

## Part I

<b>SUBJECT:</b>	<b>Dropmore Road Depot - waste services</b>
<b>REPORT OF:</b>	<b>Officer Management Team - Director of Services</b> <b>Prepared by - Head of Environment</b>

**1. Purpose of Report**

- 1.1 To seek approval from Members for the redevelopment of the Council's depot on Dropmore Road.

**2. Links to Council Policy Objectives**

- 2.1 This matter is related to the following local and national policy objectives:

- South Bucks Sustainable Community Strategy and Corporate Plan Key Theme - Sustainable Environment - protecting our heritage, protecting our future.
- Council priority to continue to improve the street scene and cleanliness of the district as a key public services coordinator
- The current Joint Waste Management Strategy for Bucks policies, including "to secure a long-term strategy for the management of wastes for which the member authorities are collectively responsible".
- The Council's recycling/composting target of 60% by 2025 as part of the Joint Waste Management Strategy for Bucks. The national target of 45% by 2015 and 50% by 2020. There are no longer District specific targets.

**3. Background.**

- 3.1 The following services are undertaken by Biffa Municipal Ltd on behalf of the Council:

- Domestic refuse and recycling collections for over 27,000 properties;
- Refuse and recycling collections from schools and charities etc;
- Recycling bring site emptying;
- Bulky waste collections from households (fridges, furniture etc);
- Clinical waste collections (by referral only);
- Litter picking and road sweeping;
- Litter and dog bin emptying;
- FLYtipping removal;
- Rapid response litter, graffiti, flyposting and chewing gum removal;
- Abandoned vehicle removal;
- Other similar duties as and when required (e.g. car park salting)

- 3.2 These services have operated from a depot that Biffa have been able to lease from CDC on London Rd East south of Amersham since 1<sup>st</sup> November 2007. Biffa also currently have the contract with CDC for the above services, and joint efficiencies have been made possible by sharing this depot. However the lease Biffa has with them that allows our contract to operate from the site will expire on 31<sup>st</sup> October 2012, which is the date that Biffa's contract with CDC was due to end prior to the recent decision to extend it until March 2013.

- 3.3 Prior to the start of our current contract in 2007, waste, recycling and street cleaning services were operated by Biffa from a depot in the Wycombe district. This was expensive, and one of the ways the successful bidder Verdant Group Plc was able to offer a lower price was through sharing a depot with another of their customers Chiltern DC. Verdant Group Plc later became Biffa Municipal Ltd.

- 3.4 CDC is currently procuring a new waste contract together with WDC and plan to share the depot with them when the new contract is due to begin. This was due to be on 1<sup>st</sup> November 2012. However it has recently been decided that the new contract will start in March 2013 due to slight delays in the procurement process. The new CDC / WDC contract will probably be based at the London Road depot. Although CDC are only required to give Biffa one month's notice to vacate the depot, SBDC Officers had at the time of writing been given verbal notice to move the vehicles and contract management from the site when the new contract starts. This is because they believe that there will not be enough room for all three contracts to operate.
- 3.5 Recycling material collected in all four Districts is currently tipped at this depot either for sorting and/or bulking for onward transportation for recycling. A Paper Sorting Facility (PSF) that is owned by CDC but into which all three southern districts have invested capital in is also located on the site. This facility also has an uncertain future due to the CDC/WDC contract. This will not be discussed in detail in this report, however it is worth noting that if the PSF closes this may free up enough space for SBDC to continue using the site even if we operate different recycling schemes to CDC and WDC, but this is not clear at this stage
- 3.6 SBDC owns two depots in the District. Taplow Depot on the Bath Road (A4) adjacent to Burnham Sewage Works was used as a storage facility by the Council until recently. All buildings on site have been demolished and it is available for use as a base for various organisations during the Olympics pending it being let as a storage yard in the medium term pending wholesale redevelopment. This site has been assessed as being unsuitable for waste purposes due to the size and access restrictions. Utilising the Bath Rd site in addition to another site would result in a significant reduction in rental income to the Council. The second, larger site is on Dropmore Road in Burnham and contains seven units, all of which are leased to tenants including the Contracts Section for the storage of recycling boxes and similar equipment. The location is shown on the plan at Appendix A.

#### 4. Discussion.

##### Current Situation

- 4.1 The depot on Dropmore Road in Burnham has been identified as a suitable location for an operational base for these services. Planning permission has been sought to use the site as a base for the operational vehicles and granted and the current tenants have been given notice to quit by 30<sup>th</sup> June.
- 4.2 Although we have been verbally informed that we will need to vacate London Road East as a base for our operations, informally, CDC has not expressed any objections to our continuing use of the site to tip our recyclable material as mentioned above. However the management of the materials they collect will be passed to their new contractor who may close the paper sorting facility on site and/or decide that it is not operationally practicable for us to continue using the site. We do not expect to know whether this will be the case until the successful bidder is announced in early October 2012.
- 4.3 Therefore, there is a risk that we may be unable to use the site to tip the recyclable materials we collect from households and recycling bring sites at fairly short notice. In order to mitigate this risk it is proposed that the depot on Dropmore Road is re-developed further to accommodate these operations.
- 4.4 Members are asked to note that with regards to disposing of residual (black sack) waste, that we expect to continue using Wapsey's Wood Landfill Site for the foreseeable future until the Energy from Waste Facility north of Aylesbury is commissioned. At that point,

we will be asked to take our waste to transfer stations at either the London Road Depot (to a facility unconnected to the area we currently use to tip recycling) or High Heavens at High Wycombe. At the time of writing only the latter site has been granted planning permission.

4.5 Planning permission to use the depot on Dropmore Road as a base for our operations was granted 22/09/2010 and amended in 06/07/2011 to increase the hours of operation. It is not possible for the current or future service to operate effectively with just the current planning consent in place and with the current site configuration. This is because:

- fuel will need to be purchased from petrol stations rather than directly from suppliers;
- it is not possible to bulk recycling materials;
- staff welfare facilities do not meet minimum standards (e.g. provision of showers);
- the site drainage does not meet modern standards;
- the site layout is not ideal with regards to H & S;
- the current site layout doesn't allow for any changes to our service that would require additional vehicles;
- there is no weighbridge on site for us to fulfil the EA licence requirement to weigh material in and out.

4.6 Our contract with Biffa Municipal Ltd is designed to be open and transparent with a partnership approach to challenges and is supported by a Performance Improvement Board. As part of this arrangement, Biffa are required to spend the equivalent of £30,000 in money or equivalent internal assistance annually to improve our services.

#### Future of London Road East Depot

4.7 Recycling collection schemes in the three southern districts are similar and tipping our materials together in one location currently works well and we have no desire for this to change. However CDC and WDC may decide to collect and bulk recyclable waste in a different way from March 2013 depending on the outcome of their tendering process.

4.8 Therefore it currently is not known, and won't be for several months, whether we will be able to continue tipping our recyclable waste at the London Road depot in the future and if we cannot, we will not have enough notice to redevelop the Dropmore Road site unless we progress this now. Biffa were unable to suggest any alternative locations in and around the District that would be suitable for our needs when asked. Therefore action needs to be taken now to secure the continuity of our most front-line service. It is also important that the travelling distances are minimised between where we collect waste in the district and where the vehicles are based, and generally that waste and recycling is managed in a way that reduces costs.

4.9 Members are asked to note that the current or potential future arrangements in place to use the London Road East depot for recyclable materials are not related in any way to the proposal by Bucks CC to locate a refuse transfer station elsewhere on the site.

#### Future of Dropmore Road Depot

4.10 The site layout shown at Appendix B is proposed. The site has been designed to meet our needs by experienced engineers commissioned by Biffa through the addition of:

- A wider entrance/exit to cope with the larger vehicles needed to empty the recycling bays;
- Safer layout with walkways for pedestrians and better H & S arrangements in general;

- Covered and uncovered bays to tip recyclable materials currently collected and space to add further materials in the future should current services change;
  - A weighbridge to meet the requirement for all material to be weighed in and out;
  - A more modern and fit for purpose drainage system;
  - Fuel tank on site so that petrol stations will not need to be used;
  - Slightly increased space between the active site and the nearest residential neighbour to the south;
- 4.11 Members are also asked to note that officers anticipate making small fuel efficiency savings by having our depot within our district. These cannot be accurately calculated at this time as collection rounds may need to be reconfigured to achieve these.
- 4.12 The Performance Improvement budget mentioned in para 4.6 is being drawn upon to reduce the costs of submitting the planning application for a change of use of the Dropmore Road depot. So far, all costs have been met using existing SBDC staff resources and budgets.
- 4.13 Officers undertook pre-planning consultation with neighbours and submitted a planning application for this proposal on 11<sup>th</sup> May. The concerns of residents that we have been able to address include noise mitigation through the erection of a solid fence on the Southern boundary and tipping of glass inside a building and visual concerns with landscaping.

#### Planning and Licensing Matters

- 4.14 Dropmore Road depot is situated in the Green Belt and officers and Biffa have been consulted with the planning department prior to submitting the planning application to ensure that any restrictions can be mitigated. Although the overall area of the new proposed site in terms of hard surface is slightly larger, the footprint of the buildings have been reduced by 50%. In addition the maximum height of the new building is the same as the current tallest building on site. Pre-planning advice from the Planning Department indicates that the proposal is likely to be acceptable in planning terms. A traffic impact assessment, noise assessment and tree assessment accompanied the application. It is hoped that the planning application will be considered by the Planning Committee on 11<sup>th</sup> July.
- 4.15 In addition a bespoke licence from the Environment Agency and an Operator's Licence from VOSA will need to be sought. The former will incur ongoing annual costs of an estimated £2.5k per year in addition to a one-off cost of around £5.5k. The cost of the Operator's Licence will be met by Biffa. A specialist in these matters who works in Biffa's Planning Dept will arrange these on our behalf.

#### Project Management and Procurement

- 4.16 This project is being run in line with the Council's project planning guidance and a detailed project plan is being followed. The project can essentially be split into two broad phases. Phase 1 can be seen as the preparation and procurement stage where planning permission and all necessary permits are applied for, tender documents are prepared and we go out to tender for the content of Phase 2.
- 4.17 Phase 2 is the demolition and construction stage where works will be undertaken to turn the site into a fully functioning depot.
- 4.18 Whereas overall project management responsibility for both phases rests with officers, the significant level of experience and expertise that Biffa and their usual specialist engineering contractor HBL Associates have will be used to estimate construction costs,

prepare and submit the planning application and assist in preparing technical aspects of the tender documents in phase 1 and oversee all of phase 2.

4.19 Due to the existing working relationship and experience of successfully completing almost identical projects Biffa and HBL Associates have, it is proposed that the requirement contained in our Contract Procedure Rules to obtain at least 3 quotes be waived to appoint HBL Associates to assist us with the above aspects of this project at a cost of £45,000. Due to the risk of the tender process for the works being delayed, the Director of Services has agreed to use his discretionary powers to waive Standing Orders to allow preparation to commence. Members are asked to note that work undertaken by HBL until that decision was made was paid for by Biffa out of the Performance Improvement Budget described in para 4.6. All other works will be procured by SBDC in line with Standing Orders as usual.

4.20 The key milestones are expected to be:

- Commence tender for demolition and building works w/c **14<sup>th</sup> May**;
- Permit application submitted to Environment Agency **14<sup>th</sup> June**;
- Apply for Operator's Licence w/c **18<sup>th</sup> June**;
- Application to be considered by planning committee **11<sup>th</sup> July**
- Tenants to vacate units by **30<sup>th</sup> June**;
- Award tender for demolition and construction **18<sup>th</sup> October**
- Commence works on site **15<sup>th</sup> November**;
- Depot fully operational **5<sup>th</sup> March 2013**

Members are asked to note that if the tenants do not vacate the site as required on 30th June that legal proceedings to rectify this has been allowed for in the timetable.

4.21 Following our move to the new site, it is proposed that a lease is granted to Biffa to occupy the site and that it is fully maintained by them through a variation to our contract with them. Officers do not envisage that any further capital expenditure will be necessary prior to the end of the current contract with Biffa (November 2021).

#### Resource Implications - Capital

4.22 The total capital cost of redeveloping the depot on Dropmore Road is contained in a Part II report that accompanies this report. This includes:

- Demolition;
- Waste Disposal (including asbestos) where material cannot be reused on site;
- Drainage update and hardstanding installation;
- Sturdy bays for storing recyclable materials;
- Simple kit buildings for offices, welfare facilities, material bay cover and equipment storage;
- Weighbridge and fuel tank purchase and installation;
- Planning application fees of £1,340

4.23 An alternative depot for our waste, recycling and street cleaning services is needed regardless of whether we construct it ourselves or rent one elsewhere.

#### Resource Implications - Revenue

4.24 The one-off revenue costs of this project and the initial consultancy costs to date have been covered by the Performance Improvement Budget mentioned in para 4.6. In addition the Environment Agency Permit will incur annual costs of £2.5k per year in addition to a one-off cost of £5.5k as mentioned in para 4.15. These costs are currently estimates because we will be applying for a bespoke permit. Also, the weighbridge will

need to be calibrated and maintained regularly in order to remain compliant at an estimated cost of £5,000.

- 4.25 A table showing the annual net revenue effect of moving operations to Dropmore Rd Depot is contained in the part II section of this report.
- 4.26 The annual cost of business rates is already included in a one off charge we make to Biffa as part of our monthly contract payment.
- 4.27 Should the site be developed as proposed in para 4.10 and not used by SBDC, indications by the current letting agent used are that we could achieve a rental income of £20,000 per year.
- 4.28 There is currently no revenue or capital budget allocated for maintenance at Dropmore Road Depot and the exiting tenants are expected to keep the units in good decorative order. However this is not sustainable as the asbestos roofs of two of the units will need to be replaced within the next few years and the toilets will need to be refurbished within the next 5 years. Therefore the ongoing revenue cost of maintaining the redeveloped site is felt to be comparable to or less than the amount that would need to be spent anyway.

#### Conclusion

- 4.29 Members will note that in view of the time it will take to redevelop the Dropmore Road depot as a base for this service to operate from by March 2013, a decision is required at this stage to instigate this project. The Council cannot wait until the outcome of the new CDC/WDC contract is known before progressing this.
- 4.30 Although we have been given verbal notice to vacate the site, we won't know whether we can continue to bulk our recycling at the London Rd site as described in para 4.8 until after the successful bidder of the CDC/WDC joint contract is announced on 3<sup>rd</sup> October. However we need to award our own contract for demolition and construction by 18<sup>th</sup> October at the latest.
- 4.31 If CDC/WDC and the successful bidder decide that we are able to continue tipping recyclable waste at the London Rd site, it may be prudent to scale back the construction project at Dropmore Rd to suit. Unfortunately, unless they make this decision by mid-October, we will need to award our own contract for the demolition and construction works without knowing this.
- 4.32 Members are asked to note that a decision to delay the construction of the bulking bays/building until after the new site is operational will increase costs slightly.
- 4.33 With the above in mind, Members will need to decide now that this project needs to be progressed but will be able to delegate the final decision on this matter to be made by the Portfolio Holder in consultation with Director of Services to decide whether to award the contract to commence full or partial works in mid October in the light of the position with regard the London Road Depot at that time.

## **5. Resource and Wider Policy Implications.**

- 5.1 With a total capital costs predicted to be as per the Part II report and revenue costs of £64,000 per year, this investment in our service clearly has significant resource implications for the Council. However it is felt that the long-term security that will be obtained from finally having our own depot and the confidence and opportunity it will give us to improve our services outweigh these costs. This is notwithstanding our likely forthcoming eviction from our current depot.

- 5.2 With regards to making future changes to our services in line with the desire to recycle and compost more and work with Bucks CC to reduce the amount of residual waste arising; uncertainty about our future depot location and the outcome of the CDC/WDC contract is one of many risks that Officers are working to mitigate. A register of these risks is at Appendix C.
- 5.3 Members are asked to note that should this project ceased to proceed at any time, that abortive costs dependent on when and why this happens may be payable.
- 5.4 The risks associated with this matter together with the mitigation are as follows:

Risk	Impact	Likelihood	Mitigation if Dropmore Rd Depot not developed.
We have no operational depot when the new CDC/WDC contract starts	4	1	Would work with Biffa to find an alternative but would be at a cost.
We have nowhere to manage our recyclable materials when the new CDC/WDC contract starts	4	2	Could direct deliver to recycling facilities or Biffa transfer stations out of the County. Would be resource intensive.
If not needed by SBDC, the rental income achieved at the redeveloped or undeveloped depot is lower than anticipated.	2	2	If the right customer is found then this should not be an issue. Otherwise the capital payback time will be longer.
Planning permission is refused.	4	1	Pre-application consultation with Planners and site neighbours should reduce this risk significantly.
The Environment Agency Permit and Operators Licences are refused.	3	1	Biffa's resident expert on these matters has visited the site and not raised any issues.
The project exceeds the allocated budget.	2	2	Estimates are just that and they won't be known until the tendering process is complete, but costs are being monitored closely so that swift remedial action can be taken if needed.

## 6. Summary.

- 6.1 All capital expenditure and revenue outside the remit of current budgets and delegation to the Portfolio Holder and Director of Services will require Cabinet and Council approval. Members are asked to advise the Portfolio Holder as to whether to recommend that:
- The capital highlighted in the accompanying Part II report be added to the Capital programme
  - and £64,000 (net revenue effect) required for the redevelopment of Dropmore Road Depot are approved either now or by the Portfolio Holder in October be noted;
  - Subject to the above being approved, that the final decision is delegated to the Environment Portfolio Holder in consultation with the Director of Services to decide whether to award a contract to commence the necessary works to the depot as described in the report in October 2012.
  - That in due course the depot is leased to Biffa and their contract is varied to reflect its rent free occupation and also to give them the responsibility of maintaining the weighbridge and the contract budget be altered accordingly.

In addition, Members are asked to note that the Director of Services has agreed to use his powers of urgency in respect to the requirement that Contract Procedure Rules requiring 3 quotes to be obtained are waived to appoint Biffa's preferred Engineers on a consultancy basis at a cost of £45,000 capital as outlined in para 4.19.

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<b>Background Papers:</b>	<b>Working File</b> <b>Planning Permissions 10/01185/FUL and 11/00864/VC and Planning Application 12/00797/FUL</b>