

Report of: Director Environment and Housing

Report to: Executive Board

Date: 21st September 2015

Subject: Redevelopment of Kirkstall Road Household Waste Recycling Site and Transfer Station

Capital Scheme Number: 16169/ 000 / 000

| | | |
|--|---|--|
| Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Kirkstall | <input checked="" type="checkbox"/> Yes | <input 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 1 is Exempt/Confidential under Access to Information Procedure Rules 10.4 (3) Appendix number: 1 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

Summary of main issues

1. This report seeks approval from Executive Board to proceed with the redevelopment of the Kirkstall Road recycling site on Evanston Avenue to modern standards. Despite current budget pressures, improving recycling performance remains a key priority for the Council, with significant expansion of recycling services delivered across the City over recent years, producing substantial increases in recycling performance. The proposed scheme will provide major enhancements to recycling facilities and services for residents in this area of the City, and will also support a further increase in recycling performance.
2. In May 2014 Executive Board:
 - Approved the RIBA stage D designs and cost estimates for the redevelopment of Kirkstall Road recycling site;
 - Authorised expenditure up to a limit of £4.3m from existing budget provision (capital

scheme 16169) on the redevelopment of Kirkstall site;

- Approved the further development of designs and the procurement of a contractor to carry out construction work at the Kirkstall site.
3. The proposed development of the Kirkstall Rd recycling site is consistent with the Best Council Plan 2015–20, in terms of contributing to:
 - Dealing effectively with the City’s waste, by proposing a long term solution to disposing of waste and encouraging recycling;
 - Becoming a more efficient and enterprising council, through a reduction in landfill costs.
 4. Following the Executive Board approval in May 2014 the design was reviewed and a number of areas were identified which did not fully meet the Council’s requirements. Further to more detailed design work, some level of additional cost has emerged or has been deemed to prudent to include within the level of spend for which approval is sought (see section 4.4 of main report for details).
 5. In order to achieve greater design and cost certainty, in March 2015, and in accordance with Contract Procedure Rules 3.1.8 and 3.1.10, the Chief Waste Management Officer approved the procurement route to identify a contractor to complete the design and carry out the construction of the Kirkstall site.
 6. A preferred contractor has now been identified and this report seeks Executive Board approval to make an appointment, as detailed in confidential appendix 1, inject additional funds of £943k into Capital Scheme 16169 and provide authority to spend £5.243m from the same.
 7. Members should note that planning approval was granted on 17th July 2015.

Recommendations

8. Executive Board is recommended to:
 - i) Approve the appointment of the preferred contractor, to complete the design and carry out construction of the proposed Kirkstall Road recycling site, in accordance with the details contained in confidential appendix 1 (i.e. Option 1 - including the development of a re-use shop);

- ii) Approve a further injection into capital scheme 16169 of £943k, to be funded through a combination of additional unsupported borrowing and grant, giving a total approved budget of £5.243m;
- iii) Authorise expenditure up to a total of £5.243m on the re-development of Kirkstall Road recycling site;
- iv) Delegate authority to the Director of Environment & Housing to approve the completion of the contract award, and take any necessary action associated with the contract and/or contract award.

1 Purpose of this report

The purpose of this report is to seek Executive Board approval to:

- 1.1 Appoint the preferred contractor to redevelop the Kirkstall Road recycling site to modern standards and providing enhanced recycling facilities to local residents;
- 1.2 Inject £943k into capital scheme 16169 to fully fund the redevelopment of Kirkstall Road recycling site;
- 1.3 Seek authority to spend a total of £5,243k inclusive of fees and client direct costs from scheme 16169;
- 1.4 Appoint a contractor to design and build a redeveloped Kirkstall Road recycling site.

2 Background information

- 2.1 The eight Household Waste Sorting Sites (HWSS's) across Leeds form an integral part of the recycling facilities and services provided to the people of Leeds. Despite current budget pressures, improving recycling performance remains a key priority for the Council, with significant expansion of recycling services delivered across the City over recent years, producing substantial increases in recycling performance. The proposed redevelopment of the Kirkstall Road recycling site on Evanston Avenue will provide major enhancements to recycling facilities and services for residents in this area of the City, and will also support a further increase in recycling performance.
- 2.2 The Kirkstall Road site primarily comprises a household waste sorting site (HWSS) for use by the public and a waste bulking and transfer operation. The HWSS operates on a small part of the site, but has not been redeveloped to the same standard as the other seven HWSS's operating elsewhere in the city. There is no separation between the operational and public areas, meaning that the HWSS has to close whilst skips are changed, which often results in customers queuing on to Kirkstall Road.
- 2.3 The transfer station was severely damaged by fire in September 2002. The fire damaged structures were demolished in March 2014, but the site remains in poor condition and is operationally inefficient. The bulking and transfer operation at this site is an essential part of delivering effective recycling and waste management services across the City, and is used for:
 - Bin storage (wheelie bins, multi-occupancy bins and bring banks);
 - Vehicle parking;
 - Short term storage of recyclable materials, waste arisings and bulky items, prior to onward transfer;
 - Bulking trade waste from commercial and business customers.
- 2.4 Optimising reuse and recycling from the current HWSS is challenging due to space restrictions and poor layout. There is clearly an opportunity to increase recycling to

reflect the current performance at the City other seven sites in the City, which are able to achieve, in some cases, over 70% recycling. A small increase in recycling performance at the Kirkstall site of 2.5% would realise a saving of up to £25kpa in disposal costs from 2017/18. The new split level design, dedicated compaction equipment and on-site reuse shop make this an easily realistic proposition. The Strategic Review of HWSS and 'Bring' sites (i.e. recycling banks) approved by Executive Board in June 2010, demonstrated the need for a HWSS at Kirkstall Road and recommended that the existing HWSS and recycling and waste transfer operations be redeveloped.

3 Main issues

3.1 Design Proposals and Full Scheme Description.

3.1.1 Plans of the design proposals for the Kirkstall Road recycling site are attached as Appendix 2 of this report and include provision of:

- a new public recycling area with a separate operations area;
- one way traffic circulation routes;
- a re-use shop;
- two weighbridges and associated cabin;
- a dedicated council trade waste area, including a covered waste storage and bulking area;
- new staff offices and mess facilities;
- landscaping works;
- a new site drainage system;
- fuel storage facilities;
- covered wheeled bin storage area;
- parking areas.

3.1.2 A key feature of the redeveloped site will be a re-use shop similar to that operating at Seacroft (East Leeds) HWSS. The following bullets demonstrate the major success of the re-use shop at Seacroft:

- seven jobs created (four permanent, three apprentices);
- re-using over 220t of "waste" a year, avoiding £20k of landfill costs;
- re-use of nearly 150,000 items since opening in August 2011;
- provides a fixed rental income to LCC and a small profit share;

- around 16 volunteers work in the shop each week;
- around 24 community payback individuals work in the shop each week;
- winner of Social Enterprise of the Year Yorkshire and Humberside Region and Yorkshire Post Start up, recently nominated as Employer of the Year for the Leeds Apprenticeship Awards.

3.1.3 The re-use shop will sell items that have been taken to the HWSS for disposal, but are considered to be usable and have a value. The shop will be operated by a third sector organisation under a funding and legal arrangement to be agreed with the council. The majority of profits raised will help support the work of the organisation. The shop will also provide, training, volunteering and apprenticeship opportunities for the local community.

3.2 Programme

3.2.1 The current key dates in the programme are:

- September 2015 – Executive Board;
- October 2015 – Award of contract;
- November 2015 – Start on site;
- November 2016 – Completion.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 The Executive Member for Environmental Protection and Community Safety has been closely involved in the development of the proposal for the site and is supportive of its objectives. Local Ward Members have been briefed and provided with updates on the progress of the project, and are also supportive of the redevelopment proposals. Local residents and businesses have been made aware of the Council's intention to redevelop the site as part of the statutory planning consultation process. No adverse comments have been received.

4.1.2 During the construction phase of the development, it is expected that the site will be closed to the public, primarily for the obvious safety reasons. Other sites, with superior recycling provision to that currently available at the Kirkstall site, are available across the City, with the closest alternatives being at Meanwood Road and Pudsey.

4.1.3 The Council will use of range of media to notify local residents and other stakeholders of the planned temporary closure of the site and of the alternative options

available, in particular through the provision of information on-site to users of the Kirkstall facility prior to its closure.

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.
- 4.2.2 As noted above, the Kirkstall recycling site will be closed to the public during the construction period, and residents will be notified of this and of alternative options available. HWSS's are accessed by the public in vehicles rather than there being local pedestrian access, so the impacts of having to use alternative sites, whilst naturally involving some limited additional travel time, are not thought to have a significant impact in terms of access to services.
- 4.2.3 Clearly, the redevelopment of the Kirkstall site will deliver significant enhancements to the quality of and ease of access to recycling facilities for local residents.

4.3 Council Policies and Best Council Plan

- 4.3.1 The proposed development of the Kirkstall Rd recycling site is consistent with the Best Council Plan 2015–20, in terms of contributing to:
- Dealing effectively with the City's waste, by proposing a long term solution to disposing of waste and encouraging recycling;
 - Becoming a more efficient and enterprising council, through a reduction in landfill costs.

4.4 Resources and value for money

- 4.4.1 Executive Board previously approved spend of £4.3m for this scheme, funded by £900k DEFRA grant and £3.4m of unsupported borrowing. The 2015/16 Waste Management base revenue budget currently provides for annual financing charges of £246k for this scheme.
- 4.4.2 In order to achieve greater cost certainty and reduce risk through early contractor involvement, in March 2015 the Chief Waste Management Officer approved the procurement route to identify a contractor to complete the design and carry out the construction of the recycling site.
- 4.4.3 Following the receipt of tenders and a further detailed review of all costs, the revised total estimated cost of the scheme is £5.243m.
- 4.4.4 This represents an additional £943k over the previously approved budget. These additional costs are primarily made up of:

- c£500k construction: The vast majority of the additional costs in this area are due to the fact that the piling costs for the foundations for the site's main recycling pad were not correctly reflected by our external technical advisors in the cost plan at RIBA Stage D which formed the basis of the costs previously reported to Executive Board. This has now been remedied, with the full costs reflected in the capital injection;
- c£100k improved security: This investment in enhanced systems and technology (CCTV, etc.) will be offset by revenue savings across the Council from the current security arrangements;
- c£300k contingency: It has been deemed prudent to include an increased contingency allowance to reflect the value of the scheme and ensure adequate contingency is in place to deliver the scheme within the revised budget. However, this sum may not ultimately be required, and the Council now has greater certainty of costs with tendered prices now received from the market.

4.4.5 In seeking to address this gap in the funding approval, officers have considered the option of excluding the re-use shop element of the scheme, and therefore requested prices from bidders with both the re-use shop included and excluded. However, based on the success of the East Leeds re-use shop at Seacroft and its importance in contributing to a range of Council objectives, and also based on the expectation of being able to secure external funding or income to recover the costs of its development, it is recommended that it be included within the scope of the redevelopment scheme.

4.4.6 It is therefore proposed to fund the additional capital cost of the scheme of £943k as follows:

- £80k of grant is available following the completion of the East Leeds recycling site scheme;
- £863k of additional unsupported borrowing;
- As a result, the total annual borrowing charge will now be £309k, an increase of £63k from the current base budget level. It is intended that this increase will be funded by additional income anticipated to be received from the reuse shop rental and reductions in heavy plant hire costs which have been included in the capital costs of the scheme;
- In addition, once the HWSS has reopened in late 2016/17, the new site should show an improvement in the recycling rates. In the first full year after reopening the East Leeds HWSS improved its recycling rate by 2.5%, a similar improvement at Kirkstall Road would save a further estimated £25kpa in disposal costs from 2017/18.

4.4.7 Capital Funding and Cash Flow

| Previous total Authority to Spend on this scheme | TOTAL £000's | TO MARCH 2015 £000's | FORECAST | | | | |
|---|-----------------|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2015/16 £000's | 2016/17 £000's | 2017/18 £000's | 2018/19 £000's | 2019 on £000's |
| LAND (1) | 0.0 | | | | | | |
| CONSTRUCTION (3) | 3417.7 | 62.7 | 870.6 | 2484.4 | | | |
| FURN & EQPT (5) | 445.6 | | | 445.6 | | | |
| DESIGN FEES (6) | 117.1 | 60.9 | 56.2 | | | | |
| OTHER COSTS (7) | 319.6 | 170.9 | 148.7 | | | | |
| TOTALS | 4300.0 | 294.5 | 1075.5 | 2930.0 | 0.0 | 0.0 | 0.0 |
| | | | | | | | |
| Authority to Spend required for this Approval | TOTAL £000's | TO MARCH 2015 £000's | FORECAST | | | | |
| | | | 2015/16 £000's | 2016/17 £000's | 2017/18 £000's | 2018/19 £000's | 2019 on £000's |
| LAND (1) | 0.0 | | | | | | |
| CONSTRUCTION (3) | 896.3 | | 89.4 | 691.9 | 115.0 | | |
| FURN & EQPT (5) | 54.4 | | | 54.4 | | | |
| DESIGN FEES (6) | 0.9 | | -23.1 | 24.0 | | | |
| OTHER COSTS (7) | -8.6 | | -78.0 | 69.4 | | | |
| TOTALS | 943.0 | 0.0 | -11.7 | 839.7 | 115.0 | 0.0 | 0.0 |
| | | | | | | | |
| Total overall Funding (As per latest Capital Programme) | TOTAL £000's | TO MARCH 2015 £000's | FORECAST | | | | |
| | | | 2015/16 £000's | 2016/17 £000's | 2017/18 £000's | 2018/19 £000's | 2019 on £000's |
| Government Grant | 979.6 | 294.5 | 685.1 | | | | |
| Departmental USB | 4263.4 | | 378.7 | 3769.7 | 115.0 | | |
| Total Funding | 5243.0 | 294.5 | 1063.8 | 3769.7 | 115.0 | 0.0 | 0.0 |
| | | | | | | | |
| Balance / Shortfall = | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Parent Scheme Number: 16169

Title: Kirkstall Road Transfer Loading Station and Household Waste Sorting Site

4.4.8 Revenue Effects

4.4.8.1 The following table illustrates the alterations which will be necessary to the department's revenue budget:

| REVENUE EFFECTS | 2015/16 £000's | 2016/17 and SUBSEQUENT YEARS £000'S |
|---------------------------|-------------------|--|
| EMPLOYEES | | |
| FINANCING COSTS | | 63.0 |
| TRANSPORT COSTS | | -38.0 |
| SUPPLIES & SERVICES | | |
| EXTERNAL INCOME GENERATED | | -25.0 |
| | | |
| | | |

4.4.8.2 Slippage in the scheme and the availability of additional grant is expected to result in savings of around £200k in financing charges for 15/16 only, and this has been reflected in the Directorate's financial projection at Period 5.

4.4.8.3 Para 4.4.5 explains how the on-going additional borrowing costs will be funded.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The procurement was undertaken in accordance with procurement law and the Council's Contract Procedure Rules.

4.5.2 No specific legal implications. The report is a key decision due to the level of expenditure and has been published on the List of Forthcoming Key decisions.

4.5.3 Appendix 1 to this report is confidential pursuant to Access to Information rule 10.4(3), given that it contains the price evaluation scores for each of the tenderers, and which therefore relates to the financial or business affairs of each of the tenderers. Keeping this information confidential also relates to the business affairs of the Council, where the disclosure of such information could damage confidence in the Council's procurement processes. Consequently, it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

4.5.4 The report is eligible for call-in.

4.6 Risk Management

4.6.1 A risk register has been developed and will be managed by Waste Management/PPPU.

4.6.2 A significant element of risk has been mitigated through the procurement exercise which sought to identify a design and build contractor. The approach provides greater cost certainty and transfers a significant part of the risks from the Council to the contractor.

5 Conclusions

5.1 The redevelopment of the Kirkstall Road recycling site will provide major improvements in recycling facilities for local residents, as well as the environmental and social benefits of a new re-use shop based on the highly successful model at the East Leeds site at Seacroft. This will contribute to an increase in the rate of recycling in Leeds, and a subsequent reduction in the amount of waste going for disposal.

5.2 Every effort has been made to ensure value for money consistent with achieving all of the operational and environmental benefits which the scheme will provide.

6 Recommendations

6.1 Executive Board is recommended to:

- i) Approve the appointment of the preferred contractor, to complete the design and carry out construction of the proposed Kirkstall Road recycling site, in accordance with the details contained in confidential appendix 1 (i.e. Option 1 - including the development of a re-use shop);
- ii) Approve a further injection into capital scheme 16169 of £943k, to be funded through a combination of additional unsupported borrowing and grant, giving a total approved budget of £5.243m;
- iii) Authorise expenditure up to a total of £5.243m on the re-development of Kirkstall Road recycling site;
- iv) Delegate authority to the Director of Environment & Housing to approve the completion of the contract award, and take any necessary action associated with the contract and/or contract award.

7 Background documents¹

7.1 None.

¹ 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.