

**Report of : Chief Officer Waste Management**

**Report to : Director of Environment and Housing**

**Date: 26/01/2015**

**Subject: Design & Cost Report for Replacement Bins**

**Capital Scheme Number: 12594 /various/**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number: N/A	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. The existing bin replacement programme (Scheme 12594) totalling £5.67m of spend is likely to be fully spent a year ahead of schedule.
2. The current capital programme includes a sum of £2.025m until 2017/18 for replacement bins based upon a new annual programme of approximately £700k per annum. A 10 year scheme would cost around £7.7m to cover the period to 2024/25.
3. Based on existing spend levels it is likely around £300k of the £2.025m in the 2015/16 - 2017/18 programme will need to be made available in 2014/15 from the new programme to ensure continuity of provision of replacement bins to residents.
4. The bin replacement schemes are funded by prudential borrowing. The estimated revenue impact in 2014/15 of bringing capital spend forward is a net £3k, after accounting for slippage on other bin related schemes. This cost is factored into the current departmental projections. The 2015/16 budget includes provision for the

repayment costs of the bin replacement programme..

5. An annual programme for the replacement of Street Litter bins of £36k is also required; in addition to an initial spend in 2014-15 of £57k. Collectively over 10 years this would total £380k. Funding for the financing of this level of capital spend exists in the revenue budgets being submitted to Executive Board in February.

## **Recommendations**

The Director of Environment and Housing is recommended to note the content of this report and:-

- a) give the authority to spend £365.7k on the existing bin replacement scheme (12594).
- b) provide the approval to the bringing forward of spend planned for 2015/16 into 2014/15 of £300k
- c) provide the authority to spend on the new replacement scheme of £2,025k (to the year 2017/18) including £165k on Street Litter bins
- d) note that a further injection into the capital programme of around approximately £5.9m will be required for the period late 2017/18 to 2024/25. This is expected to be included as annual amounts of around £750k to £850k in the Council's capital programme. This will take the total bin replacement programme in the Directorate to £8.046m for the period late 2014/15 to 2024/25.

## 1 Purpose of this report

- 1.1 The purpose of this report is seek approval to bring forward capital spend of £300k from 2015/16 on replacement bins as the existing budget is likely to be fully spent in 2014/15. The reasons for this are detailed at para 3.2
- 1.2 In addition, the report also seeks approval for authority to spend (ATS) of £365.7k to cover the remaining spend on the existing scheme and give ATS for £2.025m to cover planned spend for the period 2015/16 to 2017/18.
- 1.3 The report also seeks authority to spend of £165k for the replacement of Street Litter bins for the period late 2014/15 to 2017/18.

## 2 Background information

- 2.1 In November 2006 Executive Board agreed an injection of £5.0m into the Capital programme for a wheeled bin replacement programme (Scheme 12594). A further £666k was approved as part of the capital programme review in February 2008, bringing the scheme total to £5.67m. The scheme is funded by prudential borrowing. ATS is delegated to the relevant Director on this Category B scheme given the ongoing nature of the scheme.
- 2.2 Of the £5.67m, a sum of £300k was set aside for the replacement of Street Litter bins, leaving £5.37m for the replacement of household wheeled bins.
- 2.3 It was estimated at the time of the report that the wheeled bin budget would be spent over a 10 year period, 2006/7 to 2015/16. However, the actual spend on household bins has been quicker than had been anticipated and by the end of the 2013/14 financial year, £5.0m had been spent, This is explained in para 3.2 .2.4 The table below outlines the phased and actual spend over the period, showing that spend is £0.5m ahead of profile and that only £324k of the original £5.37m remains. (£5.371m - £5.047m)

Bin Replacement Profile - Analysis of Budget and Actuals							
Year	Fin Year	Budget £000	Budget Cumul £000	Actual £000	Actual Cumul £000	Var £000	Var Cumul £000
1	31/03/2007	1,448.3	1,448.3	1,368.8	1,368.8	(79.5)	(79.5)
2	31/03/2008	435.9	1,884.2	534.9	1,903.7	99.0	19.5
3	31/03/2009	435.9	2,320.1	485.0	2,388.7	49.1	68.6
4	31/03/2010	435.9	2,756.0	370.0	2,758.7	(65.9)	2.7
5	31/03/2011	435.9	3,191.9	541.1	3,299.7	105.2	107.8
6	31/03/2012	435.9	3,627.8	553.1	3,852.8	117.2	225.0
7	31/03/2013	435.9	4,063.7	463.1	4,315.9	27.2	252.2
8	31/03/2014	435.9	4,499.6	731.0	5,046.9	295.1	547.3
9	31/03/2015	435.9	4,935.5		5,046.9		
10	31/03/2016	435.9	5,371.4		5,046.9		
		<b>5,371.4</b>		<b>5,046.9</b>		<b>547.3</b>	

- 2.5 As a result of significant spend, since the inception of the scheme but especially during 2013-14, it is likely that this budget will be fully spent during 2014/15 and therefore spend on a new replacement programme is required to be approved earlier than had been planned.

## Litter Bins

2.6 Of the £300k Street Litter bin budget, £123k was spent prior to the creation of the Locality teams within the Environmental Action Service. The remaining £177k has been split between the 3 area teams and the City Centre as shown in the table below. Only £27k remains in West.

## Capital Spend to Date

	Prior to 2012/13	2012/13	2013/14	2014/15	Total
WNW Locality		37	7	27	71
ENE Locality		40			40
SSE Locality		38	6		44
City Centre Locality		22			22
Former St Cleansing	123				123
	<b>123</b>	<b>137</b>	<b>213</b>	<b>27</b>	<b>300</b>

## 3 Main issues

3.1 The capital programme, approved in February 2014, made initial provision for a new domestic bin replacement programme from 2015/16 to 2017/18 of £2.025m, although a new 10 year programme would total approximately £7.7m (circa 700k per annum).

3.2 The reasons for the increase from the previous 10 year scheme cost of £5.37m are :-

i) The original scheme was set up in 2006 before the Garden waste collection scheme had been fully rolled out. Since 2008 the Council has spent £3.1m on new garden bins and a proportion of these bins are likely to come to the end of their service life during the period of this proposed scheme. Due to the weight of garden waste the proportion of brown waste bin expiry is greater than for other wheeled bin types.ii) An allowance for inflation (2%) is included in this programme, whereas the previous budget did not allow for this. This has had the effect of reducing the effective duration of the existing scheme by approx. 1 year.

iii) There is likely to be a continuing rise in the number of households in the City. Over the past 9 years the City has seen an increase from approximately 320k households in 2005 to around 342k in 2014. The cost of providing wheeled bins to these 22,000 additional properties is approx £800k. Over the next 20 years the Council is expected to build approximately 70,000 new houses in the city. Although developers are initially expected to provide bins, the Council will be responsible for any replacement bins.

iv) A number of bins in use in the City are already well over 10 years old and are more likely to be in need of replacing.

- 3.3 It should be noted that this programme, even at £7.7m, will not provide each household in Leeds with a new bin. A scheme of that magnitude would likely cost in excess of £20m based on replacement of each existing residual, recycling and garden waste bins in service.
- 3.4 Instead, this budget of £7.7m over 10 years would provide an annual replacement equivalent to the replacement of 4% of the bins in service. In practical terms, this means there will still be some very old bins in service.
- 3.5 The approval for the capital budget for the period late 2017/18 to 2024/25 is expected to be part of the February 2015 capital programme update to be presented to Executive Board.
- 3.6 In 2014/15 there is £324k of budget remaining on the existing scheme. Based on last year's spend this is likely to be insufficient, it is therefore intended to bring forward monies on the new scheme that were initially allocated to 2015/16. An additional £300k is estimated to be needed. The repayments costs of these bins can be funded within the existing Directorate budget in year.
- 3.7 The Council does not currently charge for replacement bins, and so all requests for replacements are routinely accepted. However, existing damaged bins are returned to the service and assessed to see if they can be repaired instead of replaced to try and minimise costs.
- 3.8 During the first quarter of this financial year, around 6,000 requests for new or replacement wheeled bins were made for the following reasons:-
- 60% reported as lost or stolen
  - 11% were for additional bins (in line with the agreed policies)
  - 25% replacing damaged bins
  - 4% replacing contaminated bins

### **Litter Bins**

- 3.9 An assessment of the replacement of City wide litter bin provision has been made by the relevant locality managers. A sum of £57k is required for 2014-15, of which £18k can be charged to the HRA as these litter bins are above the normal level of service provision.
- 3.10 An ongoing replacement of £36k per annum for the period 2015-16 to 2023/24. This will give a total programme in the Directorate to 2023/24 of £381k. As with wheeled bins, these will be funded by prudential borrowing as explained further in 4.4
- 3.11 Spend at this level will allow the replacement of around 120 litter bins per year.

## **4 Corporate Considerations**

### **4.1 Consultations and Engagement**

The Executive Member for Cleaner Stronger and Safer Communities has been briefed on these proposals.

Locality managers in the Environmental Action Service have been consulted with regard to litter bin provision.

## **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 A screening document has been prepared and an independent impact assessment is not required for the approvals requested. The screening document has been sent to the Equality Team to be approved and published.

## **4.3 Council policies and City Priorities**

4.3.1 Dealing with the City's waste is a key Council priority. This programme of spend will help ensure that the assets (i.e. the bins) remain fit for purpose.

## **4.4 Resources and value for money**

4.4.1 A sum of £7.7m is required in the capital programme for a 10 year programme of replacement wheeled bins, based on a spend of around £700k p.a. This will allow for around 30,000 wheeled bins to be replaced each year, some 4% of existing stock. The current capital programme provides £2.025m for the period to 2017/18 and it is anticipated that future capital programme updates each February will seek to inject the balance of the scheme costs on an annual basis.

4.4.2 The existing scheme (12594) is funded by prudential borrowing and it is intended the new scheme will also continue to be funded in this way.

4.4.3 A further £381k is required for the replacement of Street Litter bins. This will be funded by prudential borrowing.

### **4.4.4 Capital Funding and Cash Flow.**

<b>Funding Approval :</b>	<b>Capital Section Reference Number :-</b>						
<b>Previous total Authority to Spend on this scheme</b>	<b>TOTAL</b> £000's	<b>TO MARCH</b> 2014 £000's	<b>FORECAST</b>				
			2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018 on £000's
FURN & EQPT (5)	5005.7	4978.5	27.2				
<b>TOTALS</b>	5005.7	4978.5	27.2	0.0	0.0	0.0	0.0
<b>Authority to Spend required for this Approval</b>	<b>TOTAL</b> £000's	<b>TO MARCH</b> 2014 £000's	<b>FORECAST</b>				
			2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0						
FURN & EQPT (5)	2391.0		695.5	700.0	714.0	281.50	
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	0.0						
<b>TOTALS</b>	2391.0	0.0	695.5	700.0	714.0	281.5	0.0
<b>Total overall Funding (As per latest Capital Programme)</b>	<b>TOTAL</b> £000's	<b>TO MARCH</b> 2014 £000's	<b>FORECAST</b>				
			2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018 on £000's
LCC Supported Borrowing	7396.7	4978.5	722.7	700.0	714.0	281.5	
Total Funding	7396.7	4978.5	722.7	700.0	714.0	281.5	0.0
<b>Balance / Shortfall =</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

#### Parent Scheme Number :

**Title :** Wheeled Bin Programme 2014-2024  
Litter Bin Replacements 2014-2024

#### Revenue Effects

Appendix A outlines the existing bin leasing and prudential borrowing requirements together with a forecast of how these will change with the effects of this programme.

It should be noted that payments on existing leased bins and bins over 10 years old will begin to reduce after 2015/16. This will provide the ongoing revenue saving to fund these new bins.

#### 4.5 Legal Implications, Access to Information and Call In

4.5.1 This report is subject to call in. A forward plan notification has been completed.

#### 4.6 Risk Management

4.6.1 There remains a risk that the amounts budgeted for are insufficient, although the amounts sought have been based on spend in recent years and include a provision for price rises and housing growth.

4.6.2 In line with the Jan 2014 Executive Board formally adopting the operational kerbside collection policies, improved processes and procedures are being implemented, to better and more robustly manage the city's bin asset. Benefits realised should contribute to the expected life of the capital scheme. ,

## **5 Conclusions**

- 5.1 The existing bin replacement scheme (12594) will fully spend its budget in 2014/15. This is a year ahead of schedule due to the demand for replacement bins and inflationary costs
- 5.2 A new programme initially proposed to start in 2015/16 will need to be brought forward to commence in late 2014/15
- 5.3 The prudential borrowing repayments can be met from service revenue budgets as charging on leased bins and bins over 10 years old will be phased out.

## **6 Recommendations**

The Director of Environment and Housing is recommended to note the content of this report and:-

- a) provide the authority to spend £365.7k on the existing bin replacement scheme (12594).
- b) provide the approval to the bringing forward of spend planned for 2015/16 into 2014/15 of £300k
- c) provide the authority to spend on the new replacement scheme of £2,025k (to the year 2017/18) including £165k on Street Litter bins

Note that a further injection into the capital programme of around approximately £5.9m will be required for the period late 2017/18 to 2024/25. This is expected to be completed on an annual basis by injecting around £750k to £800k in the February capital programme updates.

## **7 Background documents<sup>1</sup>**

- Executive Board 15<sup>th</sup> November 2006 – Capital Programme Mid-Year update
- Executive Board 8<sup>th</sup> February 2008 – Capital Programme 2007-2011
- Executive Board 14<sup>th</sup> February 2014- Capital Programme Report App H.

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<sup>1</sup> The background documents listed in this section are available for download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.



## Appendix A

### Waste Management Revenue Budget Implications

		OE	Projection	1	2	3
		2014/15	2014/15	2015/16	2016/17	2017/18
		£000	£000	£000	£000	£000
<b>General Bin Replacements</b>						
Internal Leasing	v470	126	126	89	0	0
Pru Borrowing (existing scheme)	v468	708	708	685	510	464
Pru Borrowing (new scheme 4.5%)	v468/01	0	38	126	217	309
		<b>834</b>	<b>872</b>	<b>900</b>	<b>727</b>	<b>772</b>
<b>Other Bin Related Schemes</b>						
Recycling Improvements	v468	63	29	63	63	63
New Garden Waste Roll Outs	v468	465	465	465	465	465
Food Roll Outs	v468	26	25	26	26	26
		<b>554</b>	<b>519</b>	<b>554</b>	<b>554</b>	<b>554</b>
<b>Total Financing Budgets</b>		<b>1,388</b>	<b>1,391</b>	<b>1,455</b>	<b>1,281</b>	<b>1,327</b>
<b>Variation to Base</b>			3	67	(107)	(61)

### Environmental Action Services Revenue Budget Implications

		OE	Projection	1	2	3
		2014/15	2014/15	2015/16	2016/17	2017/18
		£000	£000	£000	£000	£000
<b>General Bin Replacements</b>						
Pru Borrowing (existing scheme)	v468	40	40	40	40	40
Pru Borrowing (new scheme 4.5%)	v468/01	11	11	12	16	21
		<b>51</b>	<b>51</b>	<b>52</b>	<b>56</b>	<b>61</b>
<b>Variation to Base</b>			0	1	6	10