

COUNCIL

25 APRIL 2019

ADDITION TO THE CAPITAL PROGRAMME – ACQUISITION OF DEPOT SITE FOR USE IN CONNECTION WITH THE WASTE COLLECTION AND CLEANSING SERVICE

Portfolio Holder: Councillor Alan Jarrett, Leader
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Summary

This report seeks approval to the acquisition of a depot site and all necessary fees and works to the Capital Programme.

1. Budget and Policy Framework

- 1.1 The purchase of land and property with a value of over £100,000 and the taking or granting of any leases where the rent exceeds £20,000 per annum are matters for Cabinet. Additions to the Capital Programme are a matter for Full Council
- 1.2 In addition, there is a constitutional requirement that Cabinet decisions relating to land and property transactions over £500,000 are to be reported to the next Council meeting for information. This report fulfils that requirement.

2. Background

- 2.1 Cabinet at its meeting on 6 March 2018 agreed to let the Waste Collection and Cleansing contract to the Medway Norse when the existing contract with Veolia ends on 30 September 2019.
- 2.2 The Cabinet considered a further report on 9 April 2019 which explained that since 2010, the Council's waste collection and cleansing contractors have had their own depot facilities which they have used to run their contracts from. In

autumn 2018, the existing contractor advised the Council that they had changed their position and decided to retain the depot for their own commercial activities rather than let the Council or its contractors use these facilities.

- 2.3 Medway Norse own a depot at Pier Road, which is already fully used in connection with existing contracts (Facilities Management, SEN transport, Green Spaces). It is therefore not possible to run the existing services and the new waste collection and cleansing service from this depot.
- 2.4 In the short term, the existing services at Pier Road will need to be relocated to a new site(s) and the Pier Road depot be used exclusively for the street cleaning and refuse fleet. This is not ideal in the long run and will not realise efficiencies. Additionally the site has no expansion capacity and will not be able to 'grow' with the services as more properties are built in Medway.
- 2.5 Medway Norse is prepared to pay a rent to use an alternative depot facility to run the whole suite of services from a single location, and realise efficiencies in joint service delivery.

3. Options

3.1 The Cabinet report (9 April 2019) set out the following options:

3.1.1 **Option 1: Do nothing to acquire a depot**

Medway Norse will need to use the existing depot in Pier Road for the waste collection and cleansing fleet parking for the waste contract. The other services will need to be fragmented and relocate to alternative facilities.

3.1.2 **Option 2: Seek to acquire a suitable site for a depot**

This would involve the Council buying or leasing suitable land to use as a depot and then letting it to Medway Norse. This will have the advantage of giving the Council more flexibility when it comes to re-let the waste collection and cleansing contract in future. **This was the recommended option to Cabinet.**

4. Advice and Analysis

4.1 To enable the Council to maintain service provision on the best possible terms, option 2 above was the recommended option. Following consideration of the report, the Cabinet agreed to:

- acquire a suitable site for a depot;
- apply for any necessary consents for its use;
- carry out works if required; and
- let the premises on the best terms reasonably obtainable (decision no. 52/2019).

4.2 In addition, the Cabinet agreed to recommend to Council that it adds the sum in the Exempt Appendix (of the Cabinet report) to the capital programme to

acquire a suitable site, including relevant professional fees, obtain any necessary consents and carry out works (decision no. 53/2019).

- 4.3 Therefore, Council is now recommended to add this scheme to the Capital Programme.

5. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk Rating
Availability of suitable buildings/ land	There are only a finite number of suitable locations for a depot to be located in and the cost of purchase and the required works will be high.	MN to use the Pier Road Depot to run the waste contract from and relocate the remaining service to other location(s) on a temporary basis until an alternative is secured.	C2
Not having a depot reduces the amount of potential bidders for future tenders.	Unless the Council has its own depot in future it will only be able to let the Waste Collection and cleansing contract to contractors who have access to a depot.	The Council can acquire a suitable site for a depot and let it to its appointed contractor.	C2

6. Consultation

- 6.1 Discussions have been held and dialogue continues with the Council's planning department and Medway Norse concerning the suitability of sites.

7. Legal and Financial Implications

- 7.1 The overall projected cost of acquisition and the enabling works needed is up to £9m whilst the estimated annual cost of borrowing £9 million is £405,000, including minimum revenue provision. Further detail on this is set out in the Exempt Appendix. Following Cabinet approval as set out in paragraph 4.1 above, an addition to the Capital Programme is now required, which is a matter for Full Council, and the consequential debt charge and income can be added, in due course to the revenue budget. The rent which the Council will charge for the depot will at least cover the debt charges for the purchase of the site and the works.
- 7.2 The Council has powers which it can use to acquire a depot site and to let it.
- 7.3 The Council is required to obtain the best consideration reasonably obtainable when it lets property for terms in excess of 7 years.
- 7.4 The Council has commissioned agents to identify a site, to advise on its valuation and to negotiate terms for its purchase.

8. Recommendation

- 8.1 The Council is recommended to add up to £9M to the capital programme to acquire a suitable site for a depot, including relevant professional fees, obtain any necessary consents and carry out works.

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Appendices

Exempt appendix - overall projected costs of acquisition and the enabling works needed

Background Papers

Report to Cabinet 6 March 2018 concerning the letting of the Waste Collection and Cleansing contract
<https://democracy.medway.gov.uk/mglIssueHistoryHome.aspx?IId=21632>