

WRS Board: 18th June 2020

Update on Income Generation following provision of additional resource

Recommendation	Members are asked to note the report and to recommend that the relevant Officer Members of the Board agree to the continuation of this fixed term post.
Background	<p>WRS regulate a large number of industrial processes across Worcestershire on behalf of the District Councils under the Environmental Permitting Regulations. Businesses that require a permit to operate a specified process have to make an application. The purpose of the permit is to enable the local authority to regulate emissions to atmosphere (and in some cases land and water) such that they represent suitable practice, minimise pollution and comply with the regulations.</p> <p>Due to our size and history of investment in staff training and development we have gained a reputation for knowledge and experience across the region and beyond. WRS now sit on three DEFRA industry sector technical panels and in recognising our experience and expertise when we assisted them in dealing with non-compliance issues at one complex site we now undertake this work for Gloucester City Council as well.</p>
Report	<p>The interaction between the local authority and any business that requires a permit is largely supportive, providing businesses with advice on how to comply with the regulations. The interaction between WRS and the business is valued as the companies we deal with recognise that experience and knowledge gained from visiting similar businesses and competitors and having liaison with Defra.</p> <p>During 2017/18 the value of WRS's Permitting Team was demonstrated by a number of businesses starting discussions around possible contractual arrangements with us to provide assured advice under the Primary Authority arrangements. Initial discussions with businesses suggested there were a number very interested in paying for advice and assistance across a variety of industrial sectors.</p> <p>The scope of this new area of potential income to support the WRS budget was recognised as well as the possible demand placed on a small team of four Officers. There were concerns that we would not have the capacity to take on the work for these businesses and deliver the service's commitments to the 6 partners and existing district council customers.</p> <p>In order to assist the team, the creation of an additional fixed term post was approved by the Board on the "invest to save" principle to see if sufficient income could be generated to fulfill the additional capacity and support the WRS budget. The post was filled in Q2 of 2018/19 with the post holder assisting all the technical teams by freeing up the more</p>



technically able and experienced team members to secure contracts and deliver the work plans associated with them. Having the additional capacity within the service has allowed the team to chase a number of income streams including Primary Authority work.

Primary Authority Contracts (for Environmental Permitting)

Since the appointment of the post holder, WRS has been successful in gaining two Primary Authority Contracts for environmental permitting with CEMEX and Wienerberger, the first of their kind nationally for this regulatory area. Initial discussions with the companies were very promising, but since the contracts were signed, both businesses have only agreed to limited work programmes with us. Both companies, but Wienerberger in particular, continue to value our involvement with their company and have agreed to a couple of one off pieces of work.

For a primary authority contract to be fruitful for both parties, the company needs to agree to a significant programme of advice. Generally, those most in need will be those struggling with compliance with the regulations. Dealing with such businesses places some reputational risk on WRS. The companies that most welcome working with the regulators in a Primary Authority relationship are generally those that are well organised and willing/able to achieve regulatory compliance with the minimum of input.

The service will continue to look for new potential Primary Authority arrangements in this area to maintain budgetary support from this source. It is a relatively safe income stream, albeit each agreement has a potentially limited financial yield in the medium to long term.

Medium-sized Combustion Plant Directive

There are a number of organisations including public bodies who operate diesel powered generators. The government brought these into the environmental permitting regime last year for the first time with the introduction of the Medium sized Combustion Plant Directive. The permits for this activity are enforced by the Environment Agency, however, due to WRS' experience with environmental permitting and our reputation, we have been offering support to a number of NHS Trusts and other public bodies to assist their compliance with the regulations. We have already completed work for South Devon & Exeter NHS Trust, Yeovil NHS Trust, South Warwickshire NHS Trust and the Gibraltar Government Administration and we have completed a significant proportion of the contract with the MOD. As a result of the work for Exeter and South Devon NHS Trust, they have asked WRS officers to undertake other paid-for activities in other areas of environmental compliance. The law allows public bodies to contract together without having to go through the significant costs of tendering as long as they can show good value for money from the work.

As well as NHS Trusts, we are investigating the demand for this type of work with other public bodies and private organisations who operate medium sized combustion plant.

Contaminated Land and Air Quality Advice

This is an area of work that members will be familiar with WRS providing an income from. By cross skilling the post holder of the fixed term appointment and utilising those skills we have been able to undertake discreet one off projects in providing contaminated land and air quality advice and support. The existing team providing this work is already working at capacity and delivers services for three additional local authorities in Gloucestershire and further afield.



Known and likely Income in Q1 2020/21

The current MOD contract is divided into Phases and we have completed the first four of six. This included production of a technical standard with case study examples to be rolled out nationally. We are commissioned to provide training for their sector leads (Navy, Airforce, Army). This work was delayed by COVID-19 restrictions and will now be rolled out using Zoom rather than as initially required by the MOD.

We have been continuing to supply technical advice to Worcester City Council and Worcestershire County Council in relation to contaminated land advice in the absence of an employed Contaminated Land Officer at the authority (contaminated land is not within WRS scope for Worcester City).

Following a reduction in Primary Authority advice in the final quarter of last year due to COVID-19 impacts, discussions are now taking place on picking up the work programme and for CEMEX, the provision of Assured Advice.

Future prospects

In addition to the contract awarded with the MOD there is a strong possibility that this will lead to further work during 2020/21 as they identify the scale of work to be completed. Additional leads are being pursued with MCPD work for various NHS Trusts, Water Companies and others as either follow on projects or new permit applications. We are tendering for a contract with a private company for this type of work at the moment. The MCPD work is likely to be short lived in terms of years, but for at least the next two years, there will be potential opportunities to undertake this work as organisations struggle to become compliant with the regulations.

Budgetary position

Additional Income	Primary Authority	£5,132.50
	Permitting work	£17,903.20
	Contaminated land & Air Quality advice	£9,397.96
	Likely income in Q1 2020/21 in addition to above	£19,022.50
		£51,456.16
Cost	Fixed Term Technical Officer (Grade 5) [1.75 years]	£43,014.92
	Resulting income yielded beyond cost	£8441.24

The additional income achieved in this team would not have been possible without the additional resource provided. Delivery of the MOD contract and some of the others mentioned above have the potential to require significant resources to complete. We understand our costs and are well placed to arrange for further additional resources to be added to the establishment, on a temporary basis should it be needed and more permanently if these income streams can be established as safe in the long term.

The original post holder was successful in being appointed to a permanent position with the team, leaving the post to be covered by agency staff during the final quarter of the year. With the drop off in Primary Authority work we have not used the funds available for the final months of the fixed term appointment (April – June 2020). The resultant cost of



the fixed term appointment was therefore less than the two-year period available. Without the capacity provided it would have been impossible to pursue much of the work set out above. The tables above outline the positive yield beyond the cost of investment that the additional capacity has created.

The yield is not as strong as we initially envisaged. This is partly due to COVID-19 impacts and will continue to be affected in part by those until businesses are operational once more. However, we have met our costs and produced a small margin to support our budget. This demonstrates the potential value of adding resource in the right areas to the WRS platform.

We believe that we have a realistic possibility of achieving the same again and increasing the income generated and on that basis would welcome the opportunity to extend the post for a further two years.

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