

BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan.

REPORT OF THE EXECUTIVE DIRECTOR PLACE TO CABINET ON 2 JUNE 2021

ANNUAL REPLACEMENT PROGRAMME 2021 TO 2024 – DOMESTIC AND COMMERCIAL BINS

1. PURPOSE OF REPORT

- 1.1 To seek approval to adjust the capital provision allocated to the annual programme for replacement domestic commercial wheeled bins.

2. RECOMMENDATIONS

- 2.1 It is recommended that Cabinet approve the bin replacement programme for 2021-2024.
- 2.2 The estimated annual replacement programme will result in capital expenditure of £0.300M per annum from 2021-2024; finance officers have assessed and the most cost-effective funding mechanism in respect of this programme is prudential borrowing. The bins will be financed over a period of ten years per tranche which reflects their useful life and is in keeping with previous replacement programmes.

3. INTRODUCTION

- 3.1 Waste Management provide kerbside wheeled bin waste collection services to c.114,000 domestic premises. Residents of Barnsley can choose to have up to four bins for their waste and recycling collections, grey 240ltr for residual waste, green 240ltr for garden waste, blue 240ltr or 140ltr for cardboard, brown 240ltr or 140ltr for glass, cans and plastic bottles.
- 3.2 Planned new developments in the borough will add a further estimated c.1,250 properties per year, each of which will require a set of four new waste and recycling bins at an approximate cost to the Council of £75,000. Since April 2017, there has been a £99 delivery fee for each full set of new bins delivered to a new build property which has been paid by the developer.
- 3.3 Commercial Services receives around 280 orders per week from residents to deliver new bins or to replace bins. Since April 2016, there has been a £25 delivery fee for new bins; this fee is for delivery only and remains the same if multiple bins are ordered.
- 3.4 Commercial services also operate a commercial waste service for business and have an objective to increase revenues through an increase of customers using the service.

- 3.5 The Council needs to ensure that sufficient stocks of wheeled bins and commercial waste containers are maintained to meet growing demands in order to protect revenues and ensure residents kerbside collections can be maintained.

4. PROPOSAL AND JUSTIFICATION

- 4.1 The Council has a legal obligation to collect all household waste from properties within its area and has specified wheeled bins as the method it wishes to use to fulfil this legal requirement. To ensure that the bins are of the correct size and quality, as to not pose a danger to residents or staff employed, the Council retains ownership of all bins and is the sole supplier. It is estimated that the Council will need approximately 16,000 large (240ltr) wheeled bins and 1,000 smaller (140ltr) wheeled bins of varying colours to satisfy the annual demand as a result of growth and replacement. The number of units attained during the previous three financial years are as follows:

	Total Units - Domestic	Total Units - Trade	Total Spend
2018/19	15,557	no info	£315,234
2019/20	10,991	200	£256,364
2020/21	17,700	230	£328,402

- 4.2 Failure to provide domestic and commercial bins will result in the failure of the Council in meeting its statutory requirements for this service.
- 4.3 The Council operates a free warranty exchange period to residents to replace faulty bins within 5 years of their manufacture.

5. CONSIDERATION OF ALTERNATIVE APPROACHES

- 5.1 Wheeled bins and containers could be purchased from the respective annual budgets. This would result in a significant annual expenditure and overspend on allocated budgets.

6. IMPLICATIONS FOR LOCAL PEOPLE/SERVICE USERS

- 6.1 The proposal utilises the same bins and policies and does not affect local people or services users.

7. FINANCIAL IMPLICATIONS

- 7.1 Consultations have taken place with representatives of the Service Director – Finance (S151 Officer).

Capital Programme / Capital Funding Implications

- 7.2 This report outlines the proposal to purchase approximately 51,000 domestic and commercial bins over the period from 2021/22 through 2023/24 at approximately 17,000 in each of those given years. The total capital cost is estimated to be in the region of £0.300M per annum, equating to £0.900M in total.

- 7.3 The financing options currently available to the Council for such capital programmes are shown in the table below, together with a brief description of the implications on both the Council's revenue budget and capital programme respectively.

Financing Method	Revenue Implications	Capital Implications
Borrowing	Cost of repayment of debt / servicing debt (interest) charged annually	The Council's indebtedness increases
Operating Lease	Lease rentals charged annually	None
Finance Lease	Lease rentals split between interest and principal and charged annually	The Council's indebtedness increases

- 7.4 Finance officers have assessed the options outlined above and concluded that the most cost-effective funding mechanism in respect of this programme is prudential borrowing. The bins will be financed over a period of ten years per tranche which reflects their expected useful life.
- 7.5 What this means in practical terms is that the Council legal owns the bins at the point of purchase [the lease company would retain legal ownership should the bins have been leased]. From a financial perspective, the capital cost and associated interest costs, are effectively paid for over the period of 10 years by the service, through their service revenue budget.

Revenue Budget Implications

- 7.6 The annual capital spend of £0.300M will be funded from prudential borrowing charged to the revenue account. The annual cost to the revenue account will be c. £0.032M per annum.
- 7.7 As stated earlier, planned new developments will add c.1,250 new properties per annum at a capital cost of approx.. £0.075M. For each set of 4 bins provided, a delivery fee of £99 is charged to the developer. This generates income of approx. £0.124M per annum.
- 7.8 The additional expenditure for the prudential borrowing costs can be contained within the existing 2021/22 revenue budget for prudential borrowing due to previous bin replacement programme costs coming to the end of the 10 year payback period.
- 7.9 The administrative burden associated with collating and delivering the bins to customers are being accommodated with existing resources.
- 7.10 The financial implications are summarised in the attached Appendix A.

8. EMPLOYEE IMPLICATIONS

- 8.1 None

9. COMMUNICATIONS IMPLICATIONS

- 9.1 None

10. CONSULTATIONS

10.1 Commercial Support Services, Finance, Capital Expenditure Board.

11. LIST OF APPENDICES

Appendix A – Financial Implications

12. BACKGROUND PAPERS

File of papers held in Environment & Transport Business Unit

If you would like to inspect background papers for this report, please email governance@barnsley.gov.uk so that appropriate arrangements can be made

Report author: Kayleigh Boasman