

# Decision Pathway Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 03 December 2019

<b>TITLE</b>	<b>Hartcliffe Household Reuse &amp; Recycling Centre (HRRC)</b>		
<b>Ward(s)</b>	Filwood and Bishopsworth		
<b>Author:</b> Oliver Roberts	<b>Job title:</b> Senior Project Manager		
<b>Cabinet lead:</b> Cllr Pearce	<b>Executive Director lead:</b> Stephen Peacock		
<b>Proposal origin:</b> <i>Mayor</i>			
<b>Decision maker:</b> Cabinet Member <b>Decision forum:</b> <i>Cabinet</i>			
<b>Purpose of Report:</b> <ol style="list-style-type: none"><li>To update on the development of a new Household Reuse and Recycling Centre (HRRC) at Hartcliffe Way in south Bristol; to seek approvals for the Capital budget and to enter a Development Agreement and Lease with the Bristol Waste Company.</li></ol>			
<b>Evidence Base:</b> <ol style="list-style-type: none"><li>Bristol's "Waste and Resource Management Strategy" (April 2016) makes a commitment to address the inadequacy of the current Household Waste Recycling facilities (HWRC) in Bristol.</li><li>The need for a new HRRC at Hartcliffe Way is strengthened by land at the Days Road HWRC not being within Council ownership. The Council presently leases part of the site from Network Rail and a new lease to secure its continuing use is presently being negotiated.</li><li>The administration is committed to the delivery of a third facility for the city.</li><li>Design Proposals for a standalone HRRC have been developed by Bristol Waste Company's (BWC) Professional Team. It is proposed that enabling construction works will commence in early 2020 and that the new HRRC will become operational in early 2021.</li><li>A capital allocation of £4m in the Capital Programme was made as part of the 2017 budget process. Following project development the Capital Programme budget requirement has increased to £6m, this reflects increased allowances for purchase of operational plant and equipment; depot relocation costs; additional contingencies; increased egress/access and other operational requirements.</li><li>The Bristol Waste Company will make a Capital contribution of £1m, which will be in addition to the Council's £6m budget.</li><li>The feasibility of delivering a Street Cleansing Depot alongside the HRRC as a second phase of development has been discounted since the previous Cabinet Paper in July 2020; this change has required the HRRC to be redesigned as a standalone facility. The change was due to the significant development costs associated with expansion over adjacent land which was a landfill site active in the 1950's. This former use was undocumented on Council and Environment Agency records of former landfill sites and was confirmed through site investigations and review of historic ordnance survey records.</li><li>The future location of the Street Cleansing Depot will be confirmed as part of a City wide review of depot provision.</li><li>Additional supporting information and detail for the above evidence base is provided in Appendix A.</li></ol>			
<b>Cabinet Member / Officer Recommendations:</b> That Cabinet			

1. approves the Council entering a Development Agreement with Bristol Waste Company to deliver the HRRC facility as detailed in Appendix A,
2. approves allocation of £2m from current capital contingency to this scheme.
3. approves expenditure of the £7m to deliver the works required to deliver the HRRC facility.
4. approves to lease the Council-owned site to Bristol Waste Company on completion of the works, on terms to be negotiated and agreed by the Executive Director Growth and Regeneration;
5. notes that the ongoing revenue costs for the operation of the HRRC are still being developed on but may be in the region of £1m. If this is not containable within the current service budget envelope this will need to be considered when setting the annual when the facility is operational.
6. notes that a City Wide Depot Strategy will be produced to inform arrangements for the longer-term Street Cleansing Depot provision and that a report identifying the capital costs associated with delivery of this will come back to Cabinet at a future date.

**Corporate Strategy alignment:**

1. Theme 4 Wellbeing - Keep Bristol on course to be run entirely on clean energy by 2050 whilst improving our environment to ensure people enjoy cleaner air, cleaner streets and access to parks and green spaces:
  - Moving towards a more ‘circular economy’, where goods and materials are reused and recycled rather than discarded as waste can also help contribute to protecting both our economy and our environment, with positive wellbeing outcomes.
  - Cleaner, greener environments help support a wide range of positive objectives – on health, education, the local economy and community safety. We are working with many partners to improve our environment and will encourage everyone to play their part in this.

**City Benefits:**

1. The potential to increase yet further the already high levels of recycling of domestic waste through additional HRRC provision. The provision of reuse facilities to support this goal of maintaining the City’s position near the top of the recycling league table.

**Consultation Details:**

**Internal:** Finance, Legal, Property, Waste Client lead

**External:** Bristol Waste; Consultation with Stakeholders by Bristol Waste in support of the planning application.

**Background Documents:**

2<sup>nd</sup> July 2019 Cabinet Papers

<b>Revenue Cost</b>	<i>Estimated circa £1m</i>	<b>Source of Revenue Funding</b>	Mitigation to be agreed with BWC
<b>Capital Cost</b>	<b>£7m</b>	<b>Source of Capital Funding</b>	Prudential borrowing and £1m contribution from BWC reserves.
<b>One off cost</b> <input checked="" type="checkbox"/>	<b>Ongoing cost</b> <input checked="" type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:**

In December 2018 a progress report regarding the development and delivery of a third Household Reuse & Recycling Centre (HRRC) at Hartcliffe Way in South Bristol was presented to Cabinet for reference.

The HRRC project now provides a further update, recommends a delivery approach and seeks approval of this same approach.

It continues to be envisaged that building development of the new HRRC will be contracted out to BWC and, once

complete, that the site will be commercially leased to BWC and operation managed by BWC (under Teckal contract).

### Capital

The current Capital Programme (2019/20 to 2023/24) includes a budget of c£4m for the HRRC scheme (item reference NH04). The £4m was based on historical “high-level” estimates taken over 5 years ago. It also assumed single access to the site; however this has changed due to Metro Bus works that has resulted in the need for double access. The revised (full costed by professional QS) project is estimated to cost c£7m (including contingencies).

There are two sources of funding for the project (Table 1 below provided the profile):

1. BCC – Prudential borrowing
2. BWC- Reserves

**Table 1**

	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>
BCC Funding	46,000	604,000	4,150,000	1,200,000	<b>6,000,000</b>
BWC Funding			1,000,000		<b>1,000,000</b>
	<b>46,000</b>	<b>604,000</b>	<b>5,150,000</b>	<b>1,200,000</b>	

Due to the forecasted increase in costs (c£3m) bringing the total to £7m Bristol Waste Company has indicated that it will contribute £1m from its reserves towards the development costs, this has been approved by the BWC Board.

To fund the shortfall approval is being sort to reallocate £2m from capital contingencies to part-fund the extra cost of this project. The balance of the additional funding required (£1m) will be from Bristol Waste Company.

### Revenue

Preliminary assessment of the running (operational) costs of new site have been estimated as c£1m. This covers staffing as well as disposal of non-recyclable waste. BWC will be funding revenue cost implications, alongside other mitigation measures agreed between BWC and the Council.

As the budget for this scheme is within the current approved Capital Programme the capital financing costs are contained within current budgets.

### VAT

Once constructed, the site will be leased to BWC on a commercial basis, with opt to tax. For the construction work, it is expected that BWC will be charging BCC for all the development costs (including the VAT), however further advice will be sought on this.

**Finance Business Partner:** Kayode Olagundoye, Interim Finance Business Partner, Growth and Regeneration, date 25/11/19

## **2. Legal Advice:**

BWC is a Teckal subsidiary company of the Council which means that BCC can award a contract to them without the need of any formal procurement process. However, BWC in this case would become a company set up under public law and will itself be deemed as a “contracting authority”. That would require that any purchases of works, supplies or services will have to be procured in accordance with the Procurement Regulations as and where applicable. The report informs that BWC have appointed a professional team to undertake preliminary design work, undertake technical assessments and pre planning –application engagement. It is expected that regard will have been had to the procurement regulations while making those appointments.

The development agreement needs to clearly provide for the role and responsibility of BCC and overarching monitoring arrangements throughout the project period to ensure that the Reuse and Recycling Facility is progressing in accordance with the Council’s requirement, and the Councils interests are protected.

As stated in the report the property is owned by BCC but the project will be undertaken by BWC so they will need some form of preliminary lease or licence to enter the property and also to enable the works contractor to deliver the works.

The facility after completion is intended be leased to BWC for operation, hence, an appropriate longer term building lease will be needed for that purpose. It is recommended that the terms of such lease are agreed as early as possible to facilitate a seamless transition to BWC as operator.

**Legal Team Leader:** Eric Andrews, Team Leader, Legal Services, 20 November 2019

**2. Implications on IT:**

**The below advice was provided for the July 2019 Cabinet Paper this will be updated shortly:**

Although Bristol Waste have independent IT service provision, BCC IT provides technical governance and some infrastructure services. Therefore, BCC IT Services will need to be engaged at design stages of the proposed site.

**IT Team Leader:** Simon Oliver 28/10/19

**3. HR Advice:**

The new household waste recycling centre will be wholly staffed by BWC employees, under the existing waste services contract. It is not proposed that any BCC staff will be located onsite or involved in the operation of the project. For the Capital delivery, Bristol Waste will manage the design and construction. BCC staff will be will be involved in aspects of the project delivery, including relocation of services, which is expected to be managed within existing resources.

**HR Partner:** Celia Williams, HR Business Partner 29/10/19

<b>EDM Sign-off</b>	Patsy Mellor	9th October 2019
<b>Cabinet Member sign-off</b>	Cllr Pearce	14th October 2019
<b>Mayor's Office sign-off</b>	Mayor's Office	<b>4<sup>th</sup> November 2019</b>

<b>Appendix A – Further essential background / detail on the proposal</b>	<b>YES</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>YES</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b>	<b>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>YES</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b> Exempt and not for publication by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (Information relating to the financial or business affairs of any particular person (including the authority holding that information))	<b>YES</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>