

**MOBILE HOME SITE, EYNESBURY CONTAMINATED LAND  
REMEDATION WORKS  
(Report by the Head of Housing Services)**

**1. INTRODUCTION**

- 1.1 The purpose of this report is to seek approval of supplementary capital and revenue estimates to enable the final stage of the contaminated land remedial works to commence.

**2. BACKGROUND**

- 2.1 The Regulator has determined the site to be “contaminated land”. A remediation strategy has been approved and the remedial works have now been tendered on the basis of enabling works to commence early in the New Year (January 2007).
- 2.2 The estimated cost and grant funding as at mid-October is included in the Budget/MTP report being considered by Overview & Scrutiny on the 14 November and Cabinet on the 30 November. However formal approval of its contents does not take place until February Council thus requiring items relating to the current year to be formally approved as supplementary estimates before they can proceed.

**3. FINANCIAL IMPLICATIONS**

- 3.1 It was previously reported to Cabinet that the government via DEFRA has a Contaminated Land Capital Projects Programme (CLCPP) available to fund this sort of works, albeit that not all costs are eligible for funding. Financial support used to be given via supplementary credit approval (effectively additional Revenue Support Grant sufficient to meet the repayments on a loan), however, support is now given as a cash grant.
- 3.2 Prior to approval each claim from the Council has a technical and value for money appraisal carried out by the Environment Agency, on behalf of Defra. The first two claims (£19k and £33k) have been approved and payment is anticipated this financial year. A third on-account claim (£1.34m) has been submitted in advance of the works being carried out. If approved, payment is anticipated next financial year. On completion of the scheme an audit will be carried out to determine the actual amount of grant due.
- 3.3 The table below shows the estimate of the costs prior to receipt and evaluation of the works tender which is due for return in late November:

	Revenue		Capital		
	2006/07	2007/08	2005/06	2006/07	2007/08
	£000	£000	£000	£000	£000
<b>Gross Costs</b>					
Investigations and Surveys			35		
Purchase, operation and sale of Mobile Homes	6	2		404	
Works and related costs		2		375	520
<b>Sub-total</b>	<b>6</b>	<b>4</b>	<b>35</b>	<b>779</b>	<b>520</b>
Sale of Mobile Homes					-404
Defra Grant					-895
<b>Net Cost</b>	<b>6</b>	<b>4</b>	<b>35</b>	<b>779</b>	<b>-779</b>
<b>Gross Costs already approved as Supplementary Estimates</b>					
12.01.06			35		
29.06.06	10			437	
<b>Balance for which approval now required</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>342</b>	<b>520</b>

- 3.4 The revenue impact of the supplementary capital estimate now sought is in the order of £10k depending on the dates contract sums are paid and the grant received.
- 3.5 Tenders for the works are due to be returned on 22 November 2006. The evaluation process will then follow. If actual rather than estimated figures are available for the Cabinet meeting they will be tabled at the meeting. The figures will also be influenced by the actual cost of the mobile homes purchased as temporary accommodation.
- 3.6 Given that any increase in works costs is expected to be met by Defra grant and any increase in the cost of mobile homes could be met from increased sale values and/or deficit funding from Defra it would be appropriate for Cabinet to delegate any further adjustments of the necessary supplementary estimates to the Director of Commerce and Technology after consultation with the Executive Councillors for Housing & Public Health and Finance.

#### **4. RECOMMENDATION**

- 4.1 That Cabinet approve supplementary capital estimates of £342k in 2006/07 and £520k in 2007/08.
- 4.2 That Cabinet give delegated authority to the Director of Commerce and Technology, after consultation with the Executive Councillors for Housing & Public Health and Finance, to approve further supplementary estimates on this scheme.

#### **BACKGROUND INFORMATION**

Environmental Protection Act 1990 (Section 78A)  
 DETR Circular 02/2000 [Chapter A of Annex 3 and Part 4 of Chapter B of Annex 3]  
 Cabinet Reports, 3 November 2005, 12 January 2006 and 29 June 2006  
 Contaminated Land Survey  
 Notification of contaminated land

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<b>NEW UNAVOIDABLE BID (including maintaining physical assets)</b>		<b>REF 702</b>
<i>Bid Title</i>	<i>Mobile Home Site, Eynesbury</i>	
<b>Head of Service</b>	Stephen Plant	
<b>Brief Description of Bid</b>	To carry out contaminated land remediation works including the acquisition and sale of 5 mobile homes as temporary accommodation for residents whilst their plots are remediated.	
<b>PROPOSED START YEAR</b> <b>2006/07</b>		

<p><b>Maintaining physical assets</b> Describe the impact on the service and the Council's priorities of not adequately maintaining the asset. Why is the proposed timing important?</p>	
OR	
<p><b>Other Unavoidable</b> Why is the project unavoidable in the timescale proposed?</p>	<p>The site has been declared as contaminated land by the Regulator, in accordance with the Environmental Protection Act 1990, and a remediation strategy has been agreed. These works are unavoidable. Specified areas of soil need to be excavated and replaced with clean soil, together with consequential works such as fence replacements/renewals, pathways replaced etc.</p> <p>Cabinet, on 29 June 2006, approved a supplementary estimate to cover part of these costs.</p>
<p><b>Alternatives</b> What alternatives have you considered and why are they not as cost effective?</p>	<p>The remediation strategy, in accordance with government guidance, examined a variety of options to reach a conclusion on the most suitable for the site. The remediation strategy proposed has been approved by the Regulator and DEFRA as appropriate.</p>
<p><b>Key Assumptions made</b> Including the practical life of assets, period for any non-permanent revenue bids, usage, charging policy, staffing etc.</p>	<p>That the required remedial works are eligible for Defra capital support . If so, there is likely to be a delay between carrying out the works and receiving the grant.</p> <p>The estimate of ground works is based on sampling the contamination. The disposal cost of contaminated land varies significantly and the actual excavated soil will need to be tested regularly to ensure the correct disposal route. The assumptions made in this estimate about the volumes going to each disposal route may be incorrect.</p> <p>That the mobile homes purchased as temporary accommodation will be sold at no loss to the council.</p>
<p><b>Risk Assessment</b> What are the risks to the issue not being adequately dealt with in the way described and with the funds requested?</p>	<p>Defra guidelines state that works to re-instate a site on completion of the remediation works may also be eligible, but this will normally be limited to the minimum works necessary to make the site capable of being used for its current use (for example, re-turfing or repairing fences of residential gardens following remediation of the gardens). Other reinstatement works such as extensive landscaping and items such as mature shrubs and trees or reconstruction or renovation of buildings &amp; structures will not normally be eligible, even though such works would be necessary to fully restore the site to its former condition.</p> <p>There are works necessary that may be deemed as ineligible. This cost would need to be met by the council. The mobile homes purchased as temporary accommodation may be sold at a loss.</p>

<i>Sources of External funding</i>	
<i>Conditional</i> Scheme can only go ahead if received	Defra
<i>Possible</i>	
<i>Considered and discounted</i>	

Capital Resources (£000)	Pre 06/07	06/07	07/08	08/09	09/10	10/11	11/12	Post 11/12	Total
Works Cost		375	520						<b>895</b>
Mobile homes - purchase		404							<b>404</b>
Mobile homes - sale			-404						<b>-404</b>
Conditional grants - Defra			-895						<b>-895</b>
<b>Net Total</b>		<b>779</b>	<b>-779</b>						<b>0</b>
	Cash prices		Outturn 2007/08 prices						

Revenue Implications (£000)	Pre 06/07	06/07	07/08	08/09	09/10	10/11	11/12	Post 11/12	Total
Expenditure		6	4						
Income									
<b>Net Revenue Cost</b>		<b>6</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
Loss of Interest		19	19						
<b>NET REVENUE IMPACT With Lost Interest</b>		<b>25</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
	Cash prices		Outturn 2007/08 prices						

#### BIDS / BASE BUDGET GIVEN UP TO WHOLLY OR PARTIALLY FINANCE NEW BID

Please provide details, as an annex, of which budgets are to be reduced and/or which approved schemes are to be deleted to achieve the saving summarised below.

"SAVINGS" (£000)	Pre 06/07	06/07	07/08	08/09	09/10	10/11	11/12	Post 11/12	Total
Gross Capital Cost									
Conditional grants									
<b>Net Capital Cost</b>									
Expenditure									
Income									
<b>Net Revenue Cost</b>									
Loss of Interest									
<b>NET REVENUE IMPACT With Lost Interest</b>									
	Cash prices		Outturn 2007/08 prices						

#### It is very important that you:

- **consult your accountant and any relevant specialist areas (e.g. IMD) before completing this form to maximise the chance of all relevant costs (including irrecoverable VAT) and income being included**
- **complete all relevant sections of the appraisal form in sufficient detail for the project to be appraised fairly.**
- **prepare and retain adequate supporting information to support this appraisal including realistic timing assumptions.**