

Cabinet



St Edmundsbury
BOROUGH COUNCIL

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| Title of Report: | West Suffolk Operational Hub | |
| Report No: | CAB/SE/17/061 | |
| Report to and date/s: | Cabinet | 5 December 2017 |
| | Council | 19 December 2017 |
| Portfolio holder: | Peter Stevens Portfolio Holder for Operations Tel: 07775 877000 Email: peter.stevens@stedsbc.gov.uk | |
| Lead officer: | Mark Walsh Assistant Director (Operations) Tel: 01284 757300 Email: mark.walsh@westsuffolk.gov.uk | |
| Purpose of report: | To update Members on project progress, seek approval to secure additional funding, exercise the Council's option on land at Hollow Road Farm and enter into a construction contract. | |
| Recommendations: | <p>It is <u>RECOMMENDED</u> that, subject to the approval of Council, the Cabinet:</p> <ol style="list-style-type: none">(1) Notes this report and its appendices;(2) Approves the allocation of an additional £1,095,000 to the Council's Capital Programme funded in line with paragraphs 5.14 - 5.17 of Report No: CAB/SE/17/061;(3) Subject to receiving a planning consent:<ol style="list-style-type: none">(a) Exercises the Council's option to procure land at Hollow Road Farm;(b) With Suffolk County Council and Forest Heath District Council, enters into a contract for the construction of the West Suffolk Operational Hub at Hollow Road Farm; and(4) Agrees for the Council's Section 151 Officer to make the necessary changes to the Council's 2017/18 prudential indicators as a result of recommendation (2) above. | |

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| Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i> | | <i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/> As it is a decision of full Council. | |
| <i>The decisions made as a result of this report will usually be published within 48 hours and cannot be actioned until five clear working days of the publication of the decision have elapsed. This item is included on the Decisions Plan.</i> | | | |
| Consultation: | | <ul style="list-style-type: none"> Two pre-application public consultations have taken place relating to these proposals on 06MAR15 to 20APR15 and 08JAN16 to 19FEB16. A third public consultation has taken place as part of the Development Control process to determine the planning application. | |
| Alternative option(s): | | <ul style="list-style-type: none"> Detailed in previous reports | |
| Implications: | | | |
| <i>Are there any financial implications? If yes, please give details</i> | | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See report section 6 | |
| <i>Are there any staffing implications? If yes, please give details</i> | | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See report paragraph 5.13 | |
| <i>Are there any ICT implications? If yes, please give details</i> | | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> | |
| <i>Are there any legal and/or policy implications? If yes, please give details</i> | | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> Legally the project must comply with planning law and guidelines and procurement must comply with EU Procurement Directives. | |
| <i>Are there any equality implications? If yes, please give details</i> | | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> | |
| Risk/opportunity assessment: | | <i>(potential hazards or opportunities affecting corporate, service or project objectives)</i> | |
| Risk area | Inherent level of risk (before controls) | Controls | Residual risk (after controls) |
| Once planning consent is granted, objectors seek a Judicial Review leading to delay and additional costs | Medium | Ensure planning process is robust with supporting evidence. Legal advice and external support being sought at key stages. | Medium |
| Delay in project programme results in additional cost, for example, through tender inflation and longer engagement of project consultants. | Medium | Delays to programme to date have impacted. Continue to monitor throughout the project lifecycle | Medium |

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| Risk that the project does not proceed or is abandoned at some later stage resulting in the council having to fund its share of abortive costs on the project to date from revenue budgets. | Medium | Keep Members fully informed of progress and risks. Continue to manage and mitigate risks through robust project management and appropriate external advice. | Medium |
| Further design development (inc utilities and services) could lead to increased costs | Medium | Appoint contractor on 2-stage design and build to obtain greater cost certainty earlier in the project lifecycle. | Medium |
| The decision by SEBC DCC to issue planning consent for the chosen site is called in by the Secretary of State leading to delay, additional costs | Medium | Ensure planning process is robust with supporting evidence. Legal advice and external support being sought at key stages. | Low |
| Environmental permitting for the chosen site is refused or leads to high mitigation costs and delay. | Medium | Engaging with Environment Agency early in project lifecycle. | Low |
| Further archaeology finds could result in increased costs and delay. | Medium | Preliminary survey undertaken. Managing contingency for design development | Low |
| Savings and income targets may not be achieved. | Medium | Estimates based upon identified opportunities which have been valued realistically. | Low |
| Cost of borrowing may increase when borrowing is required. | Medium | Linked to PWLB rates. Monitor as part of treasury management activities. | Low |
| Lack of resources, skills and capacity to deliver project | Medium | External support engaged and further support will be called upon as required. Sharing officer resources with SCC. | Low |
| Ward(s) affected: | All Wards | | |
| Background papers: <i>(all background papers are to be published on the website and a link included)</i> | St Edmundsbury Borough Council report F51 dated 30 June 2014 St Edmundsbury Borough Council report CAB/SE/15/015 dated 10 February 2015 Forest Heath District Council report CAB/FH/015/001 dated 17 February 2015 Suffolk County Council report to Cabinet dated 24 February 2015 agenda item 8 St Edmundsbury Borough Council report CAB/SE/15/040 dated 23 June 2015 Forest Heath District Council report CAB/FH/15/030 dated 14 July 2015 St Edmundsbury Borough Council | | |

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|----------------------------|--|
| | report CAB/SE/15/050 dated 8 September 2015 Forest Heath District Council report CAB/FH/15/040 dated 15 September 2015 St Edmundsbury Borough Council report CAB/SE/16/024 dated 14 June 2016 Forest Heath District Council report CAB/FH/16/023 dated 14 June 2016 |
| Documents attached: | Appendix A – What is the West Suffolk Operational Hub project and why is it required? Appendix B – Chronology of Major Events |

Glossary of Abbreviations

| | |
|-------|---|
| EfW | Energy from Waste (facility at Great Blakenham, near Ipswich) |
| FHDC | Forest Heath District Council |
| HGV | Heavy Goods Vehicle |
| HWRC | Household Waste Recycling Centre |
| IAPOS | Identification and Assessment of Potential Options and Sites (report) |
| LGA | Local Government Association |
| MoT | Ministry of Transport (vehicle safety test) |
| NPPF | National Planning Policy Framework |
| OPE | One Public Estate |
| PSV | Public Service Village |
| QS | Quantity Surveyor |
| RCV | Refuse Collection Vehicle |
| RPI | Retail Prices Index |
| SA | Sustainability Appraisal |
| SCC | Suffolk County Council |
| SEBC | St Edmundsbury Borough Council |
| SWP | Suffolk Waste Partnership |
| TCA | Transformation Challenge Award |
| WCA | Waste Collection Authorities (FHDC / SEBC) |
| WDA | Waste Disposal Authority (SCC) |
| WSOH | West Suffolk Operational Hub |
| WTS | Waste Transfer Station |

1. BACKGROUND

Previous Report approved by Council

- 1.1 At its meeting on 14 June 2016 Cabinet considered a report on the West Suffolk Operational Hub (WSOH) – Report No: CAB/SE/16/024. Recommendations from this report were subsequently approved by Full Council on 28 June 2016. These included:
- The progression of a project to deliver the West Suffolk Operational Hub;
 - The preparation and submission of a detailed planning application for a West Suffolk Operational Hub on land at Hollow Road Farm; and
 - Approval of a gross budget of £12.7m to fund St Edmundsbury Borough Council's portion of the project (this being a partnership project with Suffolk County Council and Forest Heath District Council)
- 1.2 This previous report set out the context of dealing with our waste across Suffolk which currently costs our taxpayers £35m each year and is set to increase as the number of homes in the county grows. It also outlined the need for a WSOH given the limitations of our current depot facilities, the urgent need for a suitably located Waste Transfer Station (WTS) in West Suffolk and the opportunity to join facilities on a single site for greater efficiency.
- 1.3 As well as clearly setting out all the political and policy factors impacting upon the project, the report outlined the second public consultation undertaken in early 2016. The main elements of the consultation that the public were asked to consider were; the need for a single site, the site selection criteria that had been used (including a call to suggest alternative sites) and a Sustainability Appraisal.
- 1.4 The report made significant reference to key documents in its appendices which were finalised after the consultation. These were:-
- a. **Consultation report** prepared to report back on the second round of public consultation, in;
 - b. **Identification and Assessment of Potential Options and Sites (IAPOS) report** which included the background to the project, a chronology of events to date, the criteria and assessments used to determine whether co-locating services to a single site was the optimal course to take and the most suitable site for that co-location (Hollow Road Farm); and
 - c. **Sustainability Appraisal (SA)** undertaken to test if a single site approach was the most suitable and the sustainability of the most suitable site identified (Hollow Road Farm).
- 1.5 The report also highlighted the clear and urgent need to invest in new waste and street scene services infrastructure in West Suffolk. With the councils more dependent on locally derived income, modern facilities and further capacity will maximise income growth.

- 1.6 A brief description of the West Suffolk Operational Hub project and the reasons why it is required can be found at Appendix A. Full details can be found in the background papers referenced above.
- 1.7 A chronology of the major milestones on the project, up until the submission of a planning application, can be found at Appendix B.

2. RECENT PROGRESS

Community Liaison Group

- 2.1 Throughout the project partners have continued to meet with local interest groups through a Community Liaison Group. Membership of the group is made up of local Parish Council chairs, a local resident with waste industry experience and local companies (Steve Lumley Planing and British Sugar). This group has convened at key stages of the project and provides a forum for information to be exchanged. Over the last year or so meetings have taken place to discuss consultation feedback and changes to the proposed scheme designs (26 September 2016 and 9 December 2016) and the detailed planning application (15 March 2017).

Design development

- 2.2 Site design resumed in July 2016 after a period of over a year was taken to undertake the second round of public consultation and review. Significant changes included a re-orientation of the transfer station building, further development of the site access / egress and moving buildings to the bottom of the site to minimise visual impact. Designs were also developed for hard and soft landscaping, re-sizing of the waste transfer station (due to new legislation), the depot and workshop building, the landscapes building, fire and security measures, vehicle parking and circulation, vehicle fuelling and cleansing areas, the drainage strategy and off-site highways work.

Planning application

- 2.3 Following a procurement process, the project team was re-cast and work began on preparing a detailed planning application from the autumn of 2016. A full planning submission was made on 13 March 2017 which included the following elements:-

| | | |
|-------------------------------------|--|--|
| Planning Statement | Odour Management Plan | Flood Risk Assessment |
| Drainage Statement / Plan | Heritage and Archaeology | Landscape and Visual Impact Assessment |
| Lighting Assessment | Noise Assessment | Air Quality Assessment |
| Biodiversity and Ecology Assessment | Statement of Community Involvement | Transport Assessment |
| Topographical Surveys | EIA screening opinion request / response | Architectural Plans and Elevations |
| Land Ownership Plan | Design and Access Statement | Sustainability Statement |

- 2.4 Following a short period of validation by the Planning Development Team, information was placed in the public domain and a further public consultation on the planning application got underway in late March 2017. This was the project's third period of public consultation. The consultation period was extended and a special SEBC Development Control Committee meeting to determine the application was scheduled for 19 July 2017.
- 2.5 At the SEBC Development Control Committee meeting on 19 July 2017, Members of that committee considered for the development on Land North of Hollow Road Farm, Hollow Road, Fornham St Martin, as contained in Report No: DEV/SE/17/031, the Committee agreed that the decision be deferred to enable officers to source further information on the following matters for reporting back to the Committee:
- 1) Whether provision of the proposed shared path could be removed from the application;
 - 2) Whether vehicular access to the proposed development could be facilitated from the southern roundabout at Compiegne Way; and
 - 3) Whether in the interests of pedestrian and highway safety, any traffic calming measures could be introduced along the A134 and C735 Fornham Road.
- 2.6 These matters were duly considered by the joint applicants and revisions to the application and further supporting information were submitted to planners on 10 August 2017. The revision to the application included removing the shared path from the A134 roundabout down Barton Hill (including the revised drawings and documents to reflect this). Information was also provided detailing:-
- a. Why access could not be facilitated from the southern roundabout at Compiegne Way;
 - b. The measures and signs to calm traffic around the development;
 - c. Further information on the provision of electric vehicle charging points and future proofing for increased numbers in future; and
 - d. Additional information on routes and vehicles;

This additional information was subject to an additional 17 day consultation period and the deferred meeting of Development Control Committee took place on 21 September 2017.

- 2.7 At a reconvened SEBC Development Control Committee meeting on 21 September 2017, Members of that committee again considered application reference DC/17/0521/FUL including the further information they requested outlined in 2.6 above. During the meeting a challenge was raised for the first time concerning the planning policies against which Members were determining the application and seeking to make a decision. Following the meeting and on the advice of planning officers, the Chairman requested that further information

is provided to the committee regarding this challenge and the Development Plan.

- 2.8 A third special meeting of the SEBC Development Control Meeting was convened on 2 November 2017 to consider afresh application DC/17/0521/FUL. At this meeting, subject to the Secretary of State (upon consultation) confirming he does not intend to call in the planning application for his own determination, Members of the Development Control Committee granted planning consent for the West Suffolk Operational Hub at Hollow Road Farm. 38 separate Planning Conditions have been applied to this consent.

3. PROGRAMME DELAY

- 3.1 Work on the Hollow Road Farm scheme for the WSOH stopped in the spring of 2015 when, in response to public concerns, the decision was made to undertake a second, non-site specific consultation for the project. Work on the Hollow Road Farm scheme did not resume again until over a year later.
- 3.2 Having re-cast the project programme in the autumn of 2016, the anticipated date for submission of a planning application was February 2017 with approval in June. There was a slight delay in the development of the planning application which meant that the planning application was actually submitted in mid-March. However, the planning process has been lengthy with the application being considered at three Development Control Committee meetings, approval to grant planning permission was finally granted (subject to Secretary of State call-in) given by the Committee on 2 November 2017. The project will not proceed in terms of land acquisition and entering a construction contract until such time that the recommendations in this report are approved by Full Council, the Secretary of State for Communities and Local Government has considered the application and confirmed that he will not be seeking to call it in for his own determination and formal planning consent is issued (per 2.8 above).

4. PROCUREMENT

- 4.1 The design and construction of the WSOH at Hollow Road Farm is being awarded on the basis of a 2-stage design and build contract off a framework arrangement. For the clients, this approach provides advantages in terms of the programme, competitive pricing, a higher level of cost certainty as early as possible and is relatively low risk on a project where functionality is considered more important than architectural presence.
- 4.2 A compliant Suffolk County Council Construction Framework is being utilised rather than using an open or restricted OJEU process. A framework process is quicker and less costly whilst maintaining strong competition between the bidding contractors. As employer, the partner councils provided the tenderers with an Employer's Requirement against which stage 1 quantitative and Qualitative assessments were made. In May 2017, the partner councils entered into a Pre-Construction Services Agreement with one of the framework contractors to develop the scheme design and costs. We are now ready for stage 2 and this report seeks Member permission to enter into a full

construction contract in order for the construction of the WSOH to get underway.

5. FINANCE

Previous report and implications

- 5.1 The previous report CAB/SE/16/024 dated 14 June 2016 set out the finances for the project in terms of its anticipated capital cost, the project financing and the impact on annual revenue budgets for SEBC. In considering the financial implications of the project the report contextualised the position. Specifically, it outlined the fact that many of the services provided from the proposed WSOH are statutory, in other words we have a legal obligation to provide them and therefore must invest in the appropriate plant, equipment and facilities to support their delivery. We also know the cost of that statutory obligation is going to increase significantly due to the growth of housing (and with it bins to empty, streets to clean and grass to cut) of more than 20%. Normal return on investment thinking is therefore not wholly appropriate in this case.
- 5.2 The previous report set-out the estimated capital cost for West Suffolk's share of the WSOH and stated the specific share of this for SEBC. Full Council approved a gross capital budget allocation of £12.663m for SEBC's share of the capital cost. The report outlined the anticipated impact on the council's revenue position in terms of savings and costs (including the cost of borrowing). It also outlined the risk of losing the support of partners and their funding and having to spend considerable sums maintaining a depot that would have to be vacated at some point in any event.
- 5.3 The project has long term implications for the collection and disposal of waste, the delivery of other street and grounds services and fleet management in West Suffolk and beyond. The financial case therefore needs to be considered alongside other factors and drivers for the project, which include:
- Our statutory obligations in terms of the services we have to deliver;
 - Future housing, population and business growth in the area and the pressure this will place on the existing Bury St Edmunds depot (which provides services such as fleet maintenance for all of West Suffolk);
 - The development opportunity on the Bury St Edmunds depot site following its relocation;
 - The changing nature of waste collection and disposal; and
 - The benefits of co-locating and operating waste facilities currently controlled by separate tiers of local government on dispersed sites.

Expenditure on the project to date

- 5.4 Work has been ongoing on this project for over three years. This has included significant external support on technical design and professional services. The nature of this work has changed throughout this period as the project has moved from options appraisal, site review, securing a land option, developing specific site designs, public consultation, review, further public consultation, review, design development and planning. Funding for feasibility work on the project was initially approved by SEBC on 30 June 2014 (£100,000). At their

Cabinet meeting on 24 February 2015, SCC approved match funding for the project and on 22 September 2015 and 14 October 2015 SEBC and FHDC respectively approved further funding to the project of £220,000 which was further match funded by SCC.

- 5.5 The total approved feasibility funding for the project from the three partner councils of £640,000 has been spent along with an additional £20,000 funding allocated as part of the LGA / Cabinet Office OPE programme. As the project has progressed current expenditure is coming from the capital allocation which has an element for professional fees. The notional split of feasibility funding between the three partner councils is on a ratio of 50:32.5:17.5 for SCC:SEBC:FHDC respectively.
- 5.6 The total expenditure on the project to date across the three councils amounts to £940,000. This includes costs for reviewing options, developing the project, public consultations, site surveys and investigations, preparing and submitting a planning application, procurement and detailed scheme design. If the project were not to proceed, abortive costs would likely exceed this amount.

Capital costs

- 5.7 The capital costs quoted in the previous report were based upon high level estimates provided by a Quantity Surveyor engaged to support the project in its early stages. Land costs were assumed as those fixed through the Hollow Road Farm land option agreement that the councils have in place and estimates were also obtained for specialised fit-out. Costs were apportioned on the basis of the transfer station and HWRC (SCC) and the depot (West Suffolk) and the associated land take for these elements.
- 5.8 With further delay and the refinement of design, the project’s current Quantity Surveyors had advised that the previous estimate may need to increase. This information has now been augmented by costs from the marketplace via our proposed construction contractors as well as firm costs from a number of specialist fit-out contractors. Capital costs for the West Suffolk elements of the WSOH project that were previously reported in June 2016 are shown below in table 1:

| Estimated cost at June 2016 | West Suffolk £000 |
|--|------------------------------|
| Previous construction estimate (04/16) | 13,164 |
| Land cost | 2,052 |
| Fit-out allowance | 900 |
| Previous total | 16,116 |
| Previous FHDC capital allocation | 3,453 |
| Previous SEBC capital allocation | 12,663 |

Table 1 – Previous capital cost estimate reported June 2016

- 5.9 The current capital requirements for the West Suffolk elements of the WSOH based on costs from our contractor and Quantity Surveyor are shown below in table 2:

| Estimated cost at October 2017 | West Suffolk £000 |
|---------------------------------------|------------------------------|
| Current construction estimate | 15,248 |
| Land cost | 2,052 |
| Fit-out allowance | 500 |
| Total | 17,800 |
| FHDC capital allocation | 4,042 |
| SEBC capital allocation | 13,758 |
| | |
| Additional FHDC capital allocation | 589 |
| Additional SEBC capital allocation | 1,095 |
| Total additional capital allocation | 1,684 |

Table 2 – Current capital cost estimate

- 5.10 The major elements of the cost increase attributable to West Suffolk's parts of the project are further detailed in table 3 below. These are a combination of costs associated with project delay and specific scope changes through design development, statutory authority requirements and utility provider input:

| Reason | Description | £000 |
|-------------------------------|---|-------------|
| Further project delay | The original high level cost estimate was based upon a Tender Price Index (TPI) of 293 for 3 rd quarter of 2017. The current BCIS TPI is 302 which adds £400,000 to the cost of the project. | 400 |
| Ground and foundations | Ground investigation, ground water monitoring, geophysical survey leading to a piled foundation solution to main buildings. | 511 |
| Walls | Additional retaining and push wall structures due to site contour modelling. | 107 |
| Drainage | Developed surface water and foul drainage solution. Drainage strategy not previously known and noted as provisional in previous cost plan estimate. | 683 |
| Sprinkler design | Full sprinkler capability in line with insurer's requirements. | 24 |
| CCTV & security | Performance specification produced by our security consultant – details not previously known | 38 |
| Additional overheads and fees | Additional overheads applied to increased construction costs. Additional professional fees supporting extended programme. | 90 |

Table 3 – Elements of cost increase

Options to reduce specification and Value Engineering (VE)

- 5.11 Opportunities to decrease the specification have been reviewed throughout the course of the project. These include fit-out items (workshop) which have enabled this budget to be reduced from the previous £900K to the current £500K. Further VE is likely to compromise the site design and reduce its potential in the medium to long term. This may result in further costly delays

for redesigned and potential changes that need to be cleared through planning and other statutory authorities.

The estimated impact on annual revenue budgets

5.12 Annual revenue cost savings and income include are largely unchanged from those previously reported in June 2016 and include:

- Premises savings;
- Management savings;
- Staff savings;
- Remodelled collection rounds (vehicle, staff and fuel savings);
- Additional income from commercial services (including fleet);
- Shared site supervision and administration;
- Haulage cost savings;
- Equipment savings; and
- WDA recharges to WCA.

5.13 Premises savings include a reduction in building maintenance costs through having fewer sites and sharing assets. They also include energy savings through building to the latest environmental standards and utilising green technology like roof-mounted photovoltaic cells. Premises savings also include negating the running costs for the Mildenhall depot and realising an annual income from leasing the building.

| REVENUE | TOTAL £,000 | FHDC £,000 | SEBC £,000 |
|--|------------------------|-----------------------|-----------------------|
| West Suffolk savings | 371 | 129 | 241 |
| West Suffolk income | 235 | 83 | 153 |
| West Suffolk Sub-Total | 606 | 212 | 394 |
| Suffolk CC net savings | 450 | | |
| Suffolk Total | 1,056 | | |
| CAPITAL COSTS | | | |
| West Suffolk capital cost | 17,800 | | |
| Unallocated capital receipt | -6,250 | | |
| Notional West Suffolk capital borrowing requirement for illustrative purposes | 11,550 | 4,042 | 7,508 |

Figure 4 – Table outlining the financial case

Financing the project

5.14 This section sets out the proposed project financing for SEBC only. In line with the Council's Investment Framework, this project has been assessed on the basis of prudential borrowing (for the life of project) for the residual borrowing requirement of £7.508 million. Taking into account the estimated £2.25 million detailed in Appendix A paragraph 2b that would otherwise have been needed within the next 5 years, a £4 million contribution from unallocated capital

receipts to reflect the notional value from vacating the existing site and the capital contribution from FHDC a net financing amount of £7.508 million would be required from SEBC.

- 5.15 It should be noted that although this section looks at this project on the basis of investment principles to cover borrowing requirements, the project’s drivers and factors (set out at appendix A paragraph 2) are primarily linked to the Councils’ statutory service delivery obligation and to address the medium to long term pressure on the current depot location from future housing, population and business growth. This project also removes the risk to the West Suffolk councils of a reliance on a ‘tipping away payment’ from SCC (initially estimated at £240,000 per year).
- 5.16 The table in figure 5 below includes the full cost of prudential borrowing, however actual borrowing would only take place when the council’s treasury management activities identify such a need. For example, this could be when the Council’s cash flow management activities anticipate that an external cash injection is required to maintain the appropriate level of cash balances for the council to operate and fulfil its budget and service delivery requirements. The cost of borrowing is currently lower than it was in June 2016, and this has been reflected in the table below.

| Borrowing Costs | £ |
|--|----------------|
| Interest @ 2.75% (40 year PWLB rate) | 206,500 |
| Minimum Revenue Provision (over 40 year - 2.50%) | 187,500 |
| Total SEBC Borrowing Costs | 394,000 |
| Total SEBC Savings/Income share | 394,000 |
| Net financial benefit / (cost) | 0 |

Figure 5 – Table outlining the project borrowing costs

- 5.17 The council currently manages funds in excess of this and therefore external borrowing is not expected during the short to medium term for this project in isolation, releasing further savings into the council’s revenue budget.

6. PROJECT TIMING

- 6.1 An outline timing programme for the project is shown below in figure 6. This is considered tight but achievable and is subject to the project risks identified in the appropriate section at the beginning of this report.

| Name | End |
|--|------------|
| Development Control Committee meeting | 02NOV17 |
| Obtain formal planning approval | 15DEC17 |
| Obtain Council approvals | 20DEC17 |
| Enter into LoI / contract with contractor | FEB18 |
| Conclude Archaeology | APR18 |
| Discharge pre-commencement planning conditions | MAY18 |
| Construction start | MAY18 |
| Construction end | JUL19 |
| Site operational | AUG19 |

Figure 6 – Outline project timing programme

7. CONCLUSIONS AND RECOMMENDATIONS

- 7.1 There remains a clear need to urgently invest in new waste and street scene services infrastructure in West Suffolk. Current arrangements for the transfer and haulage of waste are unsustainable and costly to the taxpayer. Significant growth is planned for West Suffolk which will see a considerable increase in housing and business activity over the next 10 to 20 years. This will result in increased demand for our frontline services. The current facilities from which these services are delivered are at capacity and we are already facing the need to relocate. The condition of the SEBC depot and workshops in particular is such that they are costly to run and will require significant investment in the short term to maintain existing service levels. With the reduction in funding from central government, the Councils are more dependent on locally derived income. Modern facilities and further capacity will be required to maximise income growth potential.
- 7.2 Whilst the planning process has been underway, detailed design has continued to develop which has informed the cost of the project. This has been informed by further technical site surveys and input from the construction contractor and their technical team, the statutory authorities (including Highways and the Local Planning Authority) and utilities providers.
- 7.3 Whilst costs have increased, these are shared with our partners who will also share in the benefits of the scheme. Taking the cost of borrowing into account, the known benefits for the scheme still breakeven with the status quo financial position whilst providing modern facilities and capacity for significant future growth. The scheme also relocates the current St Edmundsbury depot allowing the delivery of further development at Western Way.
- 7.4 Approval of the recommendations in this report will allow the project to proceed to the construction phase.

What is the West Suffolk Operational Hub project and why is it required?

1. The West Suffolk Operational Hub is a partnership project that proposes combining the facilities needed for waste and street services on a single site near to Bury St Edmunds. The partner councils are those involved in collecting waste, Forest Heath District Council and St Edmundsbury Borough Council, and disposing of it, Suffolk County Council. The proposal is that FHDC and SEBC vacate their depots at Holborn Avenue in Mildenhall and Olding Road in Bury St Edmunds and relocate to a single site shared with a new SCC waste transfer station and a new Household Waste Recycling Centre relocating from the existing facility at Rougham Hill, on the edge of Bury St Edmunds. The project does not include the closure or relocation of the existing SEBC depot in Haverhill nor the closure / relocation of any other HWRCs.
2. Key drivers for the WSOH project include:-
 - a) Significant housing growth in West Suffolk over the next 20 years or so with an estimated increase of more than 22% (from around 75,000 to 92,000 households), the increased demand meaning the existing Depots are not fit for purpose;
 - b) Buildings at the Olding Road depot are ageing and require significant investment in the short term (estimated at around £2.25 million) with more significant development and sums likely to be required in the long term;
 - c) Savings through co-location of the current FHDC and SEBC depot facilities;
 - d) Increased efficiency would also be gained through the potential sharing of facilities with SCC's waste transfer station and HWRC;
 - e) Reduced waste miles, fewer trips, more efficient collection rounds, fewer staff and vehicles (or increased capacity needed for future growth): and
 - f) Better facilities, and the flexibility to reconfigure them to deal with future demand, would bring significant opportunities to increase commercial income to the Council to the benefit of our taxpayers.
 - g) The project supports political and policy factors like the One Public Estate (OPE) Programme as well as the national and local waste strategies detailed in the IAPOS document.
3. Further information on the need for this project can be found in the 'background papers' section above and the project web pages at www.westsuffolk.gov.uk/wsoh.
4. It is worth noting that the current buildings at the Olding Road depot are situated within the approved Western Way Masterplan area and their relocation are a critical milestone to releasing the land for future development. This will support the Councils masterplan aspirations for the site, including the further co-location of public sector services.

Chronology of Major Events

1. In spring 2010 the Suffolk Waste Partnership were discussing the need for a network of transfer stations across Suffolk to support the new EfW facility being planned for a site at Great Blakenham. Part of the discussion included whether there was an opportunity to co-locate transfer station and depot facilities in West Suffolk. This was before FHDC and SEBC had entered into a formal shared service arrangement and a combined depot for both councils at this juncture would not have been deliverable.
2. Between 2011 and 2013, following a period of research, officers advised that a waste transfer station needed to be located in or close to Bury St Edmunds. A thorough search of sites in the Bury area was then undertaken by SCC in 2012 which concluded that the only suitable location for their needs was the existing HWRC site at Rougham Hill (including some adjoining land owned by SEBC). A planning application for the redevelopment of the site to include a waste transfer station and repositioned HWRC was submitted and gained approval in October 2013.
3. In late 2011, FHDC and SEBC decided to adopt a shared services structure whereby a combined team of officers would deliver services on behalf of both councils. A joint chief executive was appointed in April 2012 and a joint senior management team was in place by November 2012. This significant change streamlined decision-making between the two councils and allowed options for further integrated working to be considered.
4. In July 2014 council members at FHDC and SEBC proposed that co-locating facilities on an alternative site might be a better solution. The West Suffolk councils were working more collaboratively, the OPE and TCA initiatives had been launched and the sale of the DHL / NHS logistics facility adjacent to West Suffolk House was ushering forward the next phase of development at Western Way.
5. The West Suffolk councils began to look at relocating together their Holborn Avenue and Olding Road depot facilities along with the potential to co-locate with other public sector partners including the SCC waste facilities. Building on the site selection work undertaken by SCC for their transfer station, the West Suffolk councils investigated further options for a larger combined facility.
6. In the autumn of 2014 West Suffolk and SCC officers commenced work on the assessment of options which by February 2015 had arrived at a proposal for consideration. The outcome of the work was a proposal that a WSOH was the optimal solution and that there were no suitable or available allocated (through the local plan) or previously developed (brownfield) sites in the search area of sufficient size on which to locate it. Following sequential planning policy requirements the councils had to consider greenfield sites with three possible options being identified. Land at Hollow Road Farm emerged as the site the councils considered to be the most suitable, available and deliverable for the facilities required.

7. Once work on a planning process started, a pre-application public consultation was organised to help develop it through further engagement with local residents and statutory consultees. It took place from 6 March 2015 to 20 April 2015.
8. This phase of pre-application public consultation generated a significant number of concerns and objections. Key concerns and options expressed included:
 - Concerns about the location;
 - Loss of agricultural land;
 - Highways and traffic impact;
 - Noise, odour, landscape and visual impact;
 - Planning policy;
 - Justification for a single site option;
 - Site selection criteria; and
 - Site selection process.
9. In response to this feedback the councils agreed to put the planning application for Hollow Road Farm on hold, and undertake a second phase of public consultation.
10. The second round of public consultation took place between 8 January 2016 and 19 February 2016. The councils wanted to ensure everyone with an interest in the project across West Suffolk had the opportunity to scrutinise the process that the councils had gone through so far, and the research they had carried out, so that the most suitable site for a WSOH could be identified. The consultation included an invitation to suggest alternative sites for consideration.
11. The outcome of the second round of public consultation was reported to respective Cabinet and Council meetings in June 2016. Both councils approved the recommendations outlined in 1.1 in the main report.
12. Following the decision of the respective councils, the project team was revised to work on the preparation and submission of a planning application for the development at Hollow Road Farm. This was carried out through the latter part of 2016 and into early 2017.
13. A Planning Application was submitted to SEBC as the Local Planning Authority on 13 March 2017.