract cost, payable on demand should the contractor fail to deliver on the agreed terms of the contract. This will be detailed within the tender requirements and will be valid up to the expiry of the defects liability period.

6 Conclusions

- 6.1 In order to provide the required facilities to replace outdated and inadequate operational bases and to enable Environmental Services to further improve the efficiency of delivery, including a reduced management resource, it is necessary to undertake the project detailed herein.
- 6.2 The delivery of the works at Newmarket Approach will be managed by City Development's Projects & Programme's Team on behalf of Communities and Environments in conjunction with NPS Leeds. The principal contractor to be appointed is Kier Construction.
- 6.3 The estimated scheme cost is £9.076m; which includes £7.635m for construction works, £0.2m loose furniture, professional fees and survey costs of £1.241m for supporting costs including client held contingency commensurate to the scale and complexity of the project.
- 6.4 The overall financial benefit to the council in rationalising facilities and providing a more efficient way of providing services will exceed the cost of the new facility by an estimated £173k per year.

7 Recommendations

- 7.1 Executive Board is requested to:
- a) Authorise £5.066m of prudential borrowing funding to be injected into capital scheme number 32782/000/000, fully funded from associated savings identified from with the Environmental and Fleet Services revenue budgets; noting that the project will help realise efficiencies, saving and capital receipts in excess of the cost of borrowing for the revised full scheme cost.

- b) Approve Authority to Spend and incur expenditure of £9.076m from capital scheme number 32782/000/000 for the construction work and associated fees for the construction of the new facilities.
- c) Note that the appointment of a contractor will only occur once the implications of the COVID-19 restrictions have been lifted and risks relating to programme and costs have been resolved to the satisfaction of Legal and Procurement Officers.
- d) Note that the Director of Communities and Environment will be responsible for the delivery of the project and authorise them to enter into all other agreements required to deliver this project efficiently.

8 **Background documents**¹

None

Appendices

Site location visuals, draft design drawing and plan (Appendix A)

EDCI Screening Document (Appendix B)

Further Documents

- 8.1 Waste Depot Development – Report to Executive Board 21/6/2017;
<https://democracy.leeds.gov.uk/ieDecisionDetails.aspx?AllId=62465>

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.