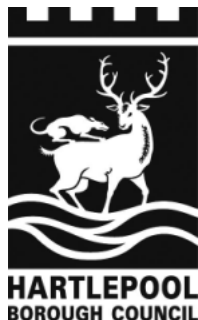




**HARTLEPOOL  
BOROUGH COUNCIL**

**EXTRAORDINARY  
COUNCIL**

**11 JUNE, 2009**



Chief Executive's Department  
Civic Centre  
HARTLEPOOL

2 June 2009

The Mayor (Stuart Drummond)

Councillors Aiken, C Akers-Belcher, S Akers-Belcher, Allison, Atkinson, Barker, Brash, R W Cook, S Cook, Coward, Cranney, Fenwick, Fleet, Fleming, Flintoff, Gibbon, Griffin, Hall, Hargreaves, Hill, Jackson, James, Kaiser, Laffey, Lauderdale, A E Lilley, G Lilley, London, A Marshall, J Marshall, McKenna, Dr. Morris, Payne, Plant, Preece, Richardson, Rogan, Shaw, Simmons, Sutheran, Tumilty, Turner, Wallace, Wistow, Worthy, Wright, and Young.

Madam or Sir,

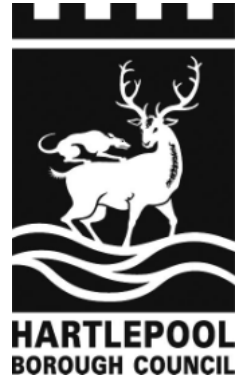
You are hereby summoned to attend an extraordinary meeting of the COUNCIL to be held on THURSDAY, 11 June, 2009 at 7.00 p.m. in the Civic Centre, Hartlepool to consider the subjects set out in the attached agenda.

Yours faithfully

P Walker  
Chief Executive

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# **COUNCIL AGENDA**



**Thursday 11 June 2009**

**at 7.00pm**

**in the Council Chamber,  
Civic Centre, Hartlepool.**

1. To receive apologies from absent members.
2. To receive any declarations of interest from Members.
3. To consider a report from the Executive:-  
Proposal for departures from the budget and policy framework  
2009/10 Capital Programme and Prudential Borrowing Limits

# COUNCIL REPORT

11<sup>th</sup> June 2009



**Report of:** The Executive

**Subject:** 2009/10 CAPITAL PROGRAMME AND PRUDENTIAL BORROWING LIMITS

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## 1. PURPOSE OF REPORT

- 1.1 To provide Council with further details in respect of the report, previously presented to Council on 30<sup>th</sup> April 2009 regarding the Cabinet's proposed variations to the approved 2009/10 Capital Programme and Prudential Borrowing Limits.

## 2. BACKGROUND

- 2.1 At its meeting held on 30<sup>th</sup> April 2009 Council deferred a decision on Cabinet's proposed variations and the Portfolio Holder for Neighbourhood and Communities with support from the Finance and Efficiency Portfolio Holder requested the Chair of Scrutiny to refer the issue to a Joint Scrutiny Coordinating Committee and Neighbourhood Services Scrutiny Coordinating Committee.
- 2.2 The time table prescribed by the Portfolio Holder for Neighbourhoods and Communities (supported by the Portfolio Holder for Finance and Efficiency) required that Scrutiny completed consideration of the referral within a six week period, reporting back to:-
- i) A Joint Neighbourhoods and Communities and Finance and Efficiency Portfolio Holders meeting on 26<sup>th</sup> May 2009; and
  - ii) With the agreement of the Chair of Council, an Extraordinary meeting of Council be held no later than the 12<sup>th</sup> June 2009.
- 2.3 Members of the Scrutiny Coordinating Committee and Neighbourhood Services Scrutiny Forum undertook a site visit and met formally on 8<sup>th</sup> May 2009 to receive evidence relating to the referral. A detailed report of the issues raised during this meeting is available with the agenda papers for that meeting in the Members' Library and on the Council's website.
- 2.4 The conclusions of the Joint Scrutiny Committee were presented to the Neighbourhood and Communities and Finance and Efficiency Portfolio Holders meeting on the 26<sup>th</sup> May 2009 and all four recommendations of the

Joint Scrutiny Committee were accepted and formally adopted by the Portfolio Holders and these are as follows:

- (a) That the option of funding the development of the Household Waste Recycling Centre and construction of the new Salt Store be funded through Prudential Borrowing;
- (b) That where possible the Neighbourhood Services Department annually makes a revenue contribution towards the Prudential Borrowing required for the development of the Household Waste Recycling Centre and construction of the new Salt Store;
- (c) That the materials used in the construction of the new Salt Store minimise the corrosive nature of the salt and maximise the life span of the building; and
- (d) That following the joint meeting of the Portfolio Holder's for Neighbourhoods and Communities & Finance and Efficiency on 26 May 2009 discussions take place immediately with the Chairman of the Council for the holding of an Extraordinary Council Meeting on 11 June 2009.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 Following the meeting held on the 8 May 2009, the Assistant Chief Financial Officer clarified the terms of the Prudential Borrowing to finance the development of the Household Waste Recycling Centre and new Salt Barn as detailed below:-

"The initial report submitted to Council in April indicated that the annual repayments costs of using Prudential Borrowing for the developments at the recycling centre and the replacement of the salt barn would be £50,000. This was the worst case cost based on these assets having relatively short operational lives, as work had not been completed to determine the actual operational lives at that stage. This work has now been complete and these assets will have much longer lives - 30 years in the case of the salt barn which will be constructed from high grade galvanised steel and 40 plus years for the recycling centre. On the basis of these revised operational lives the annual repayment costs of using Prudential Borrowing will be £30,000 (at 2009/10 prices)."

- 3.2 This is the first year cost and subsequent annual costs will reduce each year until the loan is repaid.

### **4. RECOMMENDATIONS**

- 4.1 Council is requested to approve

(i) The proposed amendment to the approved Capital Programme and associated Prudential Borrowing Limits as detailed above.

(ii) That where possible the Neighbourhood Services Department annually make a revenue contribution towards the Prudential Borrowing required for the development of the Household Waste Recycling Centre and construction of the new Salt Store.

(iii) Council is also asked to note that detailed proposals for using the LATS funding will be referred to Council for consideration as part of the 2010 / 11 budget and policy framework proposals.

## **JOINT NEIGHBOURHOODS AND COMMUNITIES & FINANCE AND EFFICIENCY PORTFOLIOS**

**26 May 2009**



**Report of:** Scrutiny Co-ordinating Committee and Neighbourhood Services Scrutiny Forum

**Subject:** REFERRAL FROM NEIGHBOURHOODS AND COMMUNITIES & FINANCE AND EFFICIENCY PORTFOLIOS - 2009/10 CAPITAL PROGRAMME AND PRUDENTIAL BORROWING LIMITS – HOUSEHOLD WASTE RECYCLING CENTRE AND WINTER GRIT STORAGE FACILITIES

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### **1. PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to outline the findings and recommendations of the Scrutiny Co-ordinating Committee and Neighbourhood Services Scrutiny Forum in relation to the '2009/10 Capital Programme and Prudential Borrowing Limits – Household Waste Recycling Centre and Winter Grit Storage Facilities', following referral by the Portfolio Holders for Neighbourhoods and Communities & Finance and Efficiency.

### **2. BACKGROUND INFORMATION**

- 2.1 As outlined within the Authority's Constitution, the Scrutiny Co-ordinating Committee has a mandatory obligation to consider referrals from individual Cabinet Members within the timescale prescribed.
- 2.2 Council on the 30 April 2009 considered a report titled '2009/10 Capital Programme and Prudential Borrowing Limits – Household Waste Recycling Centre and Winter Grit Storage Facilities'. During consideration of this report, a number of issues and queries were raised resulting in the deferral of a decision, pending receipt of further information to Members.
- 2.3 Following Council's decision, on the 1 May 2009 the Chair of the Scrutiny Co-ordinating Committee received formal notification of the referral of the topic, '2009/10 Capital Programme and Prudential Borrowing Limits – Household Waste Recycling Centre and Winter Grit Storage Facilities,' by the Portfolio Holder for Neighbourhoods and Communities (supported by the Portfolio Holder for Finance and Efficiency).

- 2.4 The time table prescribed by the Portfolio Holder for Neighbourhoods and Communities (supported by the Portfolio Holder for Finance and Efficiency) required that Scrutiny completed consideration of the referral within a six week period, reporting back to:-
- (i) A Joint Neighbourhoods and Communities & Finance and Efficiency Portfolio Holders meeting on 26 May 2009; and
  - (ii) With the agreement of the Chair of Council, an Extraordinary meeting of Council be held no later than the 12 June 2009.

### **3. METHODS OF INVESTIGATION**

- 3.1 Members of the Scrutiny Co-ordinating Committee and Neighbourhood Services Scrutiny Forum undertook a site visit and met formally on 8 May 2009 to receive evidence relating to the referral. A detailed report of the issues raised during this meeting is available from the Council's Democratic Services.

### **4. MEMBERS IN ATTENDANCE AT THE JOINT MEETING OF THE SCRUTINY CO-ORDINATING COMMITTEE AND NEIGHBOURHOOD SERVICES SCRUTINY FORUM**

- 4.1 With Council having received the '2009/10 Capital Programme and Prudential Borrowing Limits – Household Waste Recycling Centre and Winter Grit Storage Facilities' report from where this referral originated, the Chair of the Scrutiny Co-ordinating Committee invited all Elected Members to the site visit and joint meeting of the Scrutiny Co-ordinating Committee and Neighbourhood Services Scrutiny Forum held on 8 May 2009. Detailed below is the attendance list for the site visit and / or joint meeting, both held on 8 May 2009:-

Councillors Aiken, Akers-Belcher, Brash, R Cook, Coward, Cranney, Flintoff, Gibbon, James, London, A Marshall, Morris, Plant, Preece, Shaw, Simmons, Worthy and Young.

Resident Representatives: Christopher Akers-Belcher, Iris Ryder, Linda Shields, John Cambridge and Mary Green.

### **FINDINGS**

### **5. EVIDENCE GATHERED BY MEMBERS OF THE SCRUTINY CO-ORDINATING COMMITTEE AND NEIGHBOURHOOD SERVICES SCRUTINY FORUM**

- 5.1 In order to formulate conclusions and recommendations the Scrutiny Co-ordinating and Neighbourhood Services Scrutiny Forum's met jointly on 8 May



2009. Prior to the joint meeting of the Forum, Members undertook a site visit to the Lynn Street Depot, the Household Waste Recycling Unit and the potential location for the new Salt Barn. Evidence gathered by Members on the site visit and during the joint meeting is detailed below:-

### **Lynn Street Depot**

- 5.2 Lynn Street Depot is where the Council's buses, gritter lorries and vehicle workshop amongst others are currently located. Members were interested in seeing the extent of the site and hearing about the long terms plans, due to rumours that the site was currently for sale. After concerns from Members about the potential sale of the Lynn Street Depot were discussed during the joint meeting, the Director for Neighbourhood Services commented that the site was not currently for sale, although it could at a future date be included in an education and business sector following the re-development of the College of F.E. The Director of Neighbourhood Services did, however, acknowledge that there was sufficient space on the Brenda Road site, identified for the potential location for the new salt store, should the Lynn Street Depot ever be sold.

### **Waste Transfer Station**

- 5.3 The Waste Transfer Station is located next to the Household Waste Recycling Unit on Burn Road, Hartlepool. The Waste Transfer Station is not accessible to the public and is where the Council's Salt Store Bam is currently located, along with the Re-Use Centre and the Gully Arising Structure.
- 5.4 The Gully Arising Structure is where the road sweepings are deposited to drain off; Members undertaking the site visit were informed by the Waste Management Manager that there was a need to extend the Gully Arising Structure. Members were pleased to learn that the Waste Transfer Station resulted in the Council being able to recycle 5,000 tonnes of recyclable material each year.

## **Salt Store Barn**



Salt Store Barn - Corroded Steelwork and Missing Masonry Wall

- 5.5 Members were informed on the site visit and at the joint meeting of the Scrutiny Co-ordinating Committee and Neighbourhood Services Scrutiny Forum, that the Salt Store Barn was originally constructed for a composting scheme. The Barn had changed usage into a newspaper recycling store whilst the recycled paper market was at a low ebb and once the recycled paper market had picked up and the recycled paper had been sold, Highways had requested that it be used for storing winter grit and this was the current usage of the Barn.
- 5.6 It was noted by Members on the site visit that the steelwork was in a poor state and there was a low wall which was missing in places, mainly due to the corrosive nature of the salt and also through vehicular damage. Members also noted that some of the wooden panels were loose and were being removed as and when they became a health and safety issue. This meant that the salt is open to the weather and therefore its quality deteriorating whilst being stored.
- 5.7 The Director of Neighbourhood Services informed Members that the Salt Barn was not yet classed as a dangerous building and that work was continuing to maintain health and safety standards. Although there was some corrosion on the steelwork, Members were pleased to hear that there was probably some value in the scrap metal that would be generated when the Salt Barn is pulled down.

## Household Waste Recycling Centre



Entrance to Household Waste Recycling Centre

- 5.8 The Household Waste Recycling Centre is situated next to the Waste Transfer Station on Burn Road, Hartlepool and is open to the public. The ethos of the site is to encourage local people to think about it as a Recycling Centre rather than 'the tip' with a number of receptacles available for the recycling of bottles, cardboard and green waste amongst others.
- 5.9 Members learnt that the Council currently has a recycling rate of around 37% and although this compares favourably with the current national average, the Government have increased this target to 40%. The Waste Management Manager informed Members that the Kerbside Recycling Scheme collected 31,000 tonnes of recyclable material each year in addition to the Household Waste Recycling Centre which processed 13,700 tonnes per year.
- 5.10 In order to assist the Council meet and potentially exceed the new Government recycling target, Members acknowledged that there was a need to expand the site of the current Household Waste Recycling Centre. Plans that were circulated to Members highlighted that any expansion would utilise unused ground to the North of the site, and East of the site using up some of the area vacated when the Salt Store Barn is demolished. The expansion of the site would allow the Council to recycle items such as plate glass and hard plastic (used in the manufacture of children's toys) that the current site did not cater for.
- 5.11 The Portfolio Holder for Neighbourhoods and Communities reminded Members of the recent investigation into Kerbside Recycling that this joint

committee had undertaken and that the recommendations made during that investigation were part of the planned development for the Household Waste Recycling Centre; including the provision of an Education Centre and Green Sale facility.

### **Proposed Salt Store Location**



Proposed Salt Store Location (Blue Dot Indicates Rough Entrance to Proposed Site)

- 5.12 Members on the site visit held on 8 May 2009 visited land on Brenda Road that was owned by the Council, but currently not in use. Members learnt that the site had originally been used for the training of JCB drivers, but was currently overgrown with a couple of settling ponds in the vicinity.
- 5.13 During the joint meeting held on 8 May 2009, Members also saw photographs of the proposed Salt Barns that maybe purchased, although there was some concern from Members that there was a need to ensure that the materials used in construction were not corroded by the salt as rapidly as the current Salt Store Barn.
- 5.14 The Director for Neighbourhood Services also informed Members that there had been plans to share a Salt Store Depot owned by Stockton Borough Council at Billingham, but this idea had been rejected due to operational issues.

**Landfill Allowance Trading Scheme (LATS)**

- 5.15 LATS allows local authorities “to landfill a certain amount of biodegradable municipal waste in a specified scheme year,”<sup>1</sup> where a local authority does not use up their allocation of LATS so they can sell their quota to other local authorities. Hartlepool Borough Council averages 30,000 tonnes of residual waste which is either incinerated or buried, this year only 4,000 tonnes were buried.
- 5.16 The Portfolio Holder for Neighbourhoods and Communities informed Members that through the Tees Valley, Hartlepool Borough Council had been able to sell 80% of its LATS to Merseyside, although it was highlighted to Members that this equated to 100% of the current marketable LATS. Members were interested to hear that the sale of the LATS would result in Hartlepool receiving £1.3 million over the coming years.
- 5.17 The Director of Neighbourhood Services informed Members that it was the sale of the LATS that had been the catalyst to the presentation of the report on the ‘2009/10 Capital Programme and Prudential Borrowing Limits – Household Waste Recycling Centre and Winter Grit Storage Facilities’ at Council, but accepted that insufficient information had been given to Members about why the LATS money was not being used to finance the development of the Household Waste Recycling Centre and new Salt Barn.
- 5.18 The Assistant Chief Financial Officer recapped for Members the current financial position the Council was in and explained to Members that it was more prudent for the Council to have £1.3 million in the General Fund rather than a smaller amount of £700,000 once the estimated £600,000 cost of the development of the Household Waste Recycling Centre and new Salt Barn had been financed.
- 5.19 Members had some concerns about the £50,000 per annum Prudential Borrowing repayments that the Council would be financing for the development of the Household Waste Recycling Centre and new Salt Barn, but were reassured that the figure of £50,000 pa quoted was a worst case scenario and was likely to be much less.
- 5.20 Following the meeting held on the 8 May 2009, the Assistant Chief Financial Officer clarified the terms of the Prudential Borrowing to finance the development of the Household Waste Recycling Centre and new Salt Barn as detailed below:-

“The initial report submitted to Council in April indicated that the annual repayments costs of using Prudential Borrowing for the developments at the recycling centre and the replacement of the salt barn would be £50,000. This was the worst case cost based on these assets having relatively short operational lives, as work had not been completed to determine the actual operational lives at that stage. This work has now been complete and these

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<sup>1</sup> DEFRA – ‘Landfill Allowance Trading Scheme’, 9 January 2009.

assets will have much longer lives - 30 years in the case of the salt barn which will be constructed from high grade galvanised steel and 40 plus years for the recycling centre. On the basis of these revised operational lives the annual repayment costs of using Prudential Borrowing will be £30,000 (at 2009/10 prices)."

- 5.21 That following discussions with the Chair of Council and in line with Constitution, it had been agreed that a Special Meeting of the Council be arranged for Thursday 11<sup>th</sup> June at 7 p.m.

## **6. CONCLUSIONS**

- 6.1 The Scrutiny Co-ordinating Committee and Neighbourhood Services Scrutiny Forum concluded:-

- (a) That the Salt Store Barn is in a deteriorating state and must be replaced with a suitably durable structure before salt grit orders are placed for the 2009/10 Winter months;
- (b) That the design of the Salt Store Barn should be sectional, allowing for the easy replacement of any sections which do deteriorate over time, so ensuring that the cost of a full replacement should not be necessary in the future;
- (c) That the Salt Store Barn had originally been rejected as a budget pressure 12 months ago, but should have been included in the budget pressures for 2009/10 when they were considered by scrutiny;
- (d) That there are no immediate plans to sell the Lynn Street Depot or relocate vehicles currently located at the Lynn Street Depot to the site planned for the new Salt Store;
- (e) That in order to meet and exceed Government targets on recycling, that the Household Waste Recycling Centre needs to be expanded incorporating elements of the investigation into Kerbside Recycling carried out by this joint Committee in December 2008;
- (f) That the Neighbourhood Services Department or its successor, should be primarily responsible for the repayments against the prudential borrowing needed to provide a new salt barn; and
- (g) That the whole of the monies raised by the sale of LAT's should be credited to the General Fund, including any future sale of those currently retained for the use of Hartlepool Borough Council, should they not be required.

- 6.2 The recommendations as shown above had the unanimous support of the Joint meeting of Scrutiny Co-ordinating Committee and Neighbourhood Services Scrutiny Forum and as such are recommended to the Joint Portfolio Holders for Neighbourhoods and Communities & Finance and Efficiency and Council.

## **7. RECOMMENDATIONS**

- 7.1 The Scrutiny Co-ordinating Committee and Neighbourhood Services Scrutiny Forum has taken evidence from a wide range of sources to assist in the formulation of a balanced range of recommendations. The Committee's key recommendations to the Portfolio Holders for Neighbourhoods and Communities & Finance and Efficiency are as outlined below:-
- (a) That the option of funding the development of the Household Waste Recycling Centre and construction of the new Salt Store be funded through Prudential Borrowing;
  - (b) That where possible the Neighbourhood Services Department annually makes a revenue contribution towards the Prudential Borrowing required for the development of the Household Waste Recycling Centre and construction of the new Salt Store;
  - (c) That the materials used in the construction of the new Salt Store minimise the corrosive nature of the salt and maximise the life span of the building; and
  - (d) That following the joint meeting of the Portfolio Holder's for Neighbourhoods and Communities & Finance and Efficiency on 26 May 2009 discussions take place immediately with the Chairman of the Council for the holding of an Extraordinary Council Meeting on 11 June 2009.

## **8. ACKNOWLEDGEMENTS**

- 8.1 The Committee is grateful to all those who have presented evidence during the course of our investigation. We would like to place on record our appreciation, in particular of the willingness and co-operation we have received from the below named:-

### Hartlepool Borough Council

Councillor Peter Jackson, Portfolio Holder for Neighbourhoods and Communities;

Dave Stubbs, Director of Neighbourhood Services;

Colin Ogden, Waste Management Manager; and

Chris Little, Assistant Chief Financial Officer.

**COUNCILLOR MARJORIE JAMES**  
**CHAIR OF THE SCRUTINY CO-ORDINATING COMMITTEE**

**May 2009**

**Contact Officer:-** James Walsh – Scrutiny Support Officer  
Chief Executive's Department – Corporate Strategy  
Hartlepool Borough Council  
Tel: 01429 523647  
Email: james.walsh@hartlepool.gov.uk

## **BACKGROUND PAPERS**

The following background papers were used in the preparation of this report:-

- (i) Report of the Executive entitled '2009/2010 Capital Programme and Prudential Borrowing Limits' presented to Full Council of 30 April 2009.
- (ii) Report of the Scrutiny Support Office entitled 'Scrutiny Topic Referral from Portfolio Holders for Neighbourhoods and Communities and Finance and Efficiency – 2009/10 Capital Programme and Prudential Borrowing Limits – Household Waste Recycling Centre and Winter Grit Storage Facilities' presented to the Scrutiny Co-ordinating Committee and Neighbourhood Services Scrutiny Forum of 8 May 2009.
- (iii) Letter of the Portfolio Holder for Neighbourhoods and Communities entitled 'Household Waste Recycling Centre and Salt Barn Proposals' presented to the Scrutiny Co-ordinating Committee and Neighbourhood Services Scrutiny Forum of 8 May 2009.
- (iv) Presentation by the Director of Neighbourhood Services entitled 'Presentation on the Household Waste Recycling Unit and Potential Salt Barn Location' received by the Scrutiny Co-ordinating Committee and Neighbourhood Services Scrutiny Forum of 8 May 2009.
- (v) DEFRA (2009) Landfill Allowance Trading Scheme, Available from: <http://www.defra.gov.uk/environment/waste/localauth/lats/intro.htm> (Accessed 11 May 2009).