Ansa Environmental Services Ltd

"Award-winning provider of sustainable and creative environmental services."

Objectives of this document:

- To support Ansa in delivering fit for purpose, compliant, safe, reliable and cost effective fleet management, maintenance, replacement, training and audit services in line with its Business Plan and contractual obligations.
- To support Ansa in delivering environmental services on behalf of its clients.

Review

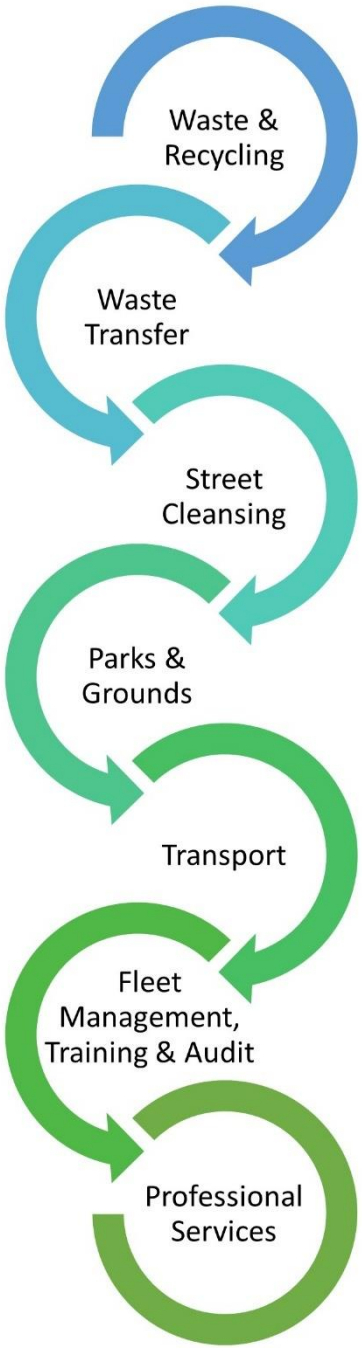
Ansa will keep the Fleet Management and Replacement Strategy up-to-date throughout the life of the Environmental Hub site. It will be reviewed annually by Ansa to identify whether it needs updating prior to the expiry data of the current Strategy of 11/7/27.

Scope

Inclusions	Exclusions
Ansa operated fleet (number plated) Fleet list and comparisons includes those based at the Environmental Hub	CEC / other ASDV operated fleet Ansa plant (without number plates) and trailers Ansa fleet not based at the Environmental Hub – although similar arrangements apply.

1. Who we are and what we do:

Ansa Environmental Service Ltd was established in 2014 as a wholly owned company of Cheshire East Council (CEC). Ansa has a turnover of over £40 million and serves a population of over 398,800 in Cheshire East in addition to those served across the North West and Midlands regions.



Ansa delivers compliant Waste and Recycling, Street Cleansing, Parks Development, Grounds Maintenance, SEND and Demand Responsive Transport, Fleet Management, Training and Audit and Professional Services on behalf of Cheshire East Council and other clients. In 2022/23 Ansa employs circa 489 employees.

We operate mainly from the Environmental Hub in Middlewich with some satellite sites Cheshire East. HGV and LGV inspection and maintenance and taxi licensing and inspection work is carried out at the Environmental Hub.

Ansa moved to the Environmental Hub in 2017/18. This increased Waste Transfer Station capacity and improved fleet, office, training and welfare facilities. It helped embed culture change, improved employee welfare and health and safety and provides a firm platform for service delivery and future business development.

The Environmental Hub has delivered efficiency savings and continues to deliver environmental and community benefits across our diverse operations. It allows Ansa to deliver CEC's Waste Strategy and move towards the elimination of landfill.

Sustainability is at the core of Ansa as we work with clients and residents to make the areas we serve green and pleasant places to live. We engage with our local communities to ensure that we offer fit-for-purpose solutions, delivering service excellence and added-value.

As a wholly owned company of Cheshire East Council (CEC), we work together to identify opportunities for cost-effective Fleet Replacement and to support the Council's carbon neutral aspirations. This is in line with CEC's Environment Strategy 2020-24 which includes the following elements:

1. **Cheshire East Council will be carbon neutral by 2025**
   - **Carbon Action Plan**
2. **Reduce waste**
   - **Municipal Waste Strategy**
3. **Improve air quality**
   - **Air Quality Strategy, Air Quality Action Plan**
4. **Ensure new development is sustainable**
   - **Local Plan**
5. **Increase sustainable transport and active travel**
   - **Local Transport Plan**
6. **Protect and enhance our natural environment**
   - **Green Infrastructure Plan**

In developing our Strategy we have taken account of best practice guidance and legislation including the Environment Act and impending changes linked to the national Resources and Waste Strategy. Ansa offers compliant Fleet Management, Maintenance, Replacement, Training and Audit services. We operate a range of light and heavy goods vehicles from the Environmental Hub and have on-site fleet maintenance arrangements. We make some use of grey fleet (employee private cars). Ansa is regulated by a range of public sector bodies including the Transport Commission, the DVSA and the Environment Agency.

Fleet Management Strategy

2. Operator's Licence

As Ansa operates fleet at 7.5 tonnes and above we are required to have an Operator's Licence (O Licence) and one or more defined Operating Centre(s). The O Licence for the new Environmental Hub includes parking and operating permission for 70 HGV vehicles and 9 trailers. The site offers on-site maintenance arrangements. These vehicles are expected to be predominantly Refuse Collection Vehicles (RCVs) used as part of delivering the Waste and Recycling Service on behalf of Cheshire East Council.

Ansa also holds a PSV Operator's Licence this includes permission to park and operate up to 13 Minibuses from the Environmental Hub. Minibuses are currently maintained by third parties however this will be kept under review. These vehicles are used to support Special Educational Needs Transport and Flexible Demand Responsive Transport.

3. Transport Managers

Ansa nominates suitably qualified employees to act as Transport Managers. This is a statutory role rather than a job title. Our Transport Managers meet regularly to discuss the current status of the fleet and deal with any issues or concerns and to ensure continuous improvement. They ensure that Ansa remains compliant as per the summary table below.

O licence key responsibilities:
1. Keep vehicles taxed, insured and in MOT date
2. Check that drivers have the right licence to drive HGVs and have completed Driver CPC
3. Keep vehicles and trailers roadworthy and not overload them
4. Obey the drivers' hours and tachograph rules
5. Make sure that drivers do a daily walk-round check of the vehicle (recorded in writing) before starting to drive
6. Keep vehicle maintenance and driver-check records for 15 months
7. Not operate more than the maximum number of vehicles stated on the licence
8. Operate only from the operating centre(s) stated on the licence
9. Ensure drivers comply with the Highway Code (speed limits, use of mobile phones etc.)
10. Check OCRS Website for compliance score and MOT and prosecution history
11. Tell the Traffic Commissioner within 28 days, about: a. any convictions of the licence holder or their staff b. a change in maintenance arrangements c. a planned change in entity (ie from a sole trader to a partnership) d. a change in financial status (ie bankruptcy or entering administration) e. or Transport Manager's resignation

4. DVSA OCRS Scoring

As part of meeting O licence requirements Ansa receives an external OCRS score from the DVSA which shows our level of compliance. Our OCRS score has remained Green since company formation showing that we are a low-risk operator. This is the lowest risk category.

The following is taken from https://www.gov.uk/guidance/use-the-operator-compliance-risk-score-ocrs-system

"OCRS is based on data collected by DVSA over a 3-year rolling period. There are 2 areas which are used to calculate a combined score.

Category	Where the data comes from
Roadworthiness	Vehicle tests (first tests, subsequent annual tests) and roadside inspections
Traffic	Roadside inspections and prosecutions (for example, drivers' hours and tachograph offences, and weighing checks)

The combined score is worked out by adding the total roadworthiness and traffic points together and dividing them by the total number of events the points came from."

5. Driver competence and roadworthiness checks

Processes are in place to control the use of Fleet vehicles and identify drivers of vehicles on a daily basis. Drivers carry out daily checks of the vehicles to ensure that they are roadworthy and report any defects either to their supervisors or directly to the Fleet Workshop. Supervisors carry out regular gate checks of vehicles as well as in round checks of RCVs to ensure that drivers are carrying out the required checks and that those vehicles remain roadworthy after they have left the depot. The results of the various checks together with any accident / incident data are made available to Ansa Transport Managers. This is reviewed at regular meetings and allows Transport Managers to identify trends and to take any corrective actions needed.

6. Fleet Inspection and Maintenance Regimes

All our fleet vehicles are inspected and maintained at agreed intervals. This is linked to the mileage they incur between inspections and any external requirements. RCVs are inspected and maintained every 6 weeks. Ansa vehicles are subject to independent MOT testing at third party suppliers.

7. Fleet Facilities

Our site has extensive fleet workshop facilities enabling on-site maintenance for all our fleet in one location. This includes automated test lane(s), fixed and mobile lifts, service pits, a commercial brake tester and equipment to support plant maintenance. The site also has refuelling and vehicle washing facilities.

8. Environmental Hub Layout

The Environmental Hub has been designed to ensure good separation of employee, pedestrian and fleet traffic. Fencing and fobbed barriers enforce this. This includes separation of fleet and employee parking, pedestrianised walkways and environmental permitted areas. Provision is also made for MOT parking.

Artists impression of the Environmental Hub

9. Fleet Training

Ansa provide a combination of in-house and external training as needed to ensure that we remain compliant. A detailed training programme is in place to support employees with Fleet responsibilities at every level of the organisation. We offer training externally and collaborate closely with other local authorities and service providers. All new drivers are offered a thorough induction and there is an on-going programme of CPC training and toolbox talks. Following incidents or concerns, a Transport Manager may nominate a driver or other employee to carry out additional training to demonstrate on-going competence, improve fuel efficiency and/or driver courtesy.

10. Driver Licence and Insurance Checking

All employees who drive on behalf of Ansa are subject to Driver Licence Checking. Ansa ensures that appropriate insurance arrangements are in place for its activities.

11. Fleet Technology and Record Keeping

Computerised Fleet Management systems support record keeping and reporting. These are kept under review and may be upgraded in due course subject to an approved business case. Ansa makes use of trackers and in-cab technology, for example the majority of its RCVs have 360 degree cameras fitted. The site also has CCTV and ANPR cameras which are used to monitor the site.

12. Health and Safety and Risk Management

The frontline services delivered by Ansa carry some of the highest risks in UK business. The national statistics for injuries and fatalities make sobering reading and the company takes this seriously. Measures to manage and audit health and safety include:

- In 2019, Ansa was awarded the ROSPA Gold Medal Award recognising five consecutive years of achieving the ROSPA Gold Award for Health & Safety and in 2020 received the ROSPA Gold Award again.
- Ansa promotes health and safety and well-being for its employees. Staff have access to a range of services such as counselling and occupational health.
- Strong record of employee engagement. Regular meetings with employees, managers and Health and Safety advisers to seek continuous improvement.
- In 2021/22 financial year Ansa successfully reaccredited for ISO 9001 (Quality), ISO 14001 (Environment) and 45001 (Occupational Health and Safety) with no non-compliances. Audits take place annually.

Ansa has robust Health and Safety and Risk Management systems. For example, all Waste and Recycling Collection routes have detailed Route Risk Assessments in place with input from drivers and their office counterparts. This enables us to avoid low bridges, use smaller vehicles on narrow routes and avoid collecting bins at certain locations during periods of high congestion, for example, around schools.

The majority of managers and Team Leaders have undertaken IOSH Managing or Directing Safely courses in addition to a range of internal courses. Several employees hold NEBOSH qualifications. Ansa has access to further Health and Safety support as needed via its Joint Venture, Cheshire East Council or via third party suppliers. Ansa retain the services of an independent Fleet Auditor and Transport Lawyers to ensure compliance and continuous improvement. Ansa may provide Fleet Auditing services to clients.

13. Environment and Sustainability

A range of strategies and permitting arrangements are in place to support Ansa in being a good neighbour and to comply with its responsibilities and relevant Planning Conditions.

These include travel, noise, litter, dust and landscape management plans. Other measures include:

- A Community Liaison Group is in place and meets regularly.
- Employees are offered the option to purchase greener cars or bicycles as part of our salary sacrifice scheme and are encouraged to walk, cycle, use public transport or car share where possible.
- Ansa offers employee minibus travel from Macclesfield and Crewe.
- The site offers 3 electric charging points in the employee parking area, incentivising employees to move to greener cars and allowing Ansa to trial and procure electric vehicles.
- Since the pandemic, many of Ansa's office workers are either home based or work a hybrid of part office and part home working. This is kept under review however it has enabled Ansa to reduce carbon associated with employees commutes.
- Teleconference or video calls are encouraged to minimise unnecessary travel.

14. Continuous Improvement

We work with our clients to identify opportunities to reduce our carbon emissions and to seek funding and landlord consent where needed for infrastructure, fleet and fuel changes. Cheshire East Council (CEC) is working towards becoming carbon neutral by 2025 and Ansa is supporting CEC in achieving that aspiration (subject to funding, landlord consent and supplier availability). Ansa reports its fleet related carbon to CEC.

14.1 Route and Rota Optimisation

Following the move to the Environmental Hub in 2017/18, Ansa began work on a programme of Route and Rota Optimisation (RRO). Implemented from November 2019, this improved fleet utilisation by extending the hours each RCV worked per day and through re-routing, resulted in mileage and fuel efficiencies too. The intention was to then reduce the size of our RCV fleet. However, the benefits of the project were subsequently obscured by the pandemic and associated changes in resident and business behaviour.

Residents who had largely switched to working from home or were home more due to lockdowns presented their bins for collection more often and with higher waste tonnages. Ansa therefore had to operate a higher level of fleet than it anticipated pre-pandemic. While kerbside waste tonnages are reducing, they are not yet at pre-pandemic levels and future requirements remain unclear as businesses adopt different working practices including supporting more home working.

14.2 National Resources & Waste Strategy

Central government is introducing a national Resources and Waste Strategy and associated legislation which could have implications on future waste collection methodology due to potential consistency measures and proposed source separation. This could lead to changes in the Refuse Collection fleet size and composition. For example, there may be a requirement for split body vehicles and/or a need for additional vehicles to support weekly food waste collections. The government is still finalising its proposals and scheme details and until this and CEC's chosen response is known Ansa will need to keep this element under review. CEC will engage with residents ahead of finalising any proposals relating to implementation of the national strategy.

14.3 Green Fleet Implementation Group

Ansa continues to investigate how it can improve monitoring of fuel efficiency and vehicle performance. The majority of our fleet is based at the Environmental Hub. Ansa is part of a CEC Green Fleet Implementation Group which spans both the council and its alternative service delivery vehicles (ASDVs) including Ansa. We are working with CEC to identify and implement suitable opportunities to green fleet and fuel choices. Ansa has trialled a number of green fleet and/or fuel options as well as systems that target driver behaviour. This has included electric, compressed natural gas and separate hydrogen dual fuel trials showcased as part of the COP26 Zero Carbon Tour.

Examples of activities undertaken or still in progress are included below:

- Ansa bought a CNG Cage Tipper for Street Cleansing. Ansa also trialled a CNG powered RCV however low availability of commercial refuelling stations and high implementation costs meant CNG did not become a preferred option.
- Ansa trialled both a 200Kwh and a 300Kwh electric RCV but neither were able to complete a full day's work.
- Ansa fitted 'Eco-Pack' systems to the majority of its Refuse Collection fleet helping to reduce fuel usage and carbon emissions while 'packing' waste.
- While the driver behaviour trial showed promise, pandemic related resourcing pressures meant this was put on hold. Over the next five years Ansa will investigate what systems are available and whether their real world benefits out-weigh the associated costs.
- To support an on-going three year hydrogen fuel trial, 2 RCVs were converted to be dual fuel vehicles able to use both diesel and hydrogen. This was made possible by third party funding. A hydrogen refueller was added to the Environmental Hub site together with solar panels on a second waste transfer station building.

Ansa has a Joint Venture company, Alliance Environmental Services Ltd (AES) in partnership with councils in Staffordshire Moorlands and High Peak. AES carried out hydrotreated vegetable oil (HVO) trials for RCVs and has shared those results with Ansa and the CEC Green Fleet Implementation Group. AES also sought advice from the Energy Savings Trust. We are considering whether to use HVO as an interim measure to reduce carbon and emissions while we wait for green fleet and fuel technologies to improve.

14.4 Supplier Availability, Range and Pricing

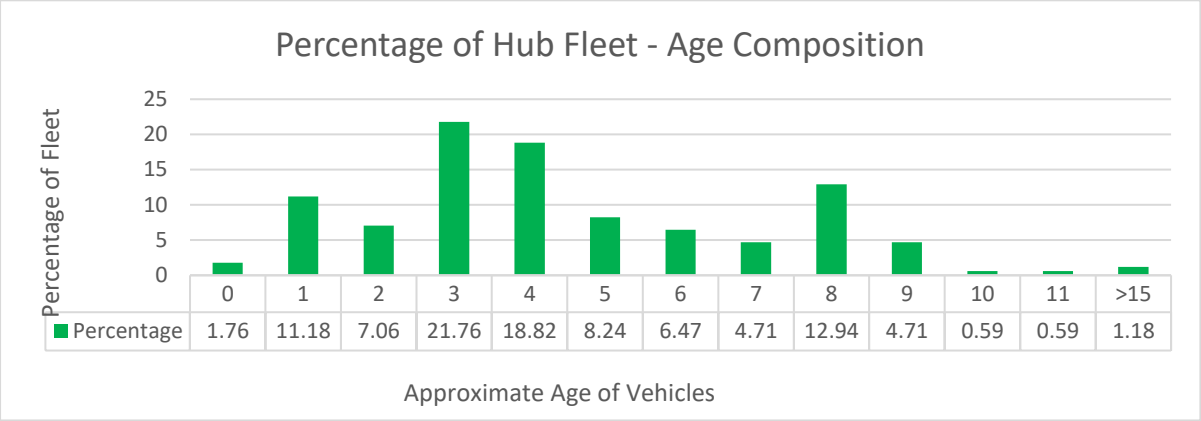
The pace of fleet replacement with greener fleet and/or greener fuels is influenced by supplier availability. This has been negatively impacted by the pandemic, global supply issues and the current Ukraine-Russia conflict. High inflation adds a further barrier to the adoption of ultra-low emission fleet. The local geography and the range needed to complete a day's work means that many electric vehicles do not yet have the range needed to meet operational needs. In addition, where in the past an electric vehicle trial could be arranged within weeks, now lack of supplier availability means it takes months to obtain a trial vehicle. This has slowed the pace of Ansa's adoption of electric vehicles even where they might otherwise be suitable. While subject to the trial results, hydrogen may offer a clean fuel alternative for Refuse Collection Vehicles – a hydrogen RCV currently costs around three times the price of a diesel RCV. We anticipate that the price of new fleet and fuel technologies will drop over time and become more affordable.

Fleet Replacement Strategy

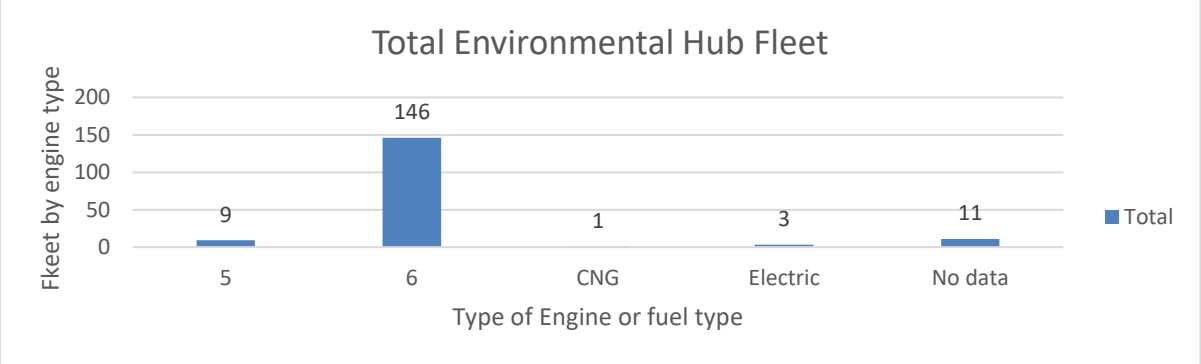
15. Introduction

Ansa typically procures vehicles with Euro 6 engines (or the latest model as this evolves). We began introducing Euro 6 engines into our owned RCV fleet in 2014. When procuring short or long term leased vehicles, we typically request for them to be five years old or less. Any change of fleet or fuel types is subject to associated client funding, landlord consent and supplier availability. Circa 69% of Ansa's fleet is five years old or less.

The current age profile of fleet located at the Environmental Hub is given below[1].



The older fleet shown above typically relates to Parks and Grounds vehicles like mowers, tractors or excavators which have a longer lifespan. Further information on the type of engine used by our fleet is given in the graph below:



The Euro 6 Engine category includes 2 dual fuel RCVs that have been adapted to run on hydrogen/diesel hybrid mix. Those shown as no data tend to be mowers, tractors and excavators.

Where in the past Ansa procured up to 20 new RCVs in a single year, now Ansa spreads replacements out more evenly across a number of years which reduces pressure on the fleet workshop as the RCVs age and will improve service resilience. Fleet replacement has also experienced some delays due to the pandemic and global supply chain pressures which led to the temporary closure of some manufacturers of fleet or essential components. Ansa anticipates that as these pressures ease, programmed fleet replacements will resume. Even

[1] Source fleet list run on 24/5/22 that was then data cleansed to show only fleet based at the Hub. A copy is provided in the appendix.

where there has been a slight delay, Ansa still typically replaces fleet within the replacement window set out in point 20.

Current fleet composition is shown in the Appendix. However, any replacement will be subject to points 17 to 24 which will allow business need to be considered alongside affordability and environmental aspirations. The majority of our Operator Licenced Fleet relates to Waste and Street Cleansing with the remainder relating to Transport or Parks and Grounds. Some vehicles are hired in as needed rather than being in permanent use all year round. Street Cleansing has a mix of small and transit vans and caged trucks together with mechanical sweepers. Parks and Grounds has a mix of small and transit vans and caged trucks together with agricultural fleet like tractors and ride-on mowers.

16. Electric fleet charging infrastructure

The Environmental Hub has 3 electric charging points. Ansa has procured 1 electric car and 2 electric vans. The CEC Green Fleet Implementation Group is developing a phased electrical charging infrastructure roll out plan. Ansa expects to begin benefitting from this starting from the 2022/23 financial year. This will then support a phased roll out of electric light commercial fleet and associated fleet contracts where these will meet operational needs.

17. Light Fleet

Operational employees review vehicle utilisation and size of vehicles needed to see if this will generate fuel savings and/or support a business case for a move to ultra-low emissions vehicles (ULEV). Such vehicles are typically quieter than traditional petrol or diesel engines and have lower tail pipe emissions. Electric fleet lifecycle costs may also be lower. We continue to trial electric and other green fleet and fuel options to test whether or not they are of sufficient size, range and quality to meet some or all of our operational needs. However, the initial purchase price of ULEVs is typically higher and requires additional infrastructure such as electrical charging points. Any change of fleet or fuel types is subject to associated client funding, landlord consent and supplier availability.

The majority of Ansa Transport's minibuses are due to be replaced in 2022. For larger vans consideration will be given to the use of Hydrogen as a fuel source which would offer lower tail pipe emissions and quieter running. Current vehicle pricing and vehicle utilisation rates do not yet justify the higher costs associated with this option. Any replacement of existing vehicles with hydrogen fuelled vehicles would be subject to an appropriate business case

being developed and approved, client or third party funding, landlord consent, supplier availability and provision of appropriate refuelling facilities.

18. Heavy Commercial Vehicles (HCV)

Ansa and its owner Cheshire East Council, regularly review opportunities to reduce fleet carbon. See point 14 for further details. Any decision to change away from current fuel or fleet types is likely to be subject to client funding, landlord consent, infrastructure changes and supplier availability. For heavy goods vehicles like RCVs, Ansa's trials to date have shown there are currently no suitable, affordable electric vehicles available.

CEC and wider funding partners have invested in a three year hydrogen fuel trial. Hydrogen RCVs currently cost around three times more than diesel RCVs. The trial is supported by additional solar panels on the Environmental Hub's waste transfer stations and a new hydrogen refueller. Ansa has adapted 2 RCVs to be able to operate using a diesel/hydrogen mix as a hybrid vehicle or diesel only. The trial is underway. Once the results are known, Ansa and CEC will work together to examine the relative merits of different fleet and fuel options.

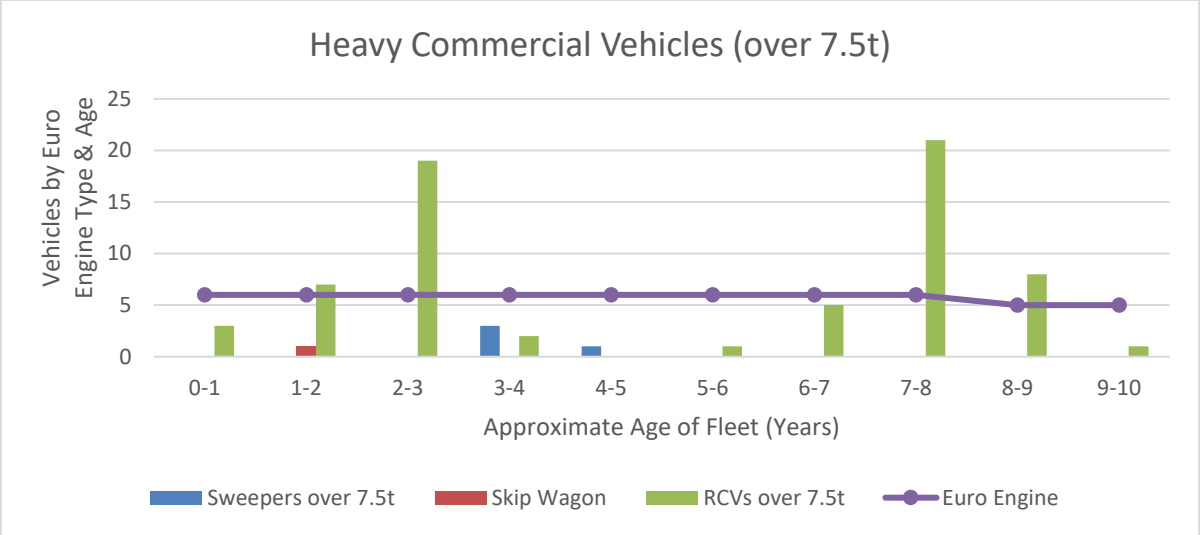
We are currently trialling solar panels on the rooves of 2 RCVs to assess their ability to reduce fuel usage and carbon emissions. This is a 6 month trial which began July 2022.

19. Ansa's review of its Fleet Management and Replacement Strategy

Ansa will continue its rolling Fleet Replacement Programme and trial new fleet and fuel technologies in line with business needs, available funding and client support. We will continue to review whether trial data together with market developments provide a sufficient business case for change. We anticipate a step change in availability of electrical charging infrastructure at our depot and across Cheshire East occurring within the short to medium term. This will then support wider roll out of electrical light commercial fleet.

19.1 Fleet Age Profile for Heavy Commercial Fleet

Ansa prides itself on instigating a rolling fleet replacement programme from company formation in 2014. Ansa replaced 20 Refuse Collection Vehicles with Euro 6 compliant engines in its first year of operation and these are due for replacement over the next three years. Ansa reviews the scope for fleet replacement annually. The age composition of Ansa's HCV fleet is given below.[2]



20. Replacement criteria

Guidelines on when a vehicle should be considered for replacement:

Fleet Type (fleet = vehicles with individual number plates)	**Typical replacement cycle** (based on current vehicle utilisation profiles)
Light Commercial (less than 7.5t)	5-7 years
Vehicle over 7.5tonnes including RCVs	7-10 years
Ride on mowers	7-10 years
Mechanical Sweepers	7-10 years
Tractors and Excavators	15-20 years

The application of these guidelines will be dependent on environmental targets, condition, mileage, age, 'whole-life' costings and affordability. These individual factors may mean that in a minority of cases that vehicles are replaced earlier or later than the guideline set. Consideration will be given to vehicle rotation to even out vehicle mileage. This is in line with best practice guidance: "If a vehicle coming towards its anticipated disposal date is in

[2] Source fleet list run on 24/5/22 that was then data cleansed to show only fleet based at the Hub. A copy is provided in the appendix.

good condition, you should consider retaining the vehicle, extending the lease or extending its life through a transfer to less demanding work."[3]

Less than 3% of Ansa's fleet at the Environmental Hub is older than ten years. These tend to be Ansa or CEC owned fleet and/or are specialist vehicles and/or have been specially adapted for our use. These are typically low mileage vehicles and may include tractors.

21. Vehicle Procurement

"Procurement processes must consider more than just the vehicles. They must also include tyres, fuel, insurance, chassis and parts as well as support services such as maintenance provision, breakdown, recovery and vehicle hire."[4]

Ansa complies with existing procurement legislation and we consider whether collaborating with other organisations and/or procuring via frameworks would offer best value. As part of Ansa's procurement process, we consider the benefits of standardisation in relation to training of Mechanics, fleet workshop facilities and the simplification of stores and driver checks. We consider best value in terms of vehicle procurement and lifecycle costs. A range of employees from Operational and Fleet areas are actively engaged with the procurement of fleet and plant to ensure it is fit for purpose for the long term.

22. Funding models

As existing contracts come to an end, we typically fund replacements on a 'buy and lease back' basis for fleet in continuous use or via hire arrangements for our part-year garden waste fleet and short term / emergency cover.

There are various models of funding replacement vehicles. Ansa seeks advice from professionals within its Contracts and Procurement team, its Finance team, from Client representatives as needed and its Capital Funding partner at the time of purchase or lease. As a wholly owned company of the Council, depending on the value of individual or multiple vehicle purchases or leases, approval may be needed via the Ansa Board and/or our shareholder, Cheshire East Council.

23. Vehicle Livery

Vehicles are typically white and may carry corporate branding or messages from Ansa or our clients or in the case of short term hires, supplier branding. In the case of Refuse Collection

[3] Fleet Management Best Practice, Welsh Audit Office

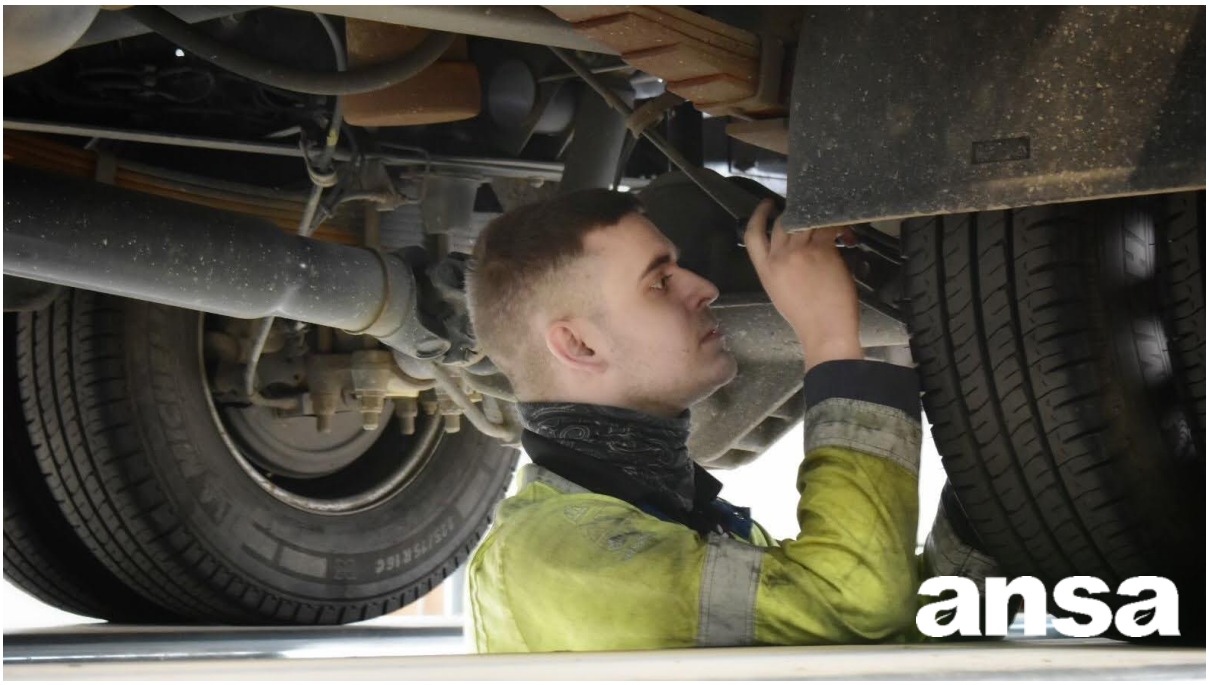
[4] Fleet Management Best Practice, Welsh Audit Office

Vehicles branding includes some form of advertising which often takes the form of a message around Waste Minimisation.

24. Vehicle Disposal

"If a vehicle is leased it may be returned to the leasing company at the end of its contractual life. If the organisation owns the vehicle, options for disposal include sale to neighbouring organisations or at auction. Auctions are used by several organisations and this method provides an opportunity to gain a fair price and save time on advertising, storing vehicles, hosting open days and managing bids. It may also be possible to remove parts and equipment from the vehicle which can be used elsewhere."[5]

Ansa tends to set residual values or balloon payments at the end of long term leases to zero and then sells the vehicles and refunds a small percentage to the original lease company. Disposal to the community could be considered depending on Ansa and Cheshire East Council policies and priorities at the time.



[5] Fleet Management Best Practice, Welsh Audit Office