

Bath & North East Somerset Council

DECISION MAKER:	Cllr Martin Veal, Cabinet Member for Communities Cllr Charles Gerrish, Cabinet Member for Resources	
DECISION DATE:	On or after 30th July 2016	EXECUTIVE FORWARD PLAN REFERENCE: E 2891
TITLE:	Waste Infrastructure - Approval of capital expenditure	
WARD:	All	
EXEMPT SESSION		
List of attachments to this report: Exemption form LGA 1163 Appendix 1 – EXEMPT Waste Release of Capital		

1 THE ISSUE

- 1.1 To approve the 2016/17 provisional capital budget for progression of the Waste Infrastructure project.
- 1.2 Approval is now needed to release funding to progress with the relocation of operational depot facilities for the waste transfer station, haulage and collections from Midland Road Bath, which is increasingly unfit for purpose and presents significant health & safety issues due to vehicle congestion & the implementation of the adjacent 2 way bridge.

2 RECOMMENDATION

2.1 The Cabinet Member for Community Services:

- i) Approves an increase of £490K to the overall provisional capital budget as set out in per Appendix 1 (EXEMPT).
- ii) Fully approves the capital budget as detailed in Appendix 1 (EXEMPT) in 2016/17 to carry out site planning/operational development works by releasing the provisional capital to acquire land to relocate the waste, recycling, and transfer station operations from the Midland Road site.
- iii) Approves an in-cash limit virement of £69k to manage borrowing costs from 2016/17.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 The capital programme for 2016/17 onwards includes a total of £26,853k, of which £14,621k is provisionally approved budget related to the acquisition and development of a new waste operational depot.
- 3.2 This report seeks approval for a wholly funded budget increase of £490k, in line with the budget management scheme parameters. There would be no increased impact on the future revenue position from this change as it would be wholly funded, although initially this would require higher Service Supported Borrowing (SSB) in the early years until a capital receipt can be realised, due to the timing of the capital receipt funding the additional cost.
- 3.3 Approval to release the first phase capital as detailed in Appendix 1 (EXEMPT) is sought.
- 3.4 This approval does not commit the Council to approval of the remaining future year budgets for the waste depot relocation as it relates to land acquisition and development & design works. There is a small risk of revenue reversion to the development element of this approval should the future years budgets not be approved and the project not ultimately be taken forward.
- 3.5 The full revenue impact of the entire capital project has been modelled in detail, covering both the site relocation works and the service review underway. The option included in the provisional capital programme would result in a net reduction in budget growth in the coming years from demand increase linked predominantly to housing growth and external funding ending.
- 3.6 Excluding service supported borrowing costs, the site relocation provides net efficiencies amounting to £391k annually by 2020/21. This would be predominantly achieved through haulage efficiencies and site running cost savings.
- 3.7 Service supported borrowing would increase over that currently within the revenue budget. The modelled options covering site and service indicate this would be an increase of £1,946k per annum by 2020/21. Of this £1,177k relates to service options, £769k to the site options, off-set by £446k existing service supported borrowing coming to term.
- 3.8 Approval of these items would equate to additional service supported borrowing of £69k in 2016/17 and this will be managed within existing approved budgets in 2016/17 through reflection of underspends in 2015/16 not already recognised in 16/17 budgets and improved income from demand for garden waste services. Increase in future years will be met within existing SSB budgets combined with efficiencies achieved through the relocation.
- 3.9 The financial modelling of the options around service delivery are dependent on the refuse collection depot and waste transfer station site being co-located with the recycling depot and being operated under one management structure. Therefore, whilst efficiencies and service supported borrowing relating to the site relocation alone result in a net revenue cost pressure, they enable operational efficiencies in the delivery of the service.

3.10 These revenue impacts are summarised in Table 1 below.

Table 1

	2016/17	2017/18 onwards	Total by 2020/21
Revenue - Borrowing Costs	£'000	£'000	£'000
Cost of Borrowing (SSB) - site works only	88	681	769
Cost of Borrowing (SSB) already approved in 16/17	(19)		(19)
Cost of Borrowing (SSB) virement in this decision	(69)		(69)
Efficiencies directly relating to site relocation	-	(391)	(391)
Remaining net Borrowing Cost - site works only *	-	290	290
Existing SSB budgets - site & service related	-	(446)	(446)

* Whilst efficiencies and service supported borrowing relating to the site relocation alone still result in a net revenue cost pressure, they enable operational efficiencies in the delivery of the service and will be partially off-set by the existing borrowing cost budgets.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 To fulfil its statutory obligations and zero waste strategy, the Council operates a comprehensive range of frontline waste, recycling and street cleansing services. Fit for purpose, licensed depot facilities are needed to operate these services.

4.2 The relocation of the Waste and Recycling Operations and Transfer Station team functions currently based at Midland Road will contribute to Council priorities across a range of areas including:

- Core Strategy housing delivery
- Regeneration and the Enterprise Area delivery
- Sustainability and carbon management
- Protecting frontline services
- Increasing recycling
- Reducing waste to landfill
- Improving street cleanliness and reducing litter arising from waste collection
- Improving customer service and satisfaction by providing modern purpose built facilities

5 THE REPORT

5.1 The Council's waste & recycling facilities at Midland Road Bath are outdated, no longer fit for purpose and present significant health & safety concerns. The use is incompatible with surrounding development, and the opening of the 2 way bridge at Midland Road escalates the need to remove operational heavy goods vehicles from this location.

5.2 Future operational efficiencies can be gained by consolidating collection, recycling, refuse collection & waste transfer operations on one site, as well as maximising opportunities to increase recycling and reduce associated landfill and disposal costs.

6 RATIONALE

6.1 The capital sum is required in 2016/17 to enable the delivery programme for Waste Infrastructure to progress.

7 OTHER OPTIONS CONSIDERED

7.1 Site searches and development work have been carried out in the past on a significant number of alternative site options.

8 CONSULTATION

8.1 Those consulted in preparing this report include officers in Planning, Regeneration, Economy and Culture, Highways and Transport, Project Delivery and Finance teams.

8.2 This item was submitted as a PID and approved by Divisional Directors Group on 2nd February 2016.

8.3 The Council's Monitoring Officer, Section 151 Officer and Strategic Director for Place have had the opportunity to input to this report.

9 RISK MANAGEMENT

9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

9.2 Any risk of revenue reversion is considered to be low risk given Cabinet Programme Board and Member Working Group provided steers that this project is required. This decision includes approval for land acquisition, which will not be at risk of revenue reversion; however there are also some development works that could be at risk if the following year's capital and progression of the relocation is not approved.

Contact person	<i>Carol Maclellan, Group Manager, Neighbourhood Environmental Services; 01225 394204</i>
Background papers	<i>The Budget Proposal 2016/17</i> https://democracy.bathnes.gov.uk/documents/s40360/Appendix%20%20-%20The%20Budget%20Proposal%2016-17.pdf
Please contact the report author if you need to access this report in an alternative format	