

BIRMINGHAM CITY COUNCIL

PUBLIC

Report to:	CABINET
Report of:	Acting Strategic Director Place
Date of Decision:	17th May 2016
SUBJECT:	WASTE DEPOTS MODERNISATION PROGRAMME PHASE 1: PROJECT DEFINITION DOCUMENT
Key Decision: No	Relevant Forward Plan Ref: n/a
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Relevant Cabinet Member(s):	Councillor Ian Ward, Deputy Leader Councillor Stewart Stacey, Cabinet Member Commissioning, Contracting and Improvement
Relevant O&S Chairman:	Councillor Waseem Zaffar, Corporate Resources, and Councillor Victoria Quinn, Economy, Skills and Sustainability
Wards affected:	Perry Barr and Kings Norton

1. Purpose of report:
1.1 To seek approval to the Project Definition Document (appendix 1) to deliver Phase 1 of the Depot Modernisation Programme to refurbish/extend and replace the welfare and office facilities at Perry Barr and Lifford Lane Waste Depots.
1.2 This proposed investment will ensure that the office accommodation and welfare buildings are fit for purpose with a life of 20 years plus, and that Health and Safety and Equality requirements are addressed at the two sites.
1.3 To seek the release of £139,000 of development funding to progress the project to Full Business Case stage.
1.4 To negotiate with Veolia ES Birmingham (VESB) the use of land earmarked as shared responsibility under the terms of the current lease arrangement.
1.5 To appoint, in principle, a Constructing West Midlands (CWM) Lot 7 Framework contractor to work at risk pending approval of a target cost.
1.6 The accompanying Private report contains commercially confidential information.

2. Decision(s) recommended:
That Cabinet 2.1 Note this report.

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3. Consultation

3.1 Internal

The Cabinet Member for Sustainability together with the Perry Barr and Kings Norton Ward Councillors have been consulted and support this proposal coming forward for executive decision. The initial consultation process with staff and the unions has commenced and a dialogue will be maintained throughout the development and delivery of this proposal. Legal and Democratic Services and City Finance have been involved in the preparation of this report.

3.2 External

Veolia Environmental Services Birmingham (VESB), Birmingham City Council's waste management partner and site tenant has been included in the consultation process and will be kept informed as the project develops.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

4.1.1 This proposal supports the delivery of a new draft Municipal Waste Strategy 2016 - 2026 currently under development. It also upholds the Council Business Plan and Budget 2016+ key strategic outcomes: a strong economy, a great future for young people, thriving local communities, a healthy and a modern council.

The proposal supports the Council's strategic approach to managing assets, ensuring they are fit for purpose in terms of suitability, sufficiency, condition, cost, environmental impact and affordability.

4.1.2 The project supports the commitment to the Future Council Programme, establishing an environment in which officers, residents, external partners and stakeholders can effectively and visibly work together. This will aim to make best use of the resources available and attract external funding to achieve a shared vision.

4.1.3 The contract is to be administered by Acivico and procured via the Constructing West Midlands (CWM) Framework (Lot 7). The proposed contractor allocated for this project was determined on the basis of an 80:20 price: quality ratio matrix. The pricing model is based on the percentages which were accepted as part of the CWM Framework (Lot 7).

The proposed contractor signed up to the Birmingham Business Charter for Social Responsibility on the 19th June 2014, committing to the six principles and will as a Charter signatory provide an Annual Charter statement of how they have implemented the Charter and what they plan to do in the future. They will be required to submit a project specific action plan proportionate to the contract sum as part of the Full Business Case.

4.2 Financial Implications

(Will decisions be carried out within existing finance and Resources?)

- 4.2.1 The currently estimated capital cost of the Phase 1 modernisation programme will be funded by service supported prudential borrowing over a period of 20 years. There is provision within the Waste Management Services revenue budget to meet the estimated prudential borrowing charges for this project. There should be a reduction in revenue running costs for the new and refurbished buildings. This is difficult to quantify at this stage and further details will be provided at FBC stage.
- 4.2.2 In addition to the chief officer approval on the 11th January 2016 to release £75,600 of funding to develop a feasibility study for this proposal, further resources of £139,000 are required to develop the project to FBC stage. These costs will initially be funded from the Waste Management revenue budget. On approval of the FBC these costs, along with the remaining costs of the scheme, will be capitalised and funded via prudential borrowing.
- 4.2.3 The Property Asset Link reference for the two depots are; Lifford Waste Depot PAL ref 00147 and Perry Barr Waste Depot PAL ref 00195. This is a unique asset reference reflected on the city's mapping and property systems.

4.3 Legal Implications

- 4.3.1 Section 51 Environmental Protection Act 1990 (EPA) requires the Council, as a Waste Disposal Authority, to arrange for places to be provided at which persons resident in its area may deposit their household waste. Section 45 EPA also requires the Council, acting as Waste Collection Authority, to arrange for the collection of household waste. To meet this requirement the collection service currently operates from 4 depots and 5 Household Recycling Centres (HRCs) inclusive of Perry Barr and Lifford Lane but to ensure a waste collection service is delivered to a good standard it is imperative that the back of house facilities support the operations.
- 4.3.2 Section 1 of the Local Government Act 2003 authorises the Council to use prudential borrowing powers.

4.4 Public Sector Equality Duty

A copy of the Equality Act 2010 –Public Sector Duty Statement and a Stage 1 Equality Assessment is included (ref EA001282) as Appendix 2.

5. Relevant background/chronology of key events:

- 5.1 Since the approval of the original Project Definition Document (PDD) by Cabinet Committee (Property) on the 12th January 2012 there have been a number of significant changes to Waste Management Services (WMS). In particular, a service redesign has taken place following the introduction of wheelie bins across the City. WMS has continued to develop its long term Depot redevelopment programme for service delivery as part of its overarching Future Operating Model (FOM). The original PDD focused on 3 depots (Lifford Lane, Perry Barr and Montague St) and included works to the vehicle washes at all 3 depots, the demolition of the Transfer Station, a new garage at Perry Barr and refurbishing the weighbridge at Lifford Lane. These items are outside of the scope for this phase of works and will be reviewed as part of the new waste disposal contract. The key strategic drivers of this Phase 1 programme are to provide a safe environment to work and to meet relevant health and safety and equalities requirements for Council staff.
- 5.2 Originally, the overall aim of WMS's Asset Management Plan was to reduce from four to three Depots - Lifford Lane, Montague Street and Perry Barr to be redeveloped as part of this programme with the remaining depot, Redfern Road, the subject of a full evaluation about its future involvement in service delivery. As part of the funding from the DCLG to maintain a weekly collection service a full review will still be undertaken regarding the future of Redfern Road but currently a decision has been reached by the Service that this depot will need to be retained by WMS for the foreseeable future in order to achieve the required operational capacity. In recognition of this a phased approach is to be taken on the delivery of the improvements. Lifford Lane and Perry Barr Depots make up phase 1 of the Depot Modernisation Programme. Future phases of work will be reviewed on securing a new waste contract in 2018/19 thereafter when the current contract ends.
- 5.3 The main deliverables of the Waste Depots Modernisation Programme Phase 1 proposal is to provide fit for purpose back of house accommodation and facilities for the City Council's workforce at Lifford Lane and Perry Barr Depots. This will include addressing the potential increase of female operatives joining the Service since the introduction of wheelie bins. In order for the Council to meet its statutory obligations it must also meet current health and safety related requirements and provide a safe place for its employees to work. It also needs to ensure the public have safe access to the Household Recycling Centres (HRC) and Green Waste Recycling at both Perry Barr and Lifford Lane Depots. Currently there is a lack of clarity separating the operational traffic from that of the public accessing the recycling centres. This will be reviewed as part of this proposal.

5.4 Waste Management Services are responsible for the collection and disposal of domestic waste, and also commercial waste upon request. The Council's waste disposal contractor since 1994 is Veolia ES Birmingham (VESB), an international recycling and waste management company. The current 25 year contract will terminate in January 2019. On both the Perry Barr and Lifford Lane sites there are designated parts which are shared and designated parts which are the individual responsibility of either the City Council or VESB. This improvement project will deliver improvements on both shared and designated responsibilities. Appropriate legal agreements will be put in place with VESB as necessary. Authority is sought to develop appropriate agreements to inform the development of this project and will be confirmed at FBC stage. It should be noted that all the assets on these sites currently managed by VESB revert back to the Council when the contract terminates in January 2019. Work has commenced to establish a new waste contract. WMS are considering procurement options for the new contract which will include information on any recently upgraded/ new assets. The use of these assets will be considered in the evaluation process of the new contract to ensure recent financial investments do not become a financial liability for the Council.

In line with establishing a new contract the Council recognises the need to introduce a more ambitious approach to waste management to include reducing waste arising; increasing the recycling rate and delivering value for money and social benefit from waste collection and disposal. It is therefore a high priority that in order to work towards successfully achieving these goals WMS makes better use of existing assets, inclusive of property.

5.5 Depot Modernisation Programme Phase 1 proposals:

Perry Barr Depot -This will include the reconfiguration and refurbishment of the existing offices, welfare and ablution block at Perry Barr Depot.

Lifford Lane Depot – This will include the installation of a new two storey prefabricated building to be sited on part of the existing staff car park.

Other areas of work on both sites will also be carried out to ensure compliance with current legislation including a review of the electrical and mechanical installations, installation of CCTV and Wi-Fi procured through Service Birmingham and new furniture and equipment in the offices, canteen and changing areas. The detail of the proposal is included in the Project Definition Document (Appendix 1).

- 5.6 The works proposed at both depots will require planning approval. This is expected by early August 2016. Dependent upon the satisfactory outcome of stakeholder consultation and the confirmation of a final target cost within the resources available, a Full Business Case and Contract Award will be presented to Cabinet for approval in September 2016, with works programmed to commence on site at the end of October/early November 2016. The works will be arranged so that they cause minimal disruption to service delivery for both BCC and Veolia. This will also reduce the risk of Veolia entering into contract dispute during the works due to disruption. The full contractual position will be investigated and clarified in the FBC. The waste depots are less busy during the period November to the end of February due to no green waste collections hence the main areas of work are programmed to be delivered during this period. Both sites will be refurbished in parallel and will remain operational during the contract period. Careful attention will be given to the contractor's site set up and the separation of contractor traffic and operational waste and public traffic. In order to minimise disruption some tasks may have to be carried out at weekends and during the evenings when the sites have closed.

6. Evaluation of alternative option(s):

- 6.1 Do nothing – to continue to operate out of the existing facilities at Lifford Lane and Perry Barr. Birmingham City Council would not be meeting their statutory obligations to provide a safe and fit for purpose work environment nor meet relevant health & safety and equalities requirements.
- 6.2 Refurbishment of both sites in their entirety – a feasibility study was carried out in November 2013 which established a master plan for the redevelopment of Lifford Lane and Perry Barr Depots but also included Montague Street Depot. The cost to take this proposal forward was prohibitive. It was agreed that the refurbishment of both Lifford Lane and Perry Barr Depots could be introduced by prioritising and phasing the works.

7. Reasons for Decision(s):

- 7.1 To approve the PDD and development funding to progress the detailed design to FBC and target cost.
- 7.2 To support the Council's strategic outcomes – "A Fair, Prosperous and Democratic City".
- 7.3 To ensure BCC meets its statutory obligations at both Lifford Lane and Perry Barr Depots.

Signatures		<u>Date</u>
Cabinet Members Cllr Ian Ward, Deputy Leader
 Cllr Stewart Stacey, Commissioning, Contracting and Improvement
Chief Officer Jacqui Kennedy Acting Strategic Director of Place

List of Background Documents used to compile this Report:
Waste Depot Modernisation Programme Phase 1 Delegated Authority 11 th January 2016
Cabinet Committee(Property) Waste Management Depot Modernisation Programme – Project Definition Document 12th January 2012

List of Appendices accompanying this Report (if any):
1. Project Definition Document
2. Equality Analysis

Report Version		Date	
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