

Agenda Item No. 4(d)

DERBYSHIRE COUNTY COUNCIL

MEETING OF CABINET MEMBER – HIGHWAY, TRANSPORT AND
INFRASTRUCTURE

25 October 2016

Report of the Strategic Director – Economy, Transport and Communities

ADDITION TO THE 2016-17 CAPITAL PROGRAMME – PURCHASE OF
BULK ASPHALT HOT BOXES

(1) **Purpose of the Report** To seek Cabinet Member approval to add to the Capital Programme 2016-17 the purchase and installation of two hot boxes at Stonegravels depot, Chesterfield, for the purpose of heating and insulating bulk asphalt.

(2) **Information and Analysis** The two Liquified Petroleum Gas (LPG) - heated static hot boxes currently in use at Stonegravels depot have been in operation for over ten years and are now inefficient, beyond their shelf life and past any state of repair. The hot boxes are utilised on a daily basis to serve both reactive and planned maintenance gangs operating from Stonegravels. It is the most efficient method of supply and delivery of hot material (asphalt), saving time queuing at a plant and saving part load charges.

Typical prices have been received for their replacement with new LPG-heated static hot boxes which now come as standard 20 tonnes (t) or 30t. One of each size is required in order to supply the depot with material. Prices include the disconnecting of all electrical/fuel supplies and the unbolting from the hardstanding and the haulage away from site of the existing boxes.

(3) **Financial Considerations** The costs of purchasing the hot boxes were compared with the option of hiring them over a ten year period, which is the approximate useful life of these plant items. The typical rental price was based on quotes provided by an established plant hire and sales company.

Hire Option – Typical Price

Cost Element	30T Box (£)	20T Box (£)	Total (10 years) (£)
Delivery	400	400	800
Installation	2,201	2,201	4,402

2 x 5 year lease terms with maintenance included	96,200	83,200	179,400
Ashphalt Duvet	335	335	670
Collection of Box at end of Hire period	400	400	800
Disposal of Existing boxes	325	325	650
Total Costs	99,861	86,861	186,722

Purchase Option – Typical Price

Cost Element	30T Box (£)	20T Box (£)	Total (10 years) (£)
Delivery	400	400	800
Installation	2,201	2,201	4,402
Purchase	28,295	25,995	54,290
Ashphalt Duvet	335	335	670
Disposal of Existing boxes	325	325	650
Contingency (10%)			6,188
Total Capital Costs	31,556	29,256	67,000
Maintenance 10 Years x £800 per annum	4,000	4,000	8,000
Total Costs			75,000

Over a ten year period, purchasing the boxes proves to be over £110,000 cheaper than hiring, with no reduction in operational benefits, therefore this is the recommended option.

The purchase of these two hot boxes can be funded from the Premise Improvements earmarked reserve via a revenue contribution to capital expenditure. Prices will be sought from appropriate suppliers and it is expected that the £67,000 estimated above will be a maximum price.

(4) **Environmental and Health Considerations** The units are to the latest specification, being fully insulated with outer steel cladding and have air-powered operation of lids and doors for easy access. The units will therefore be more efficient in the usage of fuel supplied to keep the boxes heated to the required temperature and the material stored in the boxes will last longer ensuring less waste.

(5) **Property Considerations** The two hot boxes will be located on the same hardstanding that is currently utilised by the existing boxes within the Stonegravels depot.

(6) **Social Value Considerations** The operation to maintain the highway will be more efficient, saving time and waste material, thereby ensuring that performance is increased in reducing the number of defects identified, so creating the safe and reliable highway network.

(7) **Key Decision** No.

(8) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(9) **Background Papers** Held on file within the Economy, Transport and Communities Department. Officer contact details – Chris Allwood, extension 38582

(10) **OFFICER'S RECOMMENDATION** That the Cabinet Member approves the addition to the Capital Programme 2016-17 for the purchase of two hot boxes, up to an estimated cost of £67,000, to be funded from the Premise Improvements earmarked reserve via a revenue contribution to capital expenditure.

Mike Ashworth
Strategic Director – Economy, Transport and Communities