

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 3rd March 2015

Report of: Lorraine Butcher, Executive Director of Strategic Commissioning

Subject/Title: Development of Environmental Services Hub

Portfolio Holder: Councillor David Topping, Service Commissioning

1.0 Report Summary

- 1.1 Cheshire East Council, in its desire to provide the best waste collection service for its residents, has reviewed its strategy and concluded that the centralisation of its waste operation is the right solution.
- 1.2 Cheshire East Council has an ambition to ensure that its urban and rural character is protected and enhanced through sensitive development, environmental management, and transport and waste disposal policies. As part of this ambition the Council is seeking to consolidate and rationalise its land and property portfolio as part of its strategic asset management plan. In doing this it has identified a number of sites within the environmental services portfolio for amalgamation creating a central hub to improve business efficiency and rationalise sites across the Borough.
- 1.3 Following Cabinet's earlier decision to sell the Council's Pym's Lane Depot and purchase the former Ideal Standard site in Cledford Lane, Middlesbrough, this report requests Cabinet's approval to appoint a main contractor. That contractor will undertake all appropriate works including, planning, demolition and construction of suitable facilities for the future.
- 1.4 Work is now underway to assess the suitability of the site for an Environmental Services Hub, to engage and consult with the local community regarding those plans, and prepare the necessary documents to inform a planning application to be submitted later in the year.
- 1.5 This report outlines the current position in relation to the Environmental Services Hub Programme and seeks delegated approval to appoint the main contractor for the entire scheme. The work is outlined in 2.3; the scheme will only progress to phase 2 if planning permission is secured.
- 1.6 The programme is primarily focused on the creation of the new centralised hub and the migration of staff from the existing depots. It will act as a catalyst to embed culture change, create economies of scale, improve services and reduce long term costs for Cheshire East residents via its chosen delivery partner, ANSA Environmental Services Ltd.

2.0 Recommendations

It is recommended to Cabinet that

- 2.1 The two projects that were agreed in February 2014 to address the waste transfer and depot requirements in the North and the South of the Borough be merged into one project to create a single Environmental Hub. This will enable the delivery of modern facilities.
- 2.2 In consultation with the Leader and Portfolio Holder (Service Commissioning), delegated authority be given to the Executive Director for Strategic Commissioning, the Head of Legal Services and the Chief Operating Officer to appoint the preferred supplier of the tender exercise as the main contractor and finalise the agreements required for the two phased contract to deliver the Environmental Hub and such other documentation that is required for ANSA to operate at the site.
- 2.3 The contract entered into must consist of two phases:

Phase 1: to consolidate activities including site surveys and investigations, together with demolition, site clearance activities and reconnection of utilities as well as further work required to enable submission of applications for planning permission.

Phase 2: Construction, Redevelopment and Refurbishment of facilities at Cledford Lane and relocation of staff from the current depots to the new site subject to achieving an agreed target cost and all statutory approvals.

Cabinet should note that:

- 2.4 Phase 2 of the contract shall not be implemented until planning permission has been obtained.
- 2.5 A budget of £14 million has been included in Council's Capital Programme for 2015/18 for Phase 2 of the project.
- 2.6 The Council does not yet have a confirmed date for exiting the Pym's Lane site; the implications of this are referenced in paragraph 10.1.

3.0 Reasons for Recommendations

- 3.1 There is a need to ensure that in all we do the best value for the residents of Cheshire East are considered. New, modern, fit-for-purpose facilities are needed to support the delivery of Cheshire East Council's environmental services via its delivery company ANSA. These facilities will ensure that service to residents are improved.
- 3.2 The programme will support the delivery of the Council's waste strategy and is consistent with the objectives of the Corporate Landlord project. It will

provide an opportunity to create a modern, state of the art depot infrastructure, improve the service ANSA provides. It will act as a catalyst for service continuity and resilience, increased efficiency, improved supplier pricing and enable carbon reduction by reducing the reliance on landfill.

- 3.3 The project is critical in enabling the Council's waste strategy the elimination of waste to land fill therefore reducing costs to the Council.

4.0 Wards Affected

- 4.1 All wards

5.0 Local Ward Members

- 5.1 All Members

6.0 Policy Implications

- 6.1 The programme directly enables the achievement of the Council's waste strategy.

- 6.2 The overall programme will also contribute to the Council's outcomes, in particular, Outcome 2: *Cheshire East has a strong and resilient economy* and Outcome 4: *Cheshire East is a green and sustainable place* and Outcome 5 *People live well and for longer*.

7.0 Implications for Rural Communities

- 7.1 None directly as a result of this programme.

8.0 Financial Implications (Approved by the Chief Operating Officer)

- 8.1 A budget of £9.5 million was included within the 2014/16 and Future Years Capital Programme approved by Council on 28th February 2014. The first phase of the contract will be funded from this approval including the site purchase. The revised budget for this phase of the scheme is £4.9m

- 8.2 The budget for Phase 2 of £14 million is included in the Council's Capital Programme for 2015/18. The scheme will be part funded by a linked capital receipt. This will include the construction of the facility at Cledford Lane, Middlewich but will exclude any revenue expenditure that might be required as interim costs

- 8.3 At this stage there are some elements of uncertainty that could have a positive or negative impact on the costs of the scheme. Once a contractor is appointed more work will be undertaken to assess those elements and to ensure value for money.

- 8.4 The Council has not yet agreed a confirmed date for exiting the Pym's Lane site. It is anticipated that a phased exit may be required and any significant

changes to either the planned programme or the budget will be considered as part of the Council's routine monitoring of the project.

9.0 Legal Implications (Approved by Head of Legal Services)

- 9.1 The council has to be mindful of consultation requirements in relation to a project of this nature. Consultation will also form part of the planning process for the development of a site of this size. The Council has completed a pre-application consultation on the proposal and the results will inform the application to be submitted. Once submitted, the Local Planning Authority will be under a duty to advertise the scheme, through on site notices, press advertisements and individual notifications and to undertake consultation with Statutory Consultees. The pre-application consultation process will assist in identifying likely comments that will be received through the formal application process and will allow time to answer and/or resolve identified issues to enable the application to progress as smoothly and as quickly as possible.
- 9.2 The main contractor will be selected using a compliant procurement process. A mini competition is being conducted on the North West Construction Hub (NWCH) High Value Framework. The contract will be based on the NEC3 Form of Building Contracts, Option C target costs. The contract will state that the Council will only implement Phase 2 of the project subject to certain conditions being fulfilled, including but not limited to, the granting of planning permission and the compliance with any pre-commencement requirements of that permission.
- 9.3 There a number of Legal of steps required to vacate Pyms lane currently occupied by ANSA, The Council and ANSA will need to enter into a Deed of Surrender of Interest to discharge any occupational interest in the site.
- 9.4 The Council will need to enter into a lease with ANSA for at least part of the Environmental Hub. ANSA may not have sole residence as the Council may require part of the site for other purposes yet to be determined. Moving ANSA to the new site may require the company to undertake additional works and this will require a Council Change Request under the Operating Agreement between ANSA and the Council.
- 9.5 As part of the planning application process a public consultation will be carried out by the Local Planning Authority. This will involve notification of the application to both the planning statutory consultees and to the public in general. These comments will then feed into the planning process and will be reported to Committee when the application is being determined. This will apply to all planning applications that are made in relation to the development of the site.
- 9.6 Care will be taken during any phase 1 works to ensure that if planning permission is required for works proposed as part of that phase it is obtained prior to the works being undertaken. The Council is aware that while it is unusual for site investigations or demolition works to require

planning consent it is not impossible that consent may be required dependent upon the extent of the investigations undertaken. The Council's main contractor will seek advice from Planning once the full details and extent of both the demolition and site investigations are known.

- 9.7 Once submitted, the planning application will follow due process and if granted will allow the project to proceed, subject to all requirements being met.
- 9.8 Should any s106 obligations be required to be secured, which would be likely on a scheme of this size, then a mechanism will need to be identified to allow the Local Planning Authority to be assured that those requirements will be met prior to the planning permission being issued.

10.0 Risk Management

- 10.1 Third Party Negotiations: There is a financial risk relating to a potential phased exit from Pym's Lane. As discussions with Bentley regarding the purchase of Pym's Lane have not yet concluded there is a risk that if the facility at Cledford Lane is not finished ahead of Bentley taking full ownership of Pym's Lane an interim solution will be needed, this will require additional revenue funding and if the need arises this will be subject to a separate cabinet report. Ideally the dates will suit all parties and this is what is being discussed.
- 10.2 Planning Permission: Independent planning advice and a specialist planning advisor will be appointed as part of the governance and mitigation action within the programme framework and they will ensure that all necessary steps and actions are completed thoroughly prior to submission of the planning application. Detailed work is being undertaken on the potential highways impact and Pre-application advice has already been received and this will be factored into the planning application.
- 10.3 Communications: There is potential risk that the aims, objectives and scope of the programme are not communicated to the residents of Cheshire East or that the views and opinions of the local community and in particular those residents living and working in Middlewich, result in opposition to the proposal. To mitigate against this a full communications and engagement plan has been established and meetings with the local MP, Town Councillors and Ward members have already taken place. Future meetings are planned as required by the planning process.
- 10.4 Reputational Risk: There is a risk that Cheshire East Council is not seen to have the required capability or capacity within the wider waste industry to successfully deliver complex high value environmental projects. In order to mitigate against this a Programme Board has been established which is attended by the Leader of the Council, Portfolio Holder for Environment, Section 151 Officer, the Monitoring Officer and the Executive Director of Strategic Commissioning. A Programme Manager has been appointed and

both the programme and the individual projects have been through the Council's approved project and programme management processes.

- 10.5 Financial risk: Due to the complexity of the scheme and uncertainty over some elements, this includes for example the appointment of main contractor, the phasing of the construction works, and the outcomes of the required surveys, these risks are being actively managed by the programme team and any issues will be escalated to the Programme Board.
- 10.6 Operational Risk: any risk associated with continuity of the service are being actively managed and where felt appropriate alternative backup arrangements are being drawn up that mitigate against any potential loss of service provision.

11.0 Background

- 11.1 Waste collections are made from approximately 165,000 households every week and during a typical year we will collect 70,000 tonnes of residual waste, 40,000 tonnes of garden waste and a further 40,000 tonnes of recyclables from the kerbside. In addition, just under 8,500 tonnes of residual, over 30,000 tonnes of recyclables and about 6,700 tonnes of garden waste is collected each year from the Council's network of household waste recycling centres (HWRCs). The Council's recycling rate is approximately 54% which puts it 7th highest out of all 91 unitary authorities and 39th out of all 351 authorities across the UK.

- 11.2 The current depot at Pyms Lane is an ageing site, is not fit for purpose and there is no depot in the north of the borough.
The proposed site at Cledford Lane will enable a more sustainable solution and result in:

- A Fit for purpose depot and transfer station to deliver the Council's Waste Strategy to 2030 and beyond
- Supports the elimination of landfill long term, reduced waste bulking costs and facilitates use of current external waste to energy plants outside of Cheshire East
- Will reduce the need for duplicate facilities and costs in North and South
- Will allow improvement to Health and Safety and Welfare
- Potential revenue savings from a single location
- Facilitates the rationalisation of up to 5 sites including Pyms Lane

- 11.3 The Programme Board currently meets weekly and works to 5 key guiding principles. To:

1. Maintain and protect the continuity of the waste collection service
2. Work in partnership with Bentley
3. Achieve a centralised hub for the Environmental Operations
4. A fully compliant process
5. Work as agile and as flexible as possible

- 11.4 In 2012/13 the Council conducted a review of its Waste and Recycling, Streetscape and Fleet services resulting in the formation of ANSA Environmental Services Ltd (ANSA) and the setup of an Environmental Operations Change Programme linked to Outcome 4, Priority 6.
- 11.5 The Council's Waste Collection, Recycling and Disposal systems operated through Ansa are completely reliant on having an effective Waste Transfer (capability providing a tipping point for household waste collection vehicles. This allows recycling and household waste to be bulked up, transferred to hauler vehicles and then transported to either waste or recycling processors. In the south of the borough such a facility exists at Pym's Lane, for the transfer of residual waste and recyclates. The facility is too small for the current needs of the authority.
- 11.6 In the north there is no existing Council owned facility and small scale privately owned facilities are being used while a suitable site is secured and developed. These interim arrangements are due to end within the lifetime of the project and may not be renewable with existing partners due to their own changing business priorities. This may add additional costs to the authority's waste management budget if the new depot is not constructed.

General Information:

- 11.7 The Street Cleansing operation covers 2,722 kilometres of roads through manual and mechanical means, manages 186,000m³ of litter, and empties 2,400 litter bins plus 900 dog bins.
- 11.8 Parks and Grounds Maintenance covers 3,000 sites including 16 formal parks, 85 sports pitches, and over 230 sports and play facilities. They also maintain over 7 million trees across Cheshire East and deal with graffiti, fly-tipping and the removal of hazardous waste. They also offer operational support to Bereavement Services during busy periods and maintain 11 closed churchyards.
- 11.9 The Fleet Management Service serves all Council fleet and plant needs and has over 700 different vehicles, plant and equipment to maintain. It provides and maintains 64 refuse collection vehicles for the waste service which is its biggest single customer by far, accounting for over 60% of its annual spend.

12.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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