

# Finance and Resources Committee

10.00am, Tuesday, 2 February 2016

## Review of Council Depots Estate – Investment Strategy

<b>Item number</b>	7.11
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	

### Executive summary

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The Council's depot estate has suffered, over many years, from a lack of maintenance investment. Consequently, much of the estate fabric is in poor condition, out of date and not optimised for service delivery. Accordingly, a strategic review of the depot estate has been undertaken that is aligned with the Council's Transformation Programme.

This report outlines how the depot estate is rationalised thereby releasing approximately £30m of investment into the retained estate and identifies the operational and property savings, and capital receipts, that will be applied to offset the cost of this investment. This much needed investment will help to create a consolidated, fit for purpose, depot estate to deliver more efficient and resilient services that are essential to the function of the City of Edinburgh. The report sets out the overall strategy, and seeks approval to proceed with a phased implementation programme.

It is now critical that the first phase of the strategy is implemented, being the development of a facility for Waste Services and Task Force to serve the east of the city, at Seafield, and also design work on new and upgraded facilities at Bankhead and Russell Road depots.

<b>Coalition pledges</b>	P44
<b>Council outcomes</b>	CO17
<b>Single Outcome Agreement</b>	SO4

## Review of Council Depots Estate – Investment Strategy

### Recommendations

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- 1.1 That Committee:-
  - 1.1.1 Notes the significant backlog of maintenance and out dated facilities in the depots estate;
  - 1.1.2 Notes the potential opportunities for service improvement and savings that the review of the estate can deliver;
  - 1.1.3 Notes the requirement for new waste transfer stations to serve the city once the new Millerhill waste facility is operational;
  - 1.1.4 Notes the estimated capital cost associated with the upgrade of the depots estate and approve the principle that this is funded through the application of prudential borrowing and the capital receipts released as a result of the depots review;
  - 1.1.5 Approves the first phase of the construction of a new depot facility at Seafield to accommodate Waste Collection and Task Force services in the east of the City at a capital cost of £5.8m;
  - 1.1.6 Agrees to the commencement of design work for the remaining new facilities;
  - 1.1.7 Requests further reports on progress at gateway intervals once the strategy is implemented; and
  - 1.1.8 Refers this report to Council, on 4 February 2016, for approval of the prudential borrowing of £20.85m as outlined in this report.

### Background

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- 2.1 The Council's depot estate has suffered, over many years, from a lack of maintenance investment. Consequently, much of the estate fabric is in poor condition, out of date and not optimised for service delivery. Considerable intervention is necessary to address this issue and modernise the estate so that it is fit for future operational needs. Accordingly, a strategic review of the depot estate has been undertaken with the principal driver being to ensure the delivery of an affordable, modern, flexible estate resource, facilitating the efficient provision of services and generating long term property and operational savings, in line with the Council Transformation Programme.

2.2 The main over-arching objectives of the review are to:-

- Create long term savings through the reduction of the number of depots sites;
- Re-provide, extend and upgrade the retained estate to provide modern, fit for purpose facilities; and
- Provide supporting infrastructure for the operation of the new Zero Waste facility at Millerhill.

## Main report

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### Current Position

3.1 The depots estate currently comprises 17 operational sites, two non-operational sites and the freehold for one further site. Their locations are illustrated in Appendix 1. In total, they deliver six main services as follows:

- Waste Collection;
- Fleet;
- Roads Services;
- Task Force;
- Parks and Greenspace; and
- Edinburgh Building Services (EBS)

3.2 While these services have some similarities, they have differing needs for service delivery relating to function, the scale of operations and the geographical customer base they serve.

3.3 The review process has identified several specific opportunities to generate efficiency savings, and has also highlighted the urgent need to address a significant backlog of repairs that has resulted in poor working conditions and inefficiencies in many depot operations. There is a need to significantly upgrade and modernise the depot estate to provide compliance and support better operational functionality.

3.4 Condition surveys, undertaken in 2012, identified over £7.8m worth of work needed for day to day repairs alone. Although the most urgent work has been addressed, there still remains a significant unbudgeted investment liability from outstanding works. The condition issues in many depot properties have become compounded over time and many of the problems can no longer be economically repaired. A strategic approach is needed to ensure that all work on the depot estate is delivered as part of a planned and comprehensive modernisation programme. A selection of photos showing example conditions of the current estate is attached at Appendix 2.

## **Future State**

3.5 The review has set out to identify specific principles that are required to be fulfilled to ensure service levels can be maintained and improved. Through extensive consultation with the services, the following operational principles have been identified and adopted:

- Two depots for Waste (refuse collection and disposal operations) are required to serve the City – one for the west and one for the east - to optimise waste collection routing and also provide an element of service resilience, which is core to operational planning;
- The co-location dependency between Waste Services and Fleet (which provides a vehicle repair service to maintain the vehicles), no longer applies with the arrival of up to 27 new refuse collection vehicles throughout 2015. Fleet therefore can operate from a single site with minimal satellite facilities;
- Ideally, Waste Collection vehicle depots would also include waste bulking and tipping facilities. This is an important service principle following the opening of Zero Waste Millerhill, which will yield significant logistical benefits;
- Task Force require operational locations within the local community they serve to achieve optimum logistical efficiencies;
- The three current Roads depots are well located for providing an emergency response for strategic routes into the City (the A90, the A71 and the A7/A68); and
- Community Recycling would continue to operate from their three existing strategic sites, given the volume of domestic recycling waste and the Council's desire to support recycling initiatives.

3.6 A number of options were considered under the depots review which are summarised below.

### **Do minimum option**

3.7 This option assumed that all existing operational depots would be retained and that current costs would continue going forward. Investment would be made to address essential repairs. This was not considered a viable option for the following reasons:

- The very poor condition of many depot properties could lead to potential health and safety risks to personnel;
- Business continuity - Potentially significant levels of service disruption though the loss of operational depot sites as a result of condition;
- Considerable investment would be required to maintain the status quo, which is currently unbudgeted, i.e., closures of existing sites are required to create the capital and revenue for reinvestment, which is not possible under this option; and

- Supporting infrastructure and changing logistical requirements following the introduction of transferring waste to Millerhill from 2018. The location of Millerhill at the south east of the city means that an additional waste transfer station serving the north west of the city is required as a minimum. The new location of the waste transfer station at Bankhead will considerably improve the current routing logistics for the waste service.

### **Super depot concept**

3.8 This option considered bringing all the uses onto a single site, an option favoured by some other local authorities. However, it has been discounted for the following reasons:

- It significantly increases the logistical costs to the service due to staff 'down time' and transport costs to travel to the community to be served. Service operational costs are ten times the property costs (around £30m compared to £3m property running costs) and the financial case is very sensitive to locational choices.
- The size of site and level of investment required would be extensive. The overall size of the current depot estate, excluding Millerhill, is estimated to be 177,500m<sup>2</sup>. This is made up of 60,000m<sup>2</sup> of internal space with 117,500m<sup>2</sup> of external space – principally hardstanding. Even a rationalised depot estate (assuming, for example, a reduction in total space of 50%) could not be accommodated by a single 'super depot' model without utilising large areas of land outwith the current depot estate, at a considerable cost. In addition to land costs this would require investment of around £85m for new facilities at current prices.

### **Service led option - Core and Satellite depots**

- 3.9 The preferred strategy creates capital and revenue savings that are reinvested into a reduced but more modern, resilient and sustainable depot estate. Under this option, retained depots would be upgraded to address essential repairs, improve staff accommodation and welfare facilities, and provide additional facilities. The investment comprises a combination of new build, refurbishment and extension works. The new build investment centres around changes to the introduction of waste transfer by road to the new disposal facility at Millerhill, currently under development.
- 3.10 Retaining satellite depots provides a balance between operating more centres but decreasing operational travel costs and staff 'down time'. Over time, these issues could be mitigated through service redesign, increased collaboration with partners /other councils and the advancement of technological solutions such as vehicle telematics.
- 3.11 Waste Services are by far the largest service accommodated in the depot estate and the statutory obligations to deliver waste services, over a large geographical area, create very pronounced logistical challenges. Optimum depot location is

therefore critical in achieving efficiencies in service delivery, cost and service resilience.

- 3.12 The principles set out above have been translated into site specific strategies. Depots have been categorised as 'core', 'satellite', 'change potential' or 'surplus', and are described in Appendix 3, with the location of the retained sites illustrated in Appendix 4. The five core sites provide the key hubs across the city for depot services, supporting a multi service approach, based on a consolidation of services from other sites. In some cases they will require considerable new investment to provide the necessary level of accommodation to support all the services. The six satellite depots represent supplementary accommodation serving communities at the local level, and tend to make provision for single services.
- 3.13 As a result of the consolidation of services, up to eleven change or surplus potential sites are identified. These offer development potential, disposal in their entirety, or partial disposal following a consolidation of services to other depot locations.
- 3.14 All Edinburgh's food and residual waste will be managed at the Zero Waste Millerhill site, from early 2018. Given travel distances, a new waste transfer station, to tip waste, will be necessary to serve the north-west area of the city, before it is transferred to Millerhill for treatment. The strategy proposes that this station is located at Bankhead. The north-west area of the city currently has the highest level of service complaints, mainly caused by its distance from the current facility at Powderhall. The provision of a waste transfer station at Bankhead should see a significant improvement in customer satisfaction. A smaller scale waste building/transfer station is also proposed at Seafield to serve the north east, which will complement direct tipping at Millerhill in the east. In concentrating Waste Service proposals at Bankhead and Seafield, an anchor for the overall strategy of Core and Satellite depots approach is established.
- 3.15 In order to deliver the strategy significant investment in new facilities is required at the following sites:
- Seafield – New eastern city waste collection depot, Task Force (East) base, waste bulking/transfer station – this facility is required as soon as possible due to a lease termination for the current site in May 2016;
  - Bankhead - New western city waste collection depot, waste bulking transfer station, Task Force (South West) base, required to come on line before 2018; and
  - Russell Road – Consolidated single depot for Fleet Services including new taxi inspection centre, Passenger Transport vehicle services and new facilities for Task Force (City) (the investment here will be subject to the outcome of current reviews of fleet services and community transport).

- 3.16 The Council's recyclable waste service came in-house in November 2015, having been formerly run from a private facility. It is currently being run from the Russell Road depot. Options are being considered to include this facility at both Bankhead and Seafield which offer significant logistical advantages, cost savings and better sustainability of service delivery.
- 3.17 It is also proposed that there is a phased decant off the Murrayburn site, retaining only the existing, recently built, archive facilities. This may offer the opportunity to develop an enhanced storage facility here to release commitments elsewhere, and/or partial disposal. This will be considered under a separate business case.
- 3.18 In addition, key asset management upgrade works for the following retained 'satellite' depots are being progressed as part of a planned, comprehensive and long term modernisation process. The total value of this work is estimated at £2.1m, funding for which would be sourced from the Council's programme of asset management works, specifically for upgrading condition. These sites comprise:
- Blackford
  - Barnton
  - The Inch
  - Craigmillar
  - Inverleith
  - Burgess Road

#### **Surplus sites**

- 3.19 It is proposed to progress a disposal strategy around the following anticipated surplus depots. The release of these sites is dependent on related investment being made elsewhere in the estate to allow services to relocate.
- Powderhall
  - Longstone
  - Braehead
  - Murrayburn (part)
  - Cowan's Close
  - Balcarres Street (sold in 2015)
  - Granton (proposals are with Housing & Regeneration)
  - Peffer Place – alternative potential uses of this site being evaluated
  - Stanley Street - alternative potential uses of this site being evaluated

#### **Timescales**

- 3.20 Given the level of investment required in the remaining depot sites, it is expected that the strategy, set out in this report, will take three to four years to deliver. Timescales for each element of the strategy will be developed as part of the detailed business case for each of the sites. The strategy will be delivered on a phased basis of investment as follows:

**Phase 1** - implement the development of an eastern waste collection depot, and base for Task Force East at Seafield in 2016 for business continuity reasons. Commence design work for the redevelopment of the Bankhead facility and a waste transfer station at Seafield to come on stream in line with the operation of Zero Waste at Millerhill before 2018. Commence design work for the redevelopment of Russell Road.

**Phase 2** - implement development of the waste bulking transfer station at Seafield, and redevelopment of Bankhead for new western waste collection depot, waste bulking transfer station and base for Task Force (south west).

**Phase 3** – implement single depot for Fleet Services including new taxi inspection centre, passenger transport vehicle services and new facilities for Task Force (City) at Russell Road.

**Phases 1 to 3** – implementation of asset management works to upgrade retained satellite depots.

### **Next steps**

- 3.21 This report sets the strategy for all the Council's depots sites and provisional costing and valuation details. The next steps will be to implement Phase 1 and to progress the development of detailed business cases for each depot site and ensure that the proposals remain within the overall strategic and financial parameters outlined in this report. The key sites to allow the consolidation to commence are Seafield (as described above) Bankhead and Russell Road. It is proposed to progress to outline design for the development of the facilities at Bankhead and Russell Road, and the second phase of Seafield, with a view to developing the detailed business case. It is proposed to report further to Committee at appropriate gateway intervals, on the development of the strategy.

### **Detail on the Development of a Depot at Seafield**

- 3.22 The most urgent requirement is the development of a new depot facility at Seafield for Waste Collection (East) and Task Force (East). These services are currently located on a leased site at Baileyfield, rented from Standard Life. The lease expires in May 2016, and the landlord has confirmed that no extension to the lease will be possible. Accordingly, design work has already been initiated for the Seafield site to provide accommodation necessary for these services.
- 3.23 It is proposed that a phased approach is developed for Seafield, providing accommodation essential to maintain the delivery of the service as a first phase, including staff welfare, hardstanding for vehicular parking, access road upgrade and covered parking facilities. This has been costed at £5.8m. A second phase would deliver the longer term waste transfer station requirements, costed at £3.2m.
- 3.24 The design for the first phase has been developed to an outline design stage, which is sufficient to submit a planning application. The design has been undertaken through the Council's framework with 'Scape' and a modular solution



for the new building is being pursued to minimise construction timescales. The design has been developed in consultation with the service users, and should represent a considerable improvement over existing facilities. For example, a focus on health and safety has led to the development of a clearly defined segregation of pedestrian and vehicular movement on site, mitigating a key risk for depot sites. New features include the provision of canopies to protect the rear of the vehicles, where the hydraulics are located, to increase life expectancy of the equipment and improve day to day reliability. A selection of images are included in Appendix 5. The emerging designs for the site were shared with the unions, in December 2015, and received favourable comment.

- 3.25 The funding package for the development of Seafield is tied to the overall business case for investment in the wider depots review. Should Council approve the funding package, it is proposed to submit a planning application for this site in February 2016. Based on this programme, it is expected that this would allow an on-site start in the summer 2016, with completion of the facility by the end of 2016. It is proposed to progress the delivery of this project through the Council's framework with 'Scape'.
- 3.26 As the lease for the current facilities will expire in May 2016, a short term decant solution will be required for these services. The short term lease of a site at Bank Road in Leith has been identified for this purpose, which is subject to a separate report on this agenda. It is proposed to redirect a proportion of the current rental for Baileyfield (amounting to £140k per annum), to cover the £80k cost of this short term lease.

## Measures of success

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- 4.1 The implementation of the review is predicated on the following objectives:

### **Core objectives**

- Develop an estate which is well maintained, fit for purpose, with improved working conditions and appropriate welfare facilities for staff;
- Ensure the estate supports the most efficient pattern of provision from a service logistics perspective;
- Reduce operational property costs to support reinvestment in a more efficient estate;
- Protect the health, safety and welfare of Council employees and members of the public;
- Optimise potential capital receipts from the surplus estate to support reinvestment; and
- Provide a depot estate and service which delivers value for money for the Council.

## Complementary objectives

- Deliver benefits which accrue in the wider Council estate relative to both services and property solutions;
- Reduce environmental impact and support the Council's target reduction in carbon emissions;
- Enable services to remain resilient and responsive to operational need;
- Support recognition of potential future depot requirements/ locations generated by new developments and awareness of Council controlled land holdings and facilities that could accommodate future need; and
- Support the development of a mobile, integrated and responsive workforce.

## Financial impact

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### Costs

- 5.1 The review will reduce the number of operational depots sites from 19 to 12. In order to accommodate the relocating services at receiving sites, the following levels of investment are required:
- Seafield – New eastern waste collection depot, Task Force (East) base, waste bulking/transfer station, with an estimated capital cost of £9m for phases one (£5.8m) and two (£3.2m);
  - Bankhead - New western waste collection depot, waste bulking transfer station, Task Force (South West) base with an estimated capital cost of £10.6m; and
  - Russell Road – Consolidated single depot for Fleet Services including new taxi inspection centre, Passenger Transport vehicle services and new facilities for Task Force (City) with an estimated capital cost of £7.1m (this is subject to the outcome of current reviews of fleet services and community transport).
- 5.2 Inflation has been applied to the cost of these facilities at a rate of 3% per annum, based on the 2015 Quarter 2 BCIS construction inflation indices.
- 5.3 Condition surveys were undertaken across the depots estate three years ago. This identified £2.1m required to upgrade existing buildings across the sites that are proposed for retention. These surveys are currently being refreshed to identify a five year plan of upgrade for each retained site. The level of required investment may increase as a result of these surveys; however it is proposed to contain this element of investment within the Asset Management Works Programme.
- 5.4 The Seafield project is proposed to be developed in two phases; firstly the welfare and storage facilities associated with service relocation from the Baileyfield site, costed at £5.8m. The forecast costs for this project have been

utilised to estimate the cost of projects at other sites.

## **Funding Sources**

- 5.5 The principal effect of this review is to reduce the number of depots sites in the city. Accordingly, it has estimated that there will be a reduction in property running costs of £714k per annum. These estimates have been modelled based on the continuation of the running costs of existing buildings on the retained sites, plus an additional running cost for the new build facilities at the three core sites. These new build running costs allow for utilities, rates and an £8/m<sup>2</sup> per annum provision for planned maintenance.
- 5.6 A significant service saving is anticipated from the closure of Powderhall in 2018, once Millerhill is fully operational. The aging plant at Powderhall, and its intensive maintenance regime, will no longer be required. It is estimated that the entire running costs for Powderhall will represent a saving to the Council. These costs amount to £1.6m pa (excluding the property running costs, which are already factored into the £714k saving described in para. 5.5 above).
- 5.7 Capital receipts are expected from six surplus sites. These have been valued at £5.85m on a conservative basis. All values have been confirmed by a RICS registered valuer. It should be noted that a number of the remaining operational depots are located in greenbelt areas that have little development value and have been identified as more being expensive to relocate the uses than the income that would be generated from a receipt.
- 5.8 In summary, a total capital investment of £28.8m has been identified as the investment requirement for the depots. £2.1m is to upgrade existing assets and this will be contained this within the Asset Management Works budget. It is proposed to fund the remaining £26.7m from the following three sources:
1. Capital receipts from surplus depots sites of £5.85m;
  2. Annual revenue savings of £714k of property running costs as a direct result of the depot rationalisation, to be applied against prudential borrowing. This would unlock £8.6m of capital funding;
  3. Annual revenue savings of £1,008k of the Powderhall service costs (from a total available of £1,600k), to be applied against prudential borrowing. This would unlock £12.25m of capital funding.

These three sources combined would meet the investment cost of £26.7m, of which £20.85m would be prudential borrowing. The capital/revenue costs and savings are illustrated in Appendix 6. If approval is given to fund £20.85m through prudential borrowing supported by identified revenue savings, the overall loan charges associated with this expenditure over a 20 year period would be a principal amount of £20.85m and interest of £13.59m, resulting in a total cost of £34.440m based on a loans fund interest rate of 5.1%. The annual

loan charges would be £1.722m which can be accommodated by identified revenue savings.

- 5.9 Should a reduced scope of investment be required at Russell Road, following the outcome of the organisational reviews, a total capital investment of only £15.4m would be required. This would reduce the level of saving from the Powderhall service costs required to fund the programme to £535k pa.
- 5.10 The majority of the funding sources become available as individual sites are closed; however the investment will be required upfront to allow the closure. As a consequence there is a £59k borrowing cost pressure anticipated in 2017/18 which would be covered corporately from that year's revenue budget for loan charges.
- 5.11 In summary, the strategy releases a potential £26.7m of capital investment into the new and retained estate plus revenue service savings of £592k per annum, that are part of the Environment Service's future budget proposals. In the event that the strategy creates additional savings, e.g., higher capital receipts will reduce the borrowing costs, these savings will increase.

## **Risk, policy, compliance and governance impact**

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- 6.1 The main risk associated with not making the investment in the depots estate will result in some of the services becoming inoperable. There is a significant backlog of maintenance required at many of the depots. Furthermore, many depots have poor welfare facilities. There are also potential health and safety implications should the condition of the estate remain unaddressed.
- 6.2 Risks associated with the project at present include:
- The financial modelling requires more input and development to ensure robust business cases for each element of the programme are produced; and
  - Developing the optimised long term solution, especially around new facilities, will require significant detailed work, investment and approvals;
- 6.3 The risk of not achieving a permanent Waste Collection and Task Force solution for the services currently at Baileyfield is significant. Should the Seafield development not be approved there will be significant business continuity issues which can only be partially mitigated on a short term basis with the temporary decant solution at Bank Road.

## **Equalities impact**

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- 7.1 To be tested as part of individual business case development. The overall review is designed to improve service delivery for customers by creating a more efficient, DDA compliant and fit for purpose service.

## Sustainability impact

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- 8.1 The reduction in the number of depots, the investment in new efficient property stock whilst also minimising travel logistics for the services, will reduce the carbon footprint of the depots services.
- 8.2 An awareness of reducing 'total waste' levels, budgetary pressures, and legislative requirements are driving consideration of waste issues differently and adopt the 'Reduce-Reuse-Recycle' philosophy rather than simply responding with adaptations of the current models.

## Consultation and engagement

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- 9.1 Detailed scrutiny of the proposals is currently ongoing with the individual service managers. Unions have been advised of the review and have been consulted on the emerging design for the new facility at Seafield. The high level strategy has been shared with the Council's partner agencies such as the Ambulance Service and the Police, and there will continue to be consultation about the prospect of shared services as the detailed options emerge.

## Background reading/external references

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None.

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## Links

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<b>Coalition pledges</b>	P44 – Prioritise keeping our streets clean and attractive
<b>Council outcomes</b>	CO17 – Clean – Edinburgh's streets and open spaces are clean and free of litter and graffiti
<b>Single Outcome Agreement</b>	SO4 - Edinburgh's communities are safer and have improved physical and social fabric
<b>Appendices</b>	Appendix 1: Location of CEC Depots Appendix 2: condition of Current Depots Estate Appendix 3: Depots: Proposed Status

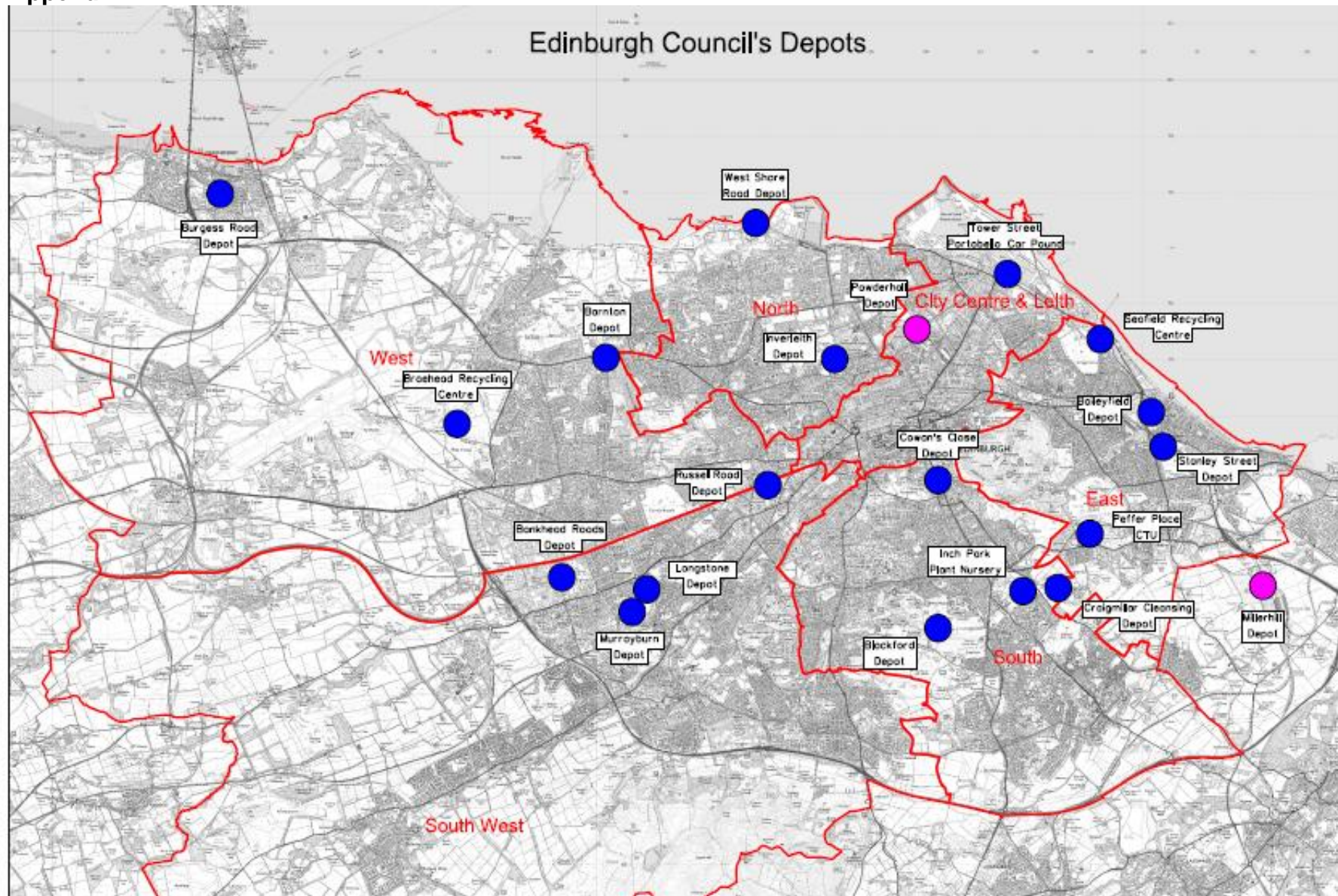
Appendix 4: Proposed Depot Estate 2017/18

Appendix 5: Proposals for the Development of Seafield

Appendix 6: Financial Summary



# Appendix 1





## Appendix 2: Condition of Current Depots Estate

### Roads Services

*Bankhead – new facility*



*Barnton*



*Blackford*



*Fleet Russell Road*



*Task Force Cowan's Close*





### **Appendix 3: Depots: Proposed Status**

#### **Core depots as follows:**

1. Seafield –east city Waste Collection, Waste Bulking/Transfer and Task Force facilities
2. Bankhead – south west city Road Services, Waste Bulking/Transfer, Waste Collection Parks and Green Spaces
3. The Inch –Parks and Green Spaces (South Central)
4. Russell Road - single site in central location Fleet Services (+CTU)
5. Murrayburn (part retained) – single site in central location Archive facilities, storage & Reprographics

#### **Core satellite depots as follows:**

1. Craigmillar – Community Recycling Centre and Task Force (South Central)
2. Burgess Road – Task Force (North West)
3. Inverleith – Park and Green Spaces (North West)
4. Barnton – Road Services (North West)
5. Blackford – Road Services (South Central)
6. Tower Street – Vehicle Pound and Salt Store

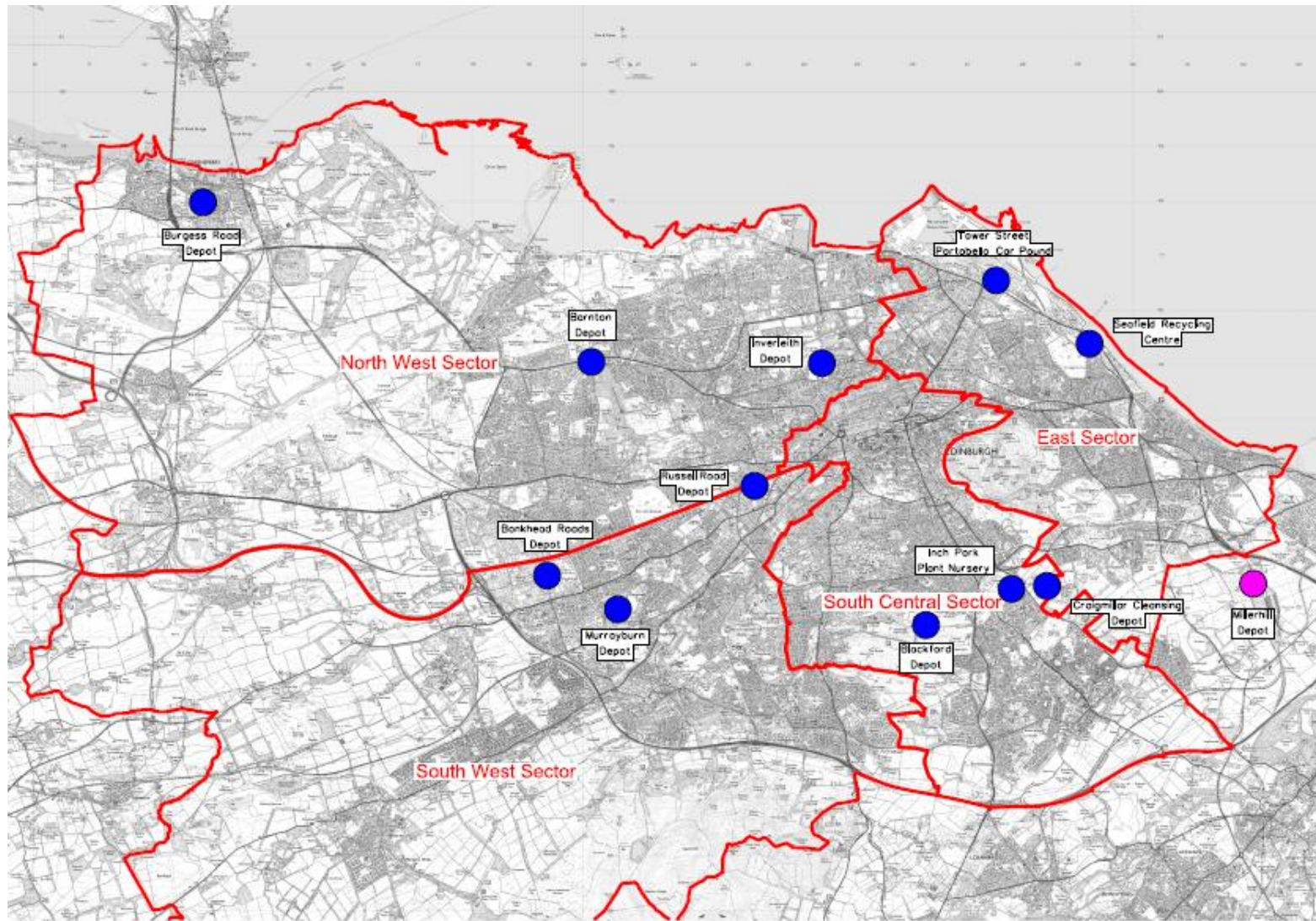
#### **Change potential depots as follows**

1. Peffer Place
2. Stanley Street
3. Murrayburn (potential for part development/part disposal)
4. 24 Shore Road

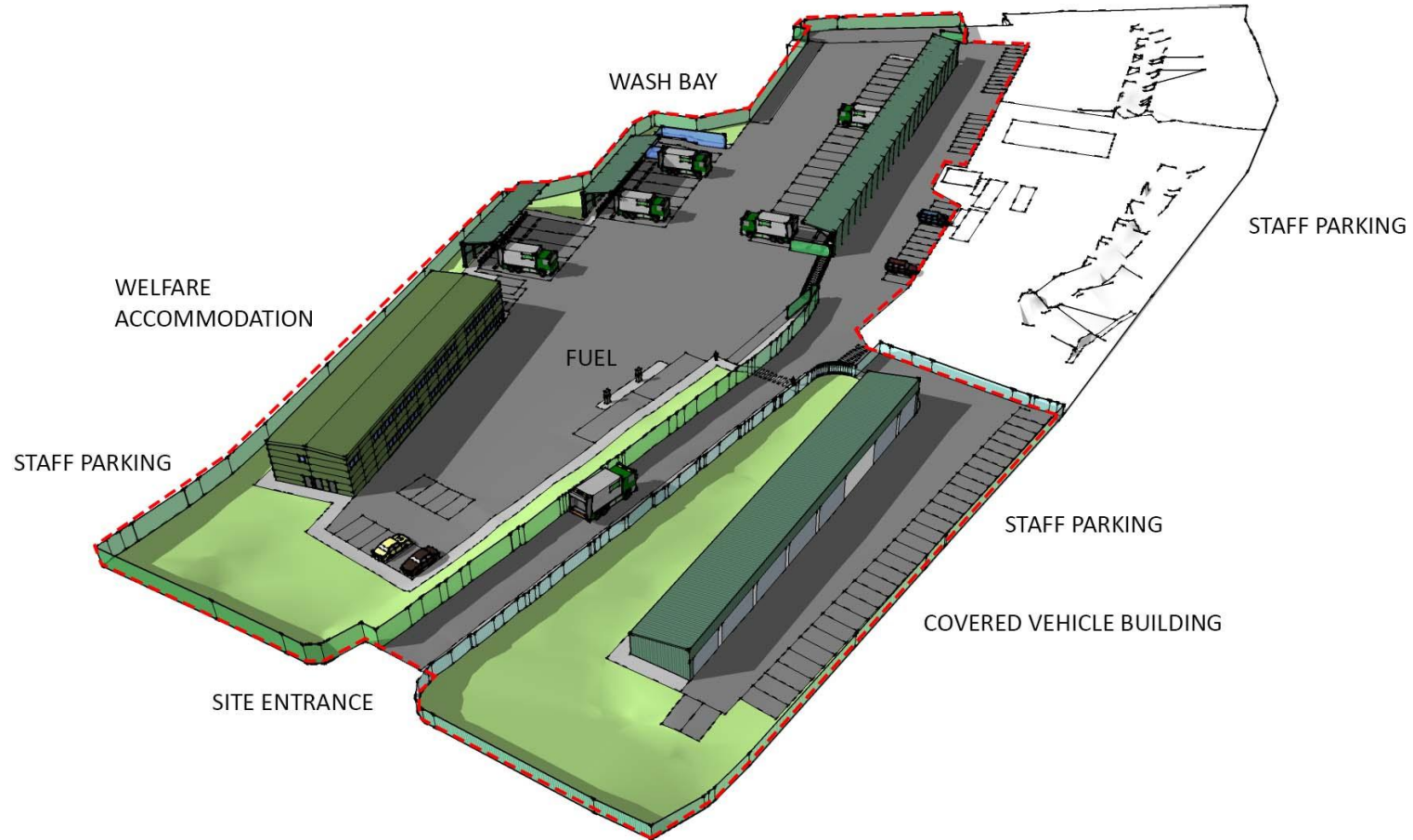
#### **Surplus potential depots as follows:**

1. Powderhall
2. Cowans Close
3. Longstone
4. Murrayburn (propose part disposal)
5. Braehead
6. Granton (vacated, transferred to Housing and Regeneration)
7. Balcarres (now sold)

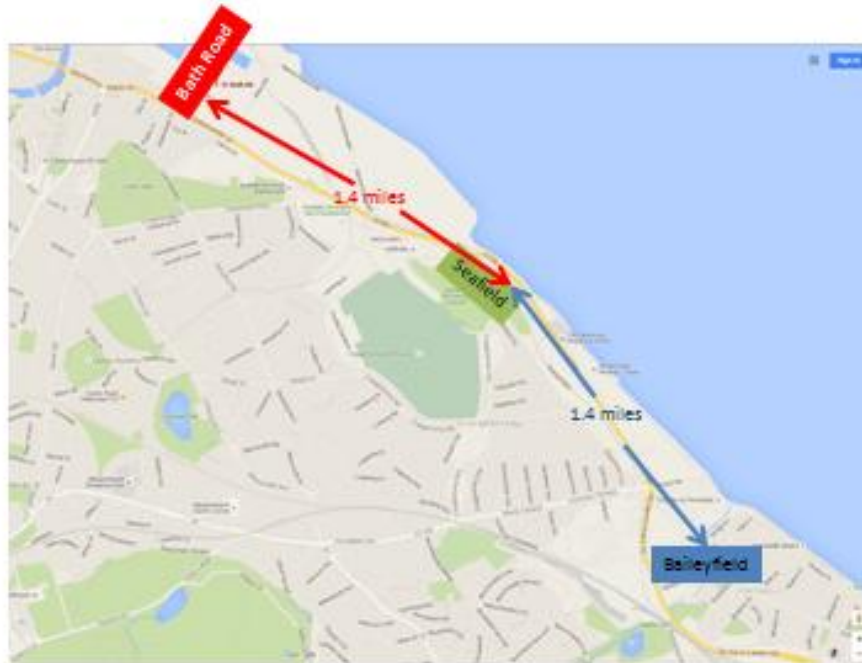
## APPENDIX 4: PROPOSED DEPOT ESTATE 2017/18



**APPENDIX 5: PROPOSED REDEVELOPMENT AT SEAFIELD**



**WASTE AND TASK FORCE EAST: LOCATION OF EXISTING, INTERIM AND PERMANENT ARRANGEMENTS**



*Proposed pedestrian/vehicular segregation and vehicle canopies*





## Depots Review Financial Profiling

	Capital					Revenue					
	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	Total Capital	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total Revenue
<b>Outgoings: New build</b>											
Seafield	1,000	4,800	3,180	0	8,980		180	180	282	282	924
Bankhead		150	3,551	6,890	10,591				121	275	396
Russell Road - Scenario 1: Full service retention		371	3,379	3,379	7,129				189	189	378
<i>Total New Build</i>	<b>1,000</b>	<b>5,321</b>	<b>10,110</b>	<b>10,269</b>	<b>26,700</b>	<b>0</b>	<b>180</b>	<b>180</b>	<b>592</b>	<b>746</b>	<b>1,698</b>
<b>Increased Outgoings: Existing</b>											
Barnton					0		9	9	9	9	36
Blackford Depot					0			49	49	49	147
Tower St Portobello Car Pound					0	10	10	10	10	10	50
Seafield existing operational area					0		3	3	3	3	12
<i>Total Existing cost increase</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>22</b>	<b>71</b>	<b>71</b>	<b>71</b>	<b>245</b>
<i>Total Increased Revenue cost</i>						<b>10</b>	<b>202</b>	<b>251</b>	<b>663</b>	<b>817</b>	<b>1,943</b>
<b>Income (surplus sites)</b>											
Baileyfield							-316	-316	-316	-316	-1,264
Balcarres St						-14	-14	-14	-14	-14	-70
Braehead											0
Cowans Close									-27	-27	-54
Longstone						-16	-16	-16	-16	-16	-80
Murrayburn									-363	-363	-726
Peffer Place									-94	-94	-188
Powderhall - Running costs									-419	-419	-838
Duddingston (leased)						-281	-281	-281	-281	-281	-1,405
<b>Total net change in property costs</b>						<b>-301</b>	<b>-425</b>	<b>-376</b>	<b>-867</b>	<b>-714</b>	<b>-2,682</b>
Powderhall - Service costs - Investment Requirement									-394	-1,008	-1,402
Powderhall - Service costs - Service Savings									-1,206	-592	-1,798
<i>Total income: capital receipts &amp; revenue savings</i>	<b>-1,000</b>	<b>-50</b>	<b>-100</b>	<b>-4,700</b>	<b>-5,850</b>	<b>-311</b>	<b>-627</b>	<b>-627</b>	<b>-3,130</b>	<b>-3,130</b>	<b>-7,825</b>
<b>Net Capital Cost / (Revenue Saving)</b>	<b>0</b>	<b>5,271</b>	<b>10,010</b>	<b>5,569</b>	<b>20,850</b>	<b>-301</b>	<b>-425</b>	<b>-376</b>	<b>-2,467</b>	<b>-2,313</b>	<b>-5,882</b>
<b>Prudential Borrowing requirement</b>	<b>0</b>	<b>-5,271</b>	<b>-10,010</b>	<b>-5,569</b>	<b>-20,850</b>			<b>435</b>	<b>1,261</b>	<b>1,721</b>	
<b>Remaining revenue savings</b>								<b>59</b>	<b>-1,206</b>	<b>-592</b>	

## Assumptions

Future years investment costs adjusted to account for BCIS inflation figures

Appendix 1 - Phased Prudential Borrowing																			
Scenario 1 - Russell Road fully retained service																			
Year	Financing Costs -PB rate at 5.10%				Depot Revenue Savings										Additional Revenue Costs	Total Net	Net		
	Year 1	Year 2	Year 3	Total	Baileyfield	Balcarres	Braehead	Cowan's	Longstone	Murrayburn	Peffer	Powderhall	Duddingston	Total	Total			Revenue Savings	Revenue Expense
Borrowing	£5,031,000	£10,010,000	£5,569,000	£20,610,000		Street		Close			Place								
2017-2018	435,117	0	0	435,117	-316,000	-14,000	0	0	-16,000	0	0	0	-281,000	-627,000	251,000	-376,000	59,117		
2018-2019	435,117	826,318	0	1,261,435	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-813,435	-281,000	-1,924,435	663,000	-1,261,435	0		
2019-2020	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2020-2021	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2021-2022	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2022-2023	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2023-2024	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2024-2025	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2025-2026	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2026-2027	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2027-2028	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2028-2029	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2029-2030	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2030-2031	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2031-2032	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2032-2033	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2033-2034	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2034-2035	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2035-2036	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2036-2037	435,117	826,318	459,717	1,721,152	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-1,427,152	-281,000	-2,538,152	817,000	-1,721,152	0		
2037-2038	0	826,318	459,717	1,286,035	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-992,035	-281,000	-2,103,035	817,000	-1,286,035	0		
2038-2039	0	0	459,717	459,717	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-165,717	-281,000	-1,276,717	817,000	-459,717	0		
2039-2040	0	0	0	0															
<b>Total</b>	<b>8,702,340</b>	<b>16,526,360</b>	<b>9,194,340</b>	<b>34,423,040</b>	<b>-6,952,000</b>	<b>-308,000</b>	<b>0</b>	<b>-567,000</b>	<b>-352,000</b>	<b>-7,623,000</b>	<b>-1,974,000</b>	<b>-27,659,923</b>	<b>-6,182,000</b>	<b>-51,617,923</b>	<b>17,254,000</b>	<b>-34,363,923</b>	<b>59,117</b>		
<b>Assumptions</b>																			
Includes BCIS inflation - this means an additional total borrowing requirement of £20.610m, an increase of £1.4m from non inflated figure of £19.20m																			
Funding gap showing in 2017/18 will be managed within existing budgets																			
<b>Powderhall Depot Savings</b>																			
Running cost savings -419,000 <i>Utilise all</i>																			
Operating cost savings (At full 3yr payback) -1,008,152 <i>From total forecast saving of £1.6m</i>																			
Savings required to balance PB 1,427,152																			
<b>Balance 0</b>																			
Total Operating savings -1,600,000																			
Less PB requirement 1,008,152																			
<b>Useable savings for Waste -591,848</b>																			

Appendix 1 - Phased Prudential Borrowing																	
Scenario 2 - Russell Road reduced service																	
Financing Costs -PB rate at 5.10%					Depot Revenue Savings										Additional Revenue Costs		
Year	Year 1	Year 2	Year 3	Total	Baileyfield	Balcarres	Braehead	Cowan's	Longstone	Murrayburn	Peffer	Powderhall	Duddingston	Total	Total	Total Net	Net
Borrowing	£5,064,000	£7,367,000	£2,925,000	£15,356,000		Street		Close			Place			Revenue Savings	Revenue Expense	Revenue Savings	Position
2017-2018	418,029	0	0	418,029	-316,000	-14,000	0	0	-16,000	0	0	0	-281,000	-627,000	251,000	-376,000	42,029
2018-2019	418,029	608,140	0	1,026,169	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-578,169	-281,000	-1,689,169	663,000	-1,026,169	0
2019-2020	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2020-2021	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2021-2022	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2022-2023	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2023-2024	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2024-2025	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2025-2026	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2026-2027	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2027-2028	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2028-2029	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2029-2030	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2030-2031	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2031-2032	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2032-2033	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2033-2034	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2034-2035	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2035-2036	418,029	608,140	241,456	1,267,625	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-973,625	-281,000	-2,084,625	817,000	-1,267,625	0
2036-2037	398,217	608,140	241,456	1,247,813	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-953,813	-281,000	-2,064,813	817,000	-1,247,813	0
2037-2038	0	608,140	241,456	849,596	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	-555,596	-281,000	-1,666,596	817,000	-849,596	0
2038-2039	0	0	241,456	241,456	-316,000	-14,000	0	-27,000	-16,000	-363,000	-94,000	0	-281,000	-1,111,000	817,000	-294,000	-52,544
2039-2040	0	0	0	0													
<b>Total</b>	<b>8,340,768</b>	<b>12,162,800</b>	<b>4,829,120</b>	<b>25,332,688</b>	<b>-6,952,000</b>	<b>-308,000</b>	<b>0</b>	<b>-567,000</b>	<b>-352,000</b>	<b>-7,623,000</b>	<b>-1,974,000</b>	<b>-18,639,203</b>	<b>-6,182,000</b>	<b>-42,597,203</b>	<b>17,254,000</b>	<b>-25,343,203</b>	<b>-10,515</b>
Assumptions																	
Includes BCI inflation - This means an additional total borrowing requirement of £15.116m, an increase of £0.66m from non inflated figure																	
Powderhall Depot																	
Running cost savings																	
Operating cost savings (At full 3yr payback)																	
Savings required to balance PB																	
<b>Balance</b>																	
<b>0</b>																	
Total Operating savings																	
Less PB requirement																	
<b>Useable savings for Waste</b>																	
<b>-1,065,187</b>																	