

Rother District Council

Report to: Cabinet

Date: 4 March 2024

Title: Purchase of former Sidley Highways Depot site, Elva Way, Bexhill and Food Waste Collections 'New Burdens' Capital Funding

Report of: Deborah Kenneally, Head of Neighbourhood Services

Cabinet Member: Councillor Timpe

Ward(s): ALL

Purpose of Report: To seek approval for capital funding for weekly food waste collections and for the purchase of the former Sidley Highways Depot, Elva Way

Decision Type: Key

Officer

Recommendation(s): **Recommendation to COUNCIL:** That:

- 1) the Capital Programme be increased by £1,075m for the purchase and refurbishment of the former Sidley Highways Depot, Elva Way; and
- 2) the funding from the Department of Environment Food and Rural Affairs for the implementation of weekly food waste collections of £1,042m be added to the Capital Programme plus a further amount of £300,000 be approved to cover the funding shortfall.

AND

It be **RESOLVED:** That the Director- Place and Climate Change be granted delegated authority in conjunction with the Portfolio Holder for Neighbourhood Services, Tourism and Joint Waste Contract:

- 1) to complete the purchase of former Sidley Highways Depot, Elva Way and complete all necessary procurement and refurbishment to make the site operational as a waste depot from 1 April 2026;
- 2) to take the necessary steps to agree a lease of the former Sidley Highways Depot to the Waste, Recycling, Street & Beach Cleansing Contractor Biffa; and
- 3) that the Deputy Chief Executive be granted delegated authority, in consultation with Portfolio Holder for Finance and Governance, to adjust the financing should further central Government funding for the depot site and food waste collections be made available.

Reasons for

Recommendations: To purchase the former Sidley Highways Depot for use as a waste depot, and to purchase food waste collection

vehicles and containers to meet UK Environment Bill requirements for Rother District Council to provide residents with a weekly food waste collection service from 1 April 2026

Introduction

1. Rother District Council (RDC) is part of the East Sussex Joint Waste Partnership (the Partnership) with neighbouring authorities Hastings Borough Council (HBC) and Wealden District Council (WDC) to deliver waste collection services to our residents, which, in order to comply with Government legislation, will include a new weekly food waste collection service from 1 April 2026.
2. The Partnership's waste collections are outsourced to a service provider Biffa Municipal Limited until June 2026. The contract includes an option to extend for up to a further seven years, and also includes the ability to introduce food waste collections from 2026. The contract does not require Biffa to provide depot space.
3. RDC's waste collection services, along with Hastings' collections services, are delivered from a HBC owned waste depot in Bulverhythe, St Leonards, that will not have the capacity to deliver the required food waste services from 2026.
4. With some changes to depot layout, it is believed WDC are able to accommodate their additional food waste vehicles and the HBC depot will be able to accommodate their food waste collection service, but it will no longer be large enough to accommodate RDC waste collections service.
5. It is important to note that a full and detailed understanding of the number of food waste vehicles required to be purchased, is dependent on the food waste collection routes and these in turn are dependent on the location of the depot from which the rounds are operating. This will not only impact the Biffa contract costs but also the ability to request a review for further funding from the Department for Environment, Food and Rural Affairs (DEFRA) to cover 'New Burdens' such as depot space.
6. This means that RDC will need to identify suitable depot space as soon as possible in order to challenge the amount of 'New Burdens' funding, and complete the necessary planning, legal and infrastructure work to the site, ready to deliver the service from 1 April 2026.
7. The location of a depot has to be compatible with the regular movement of heavy goods vehicles from early in the morning and will require Operators Licences and planning permission. Consideration will need to be given to local residential areas, access to suitable road infrastructure and an appropriate location to best support efficient and effective delivery of the service.

Depot options considered

8. Officers have reviewed the Council's portfolio of existing assets and nothing to date has been identified as suitable for use as a depot. Beeching Close was considered but due to its location development of this site as a waste depot

would be hindered by planning policies, although Beeching Close may be considered suitable for storing waste vehicles when they are not in use.

9. Officers have been monitoring land for sale over an extended period of time and nothing has been determined as suitable.
10. It may be possible to request Biffa procure a site, although there is no indication they are in a position to do so or would be interested in such an acquisition. The subsequent cost if such a provision was to be made would be added to the RDC waste contract price which would then be outside the Council's control.
11. Consideration was given to the Council leasing a site, but this would be at an added revenue cost to the service to the Council, resulting in money lost with no potential long-term return on investment.
12. The purchase of a depot may offer future options for the Council to consider, including bringing the waste collections operation in-house from 2033.

Depot recommendation

13. RDC has recently identified a site that is for sale that would be ideal as a waste depot, having been used as a depot by East Sussex Highways in the past and which is now surplus to East Sussex County Council (ESCC) requirements. ESCC do not wish to lease the site. The site is the former Sidley Highways Depot, Elva Way, Bexhill TN39 5BF.
14. It is recommended that the Council purchase the former depot for use to deliver waste collections services for the Partnership in the most efficient and effective manner, as determined by the contractor Biffa.
15. The land has been independently valued as a commercial site for 'any reasonable use' and following sites visits, Biffa has confirmed that the site would be suitable as a waste depot but will need to have further capital investment to be made 'depot ready'. This would include demolishing buildings currently on the site, improving infrastructure, and installing workshop and welfare facilities.
16. It is acknowledged that the valuation is high for a parcel of land that is to be used by the Council as a waste depot. Officers' experience shows that rental demand for commercial units in this location is high, as evidenced by waiting lists for other units owned by the Council in Elva Way, so this site could be an excellent investment for the future.
17. Having been used as a highways depot previously, it is felt that it should be more straightforward to obtain the required Operators Licences and planning permission.
18. ESCC has given the Council the opportunity to purchase the land at an agreed price, prior to it going on the open market on the basis that the Council would commit to completing the transaction as soon as possible.
19. If the Council were not to purchase the land and it was put on the open market, it is felt that it would sell quickly, possibly at a higher price. However, it should

be noted that the market may change, the land may not sell and the Council could potentially purchase it at a lower price.

20. As mentioned previously, time is critical in identifying a suitable depot to enable planning for food waste collections to proceed on a robust footing and establish associated service delivery costs.
21. Despite being raised numerous times with DEFRA throughout the past 12 months, no information has been given regarding the funding of depot space until recently, when in response to local authorities' queries regarding funding allocations received on 9 January, DEFRA asked local authorities to submit a request for a review of their allocated funding as soon as possible and this included requests for depot funding.
22. A request for depot 'New Burdens' funding was sent to DEFRA on 8 February 2024 based on the purchase of the former Sidley Highways Depot site but there is no reason to believe funding will be forthcoming.

Depot acquisition timeline

23. If the Council was to approve the capital funding the proposed timeline is as follows:
 - Letter of intent to ESCC to purchase Jan 2024 -completed subject to Full Council approval
 - Cabinet report March 2024
 - Full Council May 2024
 - Planning permission June 2024
 - Purchase completion date July 2024
 - Demolition and prep completed January 2025
 - Biffa handover April 2025 via a lease or licence
 - Temporary storage of food waste vehicles (c20 vehicles) from June 2025
 - Food waste collections commencement 1 April 2026

'New Burdens' funding for food waste vehicles and containers

24. On 9 January 2024 DEFRA provided each local authority in England with indicative capital transitional costs (otherwise referred to as 'New Burdens' funding) for the introduction of weekly food waste collections. The funding remains subject to Ministerial approval and is specifically for the purchase of food waste vehicles and food waste containers, which for Rother amounts to £716,000 for the former and £326,000 for the latter, amounting to £1.042m in total. It is expected this funding will be received before 31 March 2024.
25. It should be noted that £1.042m is not felt to be sufficient to cover the Council's 'New Burdens' costs and the Partnership will shortly be submitting evidence to DEFRA to request more funding on the Council's behalf. This request is in addition to the request for funding for a depot but as mentioned previously, knowledge of the depot location will assist with finalising vehicle numbers and round structures and therefore costs to provide the service.

Recommendation

26. Officers recommend that £1.4m be added to the capital programme in readiness for receipt of the allocated £1.042 funds from DEFRA plus an additional £300,000 from Council resources to make up the shortfall, should it be required. If further funding is received from DEFRA this can be utilised instead.

Conclusion

27. There is no suitable land identified within current Council-owned assets that could be used as a waste collections depot, so the only option is to source appropriate depot space externally.
28. If the Council does not identify a depot from which to operate waste collections by April 2024, it will be unlikely that the Council will be able to deliver a food waste collection from 1 April 2026 and therefore will not be able to comply with Government legislation.
29. It is felt that the purchase of the former Sidley Highways Depot, Elva Way would provide a suitable site from which to operate waste collections and be an appropriate long-term investment opportunity due to its location, proximity to other land/units owned by the Council, and shortage of similar commercial space available on the open market.
30. DEFRA 'New Burdens' funding for the purchase of food waste vehicles and food waste containers will be received before 31 March 2024 and in light of the need to procure these items on the best possible terms, it would seem prudent to allow for this cost in the capital programme as soon as possible.

Financial Implications

31. Whilst representations have been made to central Government to support the capital funding required to establish a new depot site no allocation has yet been made and it is possible that the Council will not receive any further funding for this purpose.
32. Capital funding of £1.075m will be required to fund the depot scheme, to include the purchase and refurbishment to make the site 'depot ready'.
33. It is proposed that the Council finances the depot scheme directly, either through capital receipts if the Council has the available balances or by borrowing if not, until such time as the central Government funding position is confirmed. It is recommended that the Deputy Chief Executive is granted delegated authority, in consultation with the Portfolio Holder for Finance and Governance, to adjust the financing should central Government funding for the depot site be made available.
34. In addition, it is not known if central Government will fund the shortfall in 'New Burdens' funding for food waste vehicles and containers either. It is therefore recommended that the Council finances this shortfall directly, either through capital receipts if the Council has the available balances or by borrowing if not, until such time as the central Government funding position is confirmed. It is recommended that the Deputy Chief Executive is granted delegated authority,

in consultation with the Portfolio Holder for Finance and Governance, to adjust the financing should central Government funding for the depot site be made available.

35. The purchase of the depot site has been reviewed by the Property Investment Panel and approved.
36. Although no monies will pass between Biffa and the Council, the provision of a depot will have a return to the Council in terms of waste contract price versus rent payments for its use. If the Council were not to acquire a site using capital resources there would be a further call on revenue budgets to cover additional costs of leasing a site if a suitable one was to be identified.
37. It is critical that we know from which location food waste collections will be operating as soon as possible so that collection round structures can be mapped. This will then enable Biffa to calculate the number of vehicles required so we can then evidence to DEFRA that the 'New Burdens' capital funding may or may not be felt to be adequate.

Risk Management

38. If the Council does not have a waste collections depot identified by April 2024 the Council is at risk of not meeting the UK Environment Bill deadline of delivering weekly food waste collections from 1 April 2026. It is not known at present what the financial penalties might be for not delivering to this deadline.
39. There is a risk that an Operators' Licence and planning permission is not granted or has restrictions. This is unlikely as this site has been used previously as a depot.
40. The site is unable to accommodate all the districts' waste collections services into the future.
41. It is not known if 'New Burdens' funding will be forthcoming to cover the capital cost of a new depot or the full cost of the food waste collection vehicles and containers.
42. There is a risk that the capital funding for the refurbishment is not enough to cover the costs of making the site 'depot ready'. There will be close management of the project to work within budget.

Legal Implications

43. Operators ('O') licences will be required to operate the site as a depot and will take some time to obtain. Legal input will be required for the site purchase and subsequent lease to Biffa Municipal Ltd.

Human Resources Implications

44. A project officer will be required to take the purchase, and depot refurbishment forwards.

Environmental

45. Food waste collections is a requirement of the Environment Act and included in the Council's Climate Strategy.
46. As the site has been non-operational for some time there will be a noticeable increase in activity resulting in increased noise, traffic flow, carbon emissions, possible odours, a possible increase in light pollution and an impact on air quality in general.
47. Environmental and energy saving aspects, including electric vehicle charging points, will be considered as part of the infrastructure works to make the site 'depot ready' and officers will liaise with the Council's Climate Strategy Officer to achieve this. However, it should be noted that the DEFRA 'New Burdens' capital funding allocation for food waste vehicles will not fully cover the purchase of diesel vehicles, and electric vehicles cost more than diesel. So electric charging points will be part of future proofing and not for immediate use by waste vehicles but will be considered for staff use separately.
48. It is possible to use hydrotreated vegetable oil (HVO) in the food waste vehicles instead of diesel to reduce carbon emissions and the partnership officers are looking to negotiate the use of HVO as part of any contract extension.
49. The site is considered to be in a sustainable location from the perspective of community and staff access, and in particular with regards to the availability of public transport for staff to travel to and from work.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	Yes	Access to Information	No
Risk Management	Yes	Exempt from publication	No

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Appendices:	
Relevant Previous Minutes:	
Background Papers:	
Reference Documents:	