

RELOCATION OF RECYCLING OPERATIONS FROM SILVERTON MILL

Cabinet Member Cllr Clive Eginton
Responsible Officer Head of Environmental Services

Reason for Report:

To update the PDG on the relocation from Silverton Mill to Tiverton.

RECOMMENDATION(S): That the report is noted and that further updates be provided on the relocation as this progresses.

Relationship to Corporate Plan:

No issues arising from this report.

Financial Implications:

There are no financial implications arising from this report for this PDG. However the actions taken to relocate from Silverton Mill will incur additional costs which will be managed from reserves.

Legal Implications:

The use of premises and a site for recycling activities needs to comply with a variety of statutes and obligations. These are being managed as shown in the body of this report.

Risk Assessment:

The risk of the security of tenure at Silverton Mill is a risk on the corporate risk register and ideally to mitigate the risk purchasing facilities (or land to build such facilities) rather than rent property will eliminate this risk.

1.0 Introduction

- 1.1 Collection of 4 recyclable materials at kerbside has been a directive since April 2014. The Council needs to fulfil its duty at a cost that reflects the formula grant provided. The Council can make income from the sale of recyclable material both in terms of a recycling credit and from the sale of material.
- 1.2 The recycling service was brought in house in 1st Feb 2010 from Mid Devon Community Recycling - a charity based at Silverton Mill and came as the site (referred to as Silverton Mill), the machinery for handling and processing materials (baler, telehandler, forklift trucks etc.), the vehicles, workforce and contracts for sale. Harmonisation of terms and conditions for the workforce did not take place until 2013.

- 1.3 The site at Silverton Mill is owned by the National Trust. D S Smith are the principal tenants for the whole site and the Council rents a 1.39 acre corner of the larger demise as lawful sub tenants of DS Smith.
- 1.4 The Council's rented premises at Silverton Mill consists of a four bayed high roofed storage shed for collected materials and a small area for high value aluminium on a semi mezzanine floor; a separate brick built shed with the baling equipment inside, a crew room to the side and toilets at the end of the building. There is also storage space inside the baler building for baled materials and some small quantity collected material such as batteries. There is a sea going container on site which houses black boxes; three sealed skips for textiles; diesel tanks; hard standing yard suitable for 11 lorries. A gravel car park exists for 20 cars and also used for additional storage of boxes, bring banks and compound for food waste from some rural combined rounds awaiting collection. The buildings are old, showing sign of dilapidation and lack of maintenance. There is asbestos sheet material in two of the buildings. The drinking water supply is from a private supply and unsuitable for drinking so bottled water is provided on site. The office accommodation is three prefabricated 'portakabin' buildings, two for offices and the third stand-alone used as a training room/interview room/further office. D S Smith provided a 24 hour site security (recharged in part through the rent) until February this year and an informal use of their weighbridge.
- 1.5 The sites remote location in Hele, East Devon benefits the noise and disturbance perspective but is difficult to access, has poor communication (internet and phone) and difficult access to those without private transport. It is remote from the major settlements - with the exception of possibly Crediton – and travelling distances feature in the cost of the service.

2.0 Events reported verbally from Feb 2013

- 2.1 In February 2013 our landlord gave notice to the Council of its intention to vacate the site at Silverton Mill – it had already moved its paper production business away and left only its own recycling activity on the site. As such the Council's tenure became unsafe.
- 2.2 The long term aim as said is a purpose built combined depot and recycling centre possibly encompassing a better household recycling facility in Tiverton, and to increase products and trade recycling across the District. As the operation is already based at Silverton, one temporary arrangement would have been to take extra premises whilst our landlords were moving out and use the interregnum to look for alternate sites.
- 2.3 Once 12 months notice had been served on the Council negotiations commenced with the owners - firstly for the whole site or secondly for one of the larger brick buildings on site which would have brought all operations under one roof. Negotiations on the single building option proved unsuccessful as demolition of adjacent buildings would leave it

unstable as a stand-alone building and hence it too was earmarked for demolition.

- 2.4 Negotiations between the agents/solicitors acting for the owner and the Council for the whole site were complicated by separate negotiations between the owner and their tenant (D S Smith) over their notice and dilapidation schedules incumbent on them as principal tenants and their wish to retain some of its recycling operations on the Silverton Mill site.
- 2.5 In negotiating on the whole site the owner's preference was one principal tenant with a permission to sublet up to 80% of the site under no more than 4 separate sub leases. Negotiations started off on a rental value for the site - which because of the unique nature of the site started as a guesstimate and was brought down by removal of some parts at the wish of the owners and some negotiations by the Councils property solicitor.
- 2.6 The Head of Service looked at possible other uses for the site to sublet and also the need to take on extra premises on site to cope with the proposed expansion of our recycling activity – through trade recycling and the consideration of the Oct 2015 service changes.
- 2.7 The owners removed some options from the offer - e.g. 3 unoccupied cottages which could have been brought back into use and/or potential for kennelling stray dogs; the Mill owners House which had potential for a training venue; potential for caravan/lorry storage/parking on the larger car parks and the riverside walk, as DS Smith were negotiating about retaining a portion of the site for their own recycling facility and the owner wanted the riverside walk as part of their operation in the future. These omissions had consequences on the viability of the Council taking the whole site, and retaining our existing demise and potentially taking another large shed for expansion of the service became the primary objective.
- 2.8 D S Smith notified the owner that in considering its duty on repair of the dilapidations, demolition of some buildings rather than repair was their preferred option and as such required more time to complete. They asked for a further period of tenure which the owners granted subject to the same offer being made to the Council as sub tenants. This moved the date to February 2014.
- 2.9 During this time negotiations were therefore tripartite – the Council, the National Trust and D S Smith. It was a complex negotiation as the National Trust wanted vacant possession of the land from DS Smith to lease to another tenant (possibly the Council as we had expressed an interest in the whole site) and DS Smith needed vacant possession from the Council which it could not obtain because of the dilapidation schedule requiring work or demolition of the site occupied by the Council which it in turn wanted to keep.

- 2.10 As demolition was DS Smith's preferred remedy for our site, the Council needed to look at its options if it wished to stay on as a tenant; staying on site would assume the repair or demolition costs from DS Smith as their option to demolish would have been removed.
- 2.11 To remain at Silverton Mill firstly the existing buildings would be required, but at a new rental figure of £25k, and secondly the option of retaining one more available building to expand the service to trade customers and to store baled material for collection increased the rent to £40k. In accepting the rental of any of the site the responsibility for the dilapidation/demolition would fall away from DS Smith and rest with the Council.
- 2.12 Estimates for demolition were obtained and showed the cost to be in the region of £90k for the existing site and £140k if it included the extra building. There was no interest in making an allowance to the Council against not having to demolish as there was no benefit to the owner or landlord in so doing.
- 2.13 Negotiations on the extra building option therefore ceased because of the increased demolition costs.
- 2.14 It was during this time that the demolition plans showed removal of a plant room building which was in poor condition. This building housed the incoming power supply and switchgear and demolition would require cutting the incoming power from the Council's site. Negotiations with the owner and landlord amounted to nothing as neither needed to reinstate a supply – the owner as they wanted a vacant 'green field' site, and the landlord who wanted to deal with their demolition/repair as expeditiously as possible and vacate the site.
- 2.15 An estimate was obtained from Western Power to provide a supply sufficient to run balers etc. That estimate for a new exclusive supply was £25k; there would have been additional costs of circa 1k to connect the new incoming supply to the existing circuits.
- 2.16 In considering renting directly to the Council, the owners required the site to be secure by fencing it off. Remaining at Silverton Mill was looking unlikely so estimates were not obtained from providers for fencing but a nominal sum of £10k (100m at £100/m given by the Buildings and Facilities manager) used as illustrative.
- 2.17 Having potentially costs of £175k (140 + 25+ 10), remaining at Silverton Mill was not so much as a temporary arrangement but a liability.

3.0 Alternatives considered

- 3.1 The Council had no other sites of its own to use. Station Yard would not accommodate the additional lorries; Crediton Depot was too small, other parcels of land were mainly close to residential development or of insufficient size to replicate the 1.39 acres as a minimum and our

commercial holdings either fully utilised or of insufficient space if available anyway.

- 3.2 Other sites were sought using commercial agents and some proposed which were visited - primarily commercial/agricultural buildings offered for rent. Some at Cullompton were considered but needed a lot of alteration to make fit and even then were a considerable distance out of the built up area towards East Devon and away from centres of Mid Devon population; there were road and access issues which may have been difficult to resolve with the Highways Authority and Department for Transport issuing an operator's licence. The possible use of a vacant farm shop and land at Willand was considered but proved too small and additional rents needed for extra and over the shop premises made it uneconomical to pursue. A car sales yard at Willand became available and an options appraisal showed potential but issues with sub tenants, contamination and Network rail thwarted completion. New buildings were available at Mid Devon Business Park but size and cost again was an issue. All of the above had some potential but location, noise issues, planning and cost made them unattractive and they were all only for rent.
- 3.3 In speaking with the owners of the Mid Devon Business park development who were willing to provide a purpose built unit for the Council to rent at Mid Devon Business Park, the offer of premises known as 16 Shop on the Foundry Estate in Tiverton was mooted.
- 3.4 Visits by the officers showed that these premises had potential as a temporary solution and having the two waste sites so close together would be beneficial. It would bring recycling activity under cover and deal with aging baling systems by allowing a new system to be employed in a confined space. As said earlier end of life equipment, vehicles and plant are being dealt with separately.
- 3.5 16 shop is more expensive to rent but removes the necessity for the Council to spend upwards of £175k on the Silverton Mill premises (exclusive of 25k pa rent) and negates the need to be involved in demolition etc. The option has been progressed and a project plan is in place to oversee the transition.
- 3.6 The issue of electricity at Silverton Mill has been resolved by the use of mobile generators to supply the site. The Council has now given its intention to be off the site by 28th August 2014 which allows DS Smith to complete their demolition and the National Trust to be given back their site.
- 3.7 The plan is to move into 16 shop 28th July 2014 to allow 1 month for any additional clearance at Silverton Mill.

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Circulation of the Report: Cllr C J Eginton Cabinet member, Management Team

List of Background Papers: none