

Report to the Cabinet

Report reference: C-133-2007/08.

Date of meeting: 14 April 2008.



**Epping Forest
District Council**

**Portfolios: Finance, Performance Management & Corporate Support Services.
Environmental Protection.**

Subject: Temporary Use of Capital Contingency.

**Responsible Officers: Bob Palmer (01992-564279).
John Gilbert (01992-564062).**

Democratic Services Officer: Gary Woodhall (01992-564470).

Recommendations/Decisions Required:

- (1) To give retrospective approval for the temporary use of £9,300 from the Capital Contingency to fund the purchase of a refuse vehicle prior to reimbursement being received from Sita.**

Introduction:

1. On 16 July 2007 Cabinet appointed Sita as the Council's waste management service provider. The appointment is for a period of five years and commenced on 5 November 2007. As part of agreeing the fine detail within the overall contract framework an issue has arisen in respect of one vehicle that needs to be addressed.

Refuse Fleet:

2. When the former service provider, South Herts Waste Management (SHWM), was placed in administration by their bankers on 19 April 2006 it was necessary to put in place temporary arrangements to ensure continuity of service. After an initial period during which the Administrator ran the business, Cory Environmental were appointed, on a temporary basis pending contract negotiations, to provide the service from 22 May 2007.

3. In order for Cory to provide the service, the Council had to secure access to the refuse fleet formerly used by SHWM. This fleet was mainly being purchased through lease agreements with the Bank of Scotland. The Bank of Scotland were happy to enter into an initial agreement for three months under which the Council agreed to make the payments that would have been due from SHWM. The Council, following a Cabinet decision on 16 April 2007, ultimately purchased these vehicles.

4. There was one vehicle that Cory required the use of which was on a lease purchase arrangement with Barclays bank. Barclays were not prepared to allow an extended period of use of the vehicle without an assignment or settlement of the lease. Therefore, it was necessary for the Council to enter into a lease purchase agreement with Barclays for this vehicle. This was done with the intention of the lease being subsequently assigned to the incoming waste management service provider, when the long-term provision of the service had been resolved.

5. Sita wish to use the vehicle in the provision of the service but want to acquire it, rather than having the lease assigned to them or enter into some form of sub lease with the Council. However, Barclays are only prepared to sell the vehicle to the Council and not to Sita directly. This means it is necessary for the Council to acquire the vehicle and then sell it on to Sita for

the same price.

6. In performing this transaction the Council is essentially acting as an intermediary to assist Sita in acquiring the vehicle. The Council does not acquire any long-term interest in the vehicle and there is no increase in the capital programme as the expenditure will be re-imbursed. However, the initial purchase does require the temporary use of an amount from the contingency held within the capital programme.

7. This approval is being sought retrospectively as the sale price provided by Barclays was only fixed for fourteen days and officers were anxious to avoid any further delays in the completion of the final detailed contract with Sita.

Statement in Support of Recommended Action:

8. The proposed action does not increase the capital programme and will allow the conclusion of the detailed contractual arrangements with Sita.

Other Options for Action:

9. The Council could refuse to sell the vehicle to Sita although this would obstruct Sita's service provision and provide no benefit to the Council overall.

Consultation Undertaken:

10. None.

Resource implications:

Budget provision: Temporary allocation requested from the capital contingency that will be re-imbursed by Sita.

Personnel: N/A.

Land: N/A.

Council Plan 2006-10/BVPP Reference: N/A.

Relevant Statutory Powers: N/A.

Background Papers: None.

Environmental/Human Rights Act/Crime and Disorder Act Implications: N/A.

Key Decision Reference (if required): N/A.