

Service Options Appraisal Continued**Option 6a: 7 Lease Vehicles, 1 Capital Purchased Vehicle. 50:50 Risk & Reward
(running costs based on 4 vehicles per Borough to include the purchased vehicle)**

This option shares all revenue and lease costs equally between Runnymede and Surrey Heath. It would enable the majority of meals to be delivered using lease vehicles fitted with ovens and therefore ensure the residents receive the highest quality service. Officers would then deliver bulk orders using the additional vehicle and an electrically powered hotbox which maintains a temperature of 80°C. With this option, officers can deploy this vehicle to where the highest need is across the two Boroughs.

Revenue and capital projected expenditure with fuel based initially on budgeted amount as there is a requirement for electric charging and diesel for the small tank powering the oven.

| Revenue Expenditure | | | |
|---|---------------------|---------------------|---------------------|
| Item | All vehicles | Runnymede | Surrey Heath |
| | 7 Vehicles | 3.5 Vehicles | 3.5 Vehicles |
| Vehicle Lease Cost at £695 p/m per vehicle for 12 months | £58,380 | £29,190 | £29,190 |
| Insurance at £1300 p/a per vehicle | £9,100 | £5,200 | £5,200 |
| Fuel (based on diesel initially) | | £6,500 | £8,900 |
| Repairs & Incidentals at £420 p/a per vehicle | £2,940 | £1,680 | £1,680 |
| | | | |
| Total | £70,420 | £42,570 | £44,970 |
| Growth | | £11,547 | £6,141 |
| Growth required as a result of budget reduction | | | £18,280 |

| Capital Expenditure | | |
|---|------------------|---------------------|
| Item | Runnymede | Surrey Heath |
| Citroen e-Berlingo (£42,000) | £21,000 | £21,000 |
| Auto Electrician Adaptations | £1,500 | £1,500 |
| 4 Electric Vehicle Charge Points. For RBC: including posts | ~£4,800 | £3,600 |
| Installation | ~£10,200 | £8,000 |
| Total | £37,500 | £34,100 |

Option 6b: 6 Lease Vehicle and 2 Capital Purchased Vehicles. 50:50 Risk & Reward (running costs based on 4 vehicles per Borough)

This option is being put forward to increase capital expenditure and reduce revenue. However, the infrastructure to sustain this option over the long term is not in place as meals would need cooking and packing into hotboxes daily. This option further reduces the total number of meals which can be cooked and therefore there would be little or no growth built into the model.

Revenue and capital projected expenditure with fuel based initially on budgeted amount as there is a requirement for electric charging and diesel for the small tank powering the oven.

| Revenue Expenditure | | | |
|---|------------------------------------|---------------------------------|------------------------------------|
| Item | All vehicles 6 Vehicles | Runnymede 3 Vehicles | Surrey Heath 3 Vehicles |
| Vehicle Lease Cost at £695 p/m per vehicle for 12 months | £50,040 | £25,020 | £25,020 |
| Insurance at £1300 p/a per vehicle | £7,800 | £4,457 | £4,457 |
| Fuel (based on diesel initially) | | £6,500 | £8,900 |
| Repairs & Incidentals at £420 p/a per vehicle | £2,940 | £1,680 | £1,680 |
| | | | |
| Total | £60,780 | £37,657 | £40,057 |
| Growth | | £7,377 | £11,123 |
| Growth required as a result of budget reduction | | | £11,123 |

| Capital Expenditure | | |
|---|------------------|---------------------|
| Item | Runnymede | Surrey Heath |
| Citroen e-Berlingo (£42,000) | £42,000 | £42,000 |
| Auto Electrician Adaptations | £3,000 | £3,000 |
| 4 Electric Vehicle Charge Points. For RBC: including posts | ~£4,800 | £3,600 |
| Installation | ~£10,200 | £8,000 |
| Total | £60,000 | £56,600 |

Option 6c: 7 Lease Vehicle (4 for RBC and 3 for SHBC) and 1 Capital Purchased Vehicle (for SHBC)

This option is to move away from the 50:50 risk and reward and to place the capital expense on one Borough (Surrey Heath) and the greater revenue expense on the other (Runnymede). However, there would need to be an understanding that officers could deploy

vehicles strategically to meet operational needs across both Boroughs and not be restricted to keeping the purchased vehicle in one Borough or the 4 lease vehicles in other. This option is being presented to work with the current financial strengths of each Borough but under the understanding that assets can be deployed to where the operational need is.

| Revenue Expenditure | | | |
|---|------------------------------------|---------------------------------|------------------------------------|
| Item | All vehicles 7 Vehicles | Runnymede 4 Vehicles | Surrey Heath 3 Vehicles |
| Vehicle Lease Cost at £695 p/m per vehicle for 12 months | £58,380 | £33,360 | £25,020 |
| Insurance at £1300 p/a per vehicle | £9,100 | £5,200 | £5,200 |
| Fuel (based on diesel initially) | | £6,500 | £8,900 |
| Repairs & Incidentals at £420 p/a per vehicle | £2,940 | £1,680 | £1,680 |
| | | | |
| Total | £70,420 | £46,740 | £40,800 |
| Growth | | £15,717 | £1,971 |
| Growth required as a result of budget reduction | | | £14,110 |

| Capital Expenditure | | |
|---|------------------|---------------------|
| Item | Runnymede | Surrey Heath |
| Citroen e-Berlingo (£42,000) | | £42,000 |
| Auto Electrician Adaptations | | £3,000 |
| 4 Electric Vehicle Charge Points. For RBC: including posts | ~£4,800 | £3,600 |
| Installation | ~£10,200 | £8,000 |
| Total | ~£15,000 | £56,600 |

Strengths, Weaknesses, Opportunities & Threats (SWOT) for Option 6:

| | |
|---|---|
| <p>Strengths:</p> <ul style="list-style-type: none"> • This option is the most viable option to align with the Council's carbon neutral commitments. • It is a logistically strong option as ovens and vans are integrated. • The service delivery model is resilient and self-contained. It can operate at multiple locations without the need to increase staffing capacity or reliance on assets. • There is no lead time as these vehicles are available in March 2023. • Resources and staff are currently deployed to deliver this model. | <p>Weaknesses:</p> <ul style="list-style-type: none"> • The vehicle lease is higher than a standard van. • The vehicles are used with mileage on the clock averaging at 15,000, with one vehicle at ~30,000. The lease would therefore be for 3 years, meaning another viability assessment in 2 years' time. • The ovens are powered by a specially fitted diesel tank. Unfortunately, there are no alternative ovens on the market at this stage. • The model requires infrastructure to be fitted to the Runnymede depot in order to charge |
|---|---|

| | |
|---|---|
| <ul style="list-style-type: none"> • As the meals are cooked en-route to the resident, they arrive hot and ready to eat. • This model maintains the most constant heat for meal safety, hygiene, and meal quality. • This model can delivery between ~35 meals per vehicle, therefore there is little scope for growth within the model. However, the service could consider cooking and hotboxing batch orders (e.g., to day centres), where the box is not required to be opened and closed multiple times. • Experience of the maintenance service and response time has been positive as Novuna utilise approved local mechanics to fix vehicles. | <p>the vehicle. This is a capital expense which has not been budgeted for. Revenue growth is also required.</p> <ul style="list-style-type: none"> • The procurement of 7 electric vehicles reduces contingency and business continuity and limits the capacity for growth. • Being tied into meal procurement from Apetito limits the Borough's scope to explore higher quality meals. |
| <p>Opportunities:</p> <ul style="list-style-type: none"> • The capital purchase of an eighth vehicle to alleviate pressure and deliver bulk orders would provide both scope for some growth within the model and a business continuity option when a vehicle is off the road being fixed. • The vehicles could then be used to deliver meals in the evening (if growth were approved) to both clients in the Borough and neighbouring Boroughs. • Similarly, there is scope to build up an ad-hoc client base of holiday camps. • A flexible approach to workforce deployment across transport and meals could be considered. | <p>Threats:</p> <ul style="list-style-type: none"> • If a vehicle is incapacitated the service needs to hotbox meals either by cooking in another van or from a day centre. • With a fully integrated approach (meals/vans/ovens) with the current supplier (Apetito), the Borough have less bargaining power with the current supplier or futures suppliers as there are limited competitors to procure from. • Being tied into meal procurement from Apetito presents business continuity risks when the supply chain is disrupted. This would need accounting for in any potential contract. • During a civil emergency or extreme weather conditions, meals on wheels are required to provide meals for day centre and other additional clients, without an additional asset this would limit the ability of the service to respond. |