

Cabinet



Forest Heath
District Council

Title of Report:	West Suffolk Operational Hub	
Report No:	CAB/FH/15/001	
Report to and date:	Cabinet	17 February 2015
Portfolio holder:	Cllr James Waters Leader Tel: 07771 621038 Email: james.waters@forest-heath.gov.uk	
Lead officer:	Mark Walsh Head of Operations Tel: 01284 757300 Email: mark.walsh@westsuffolk.gov.uk	
Purpose of report:	<p>To provide an update on the progress of the joint West Suffolk and Suffolk County Council project to review the feasibility and deliverability of a West Suffolk Operational Hub at Hollow Road Farm in Bury St Edmunds to deliver a combined depot, waste transfer and Household Waste Recycling Services for West Suffolk.</p> <p>For Members to note the current anticipated costs and benefits of the project and the further work still to be carried out.</p> <p>For Members to approve proceeding to the next planning phase of the project noting this will also be contingent on approval by FHDC and SCC Cabinet Members.</p>	
Recommendation:	It is <u>RECOMMENDED</u> that Members of Cabinet: (1) Note the contents of this report; and (2) Agree to proceed to the next stage of the project which will be to seek planning consent for a West Suffolk Operational Hub at Hollow Road Farm.	

<p>Key Decision:</p> <p><i>(Check the appropriate box and delete all those that do not apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input checked="" type="checkbox"/></p> <p>No, it is not a Key Decision - <input type="checkbox"/></p> <p>(i) Decisions which would result in any expenditure or reduction in expenditure of £25,000, if not specifically mentioned within the approved Revenue Budget or Capital Programme;</p>
<p><i>The key decision made as a result of this report will be published within 48 hours and cannot be actioned until seven working days have elapsed. This item is included on the Decisions Plan.</i></p>	
<p>Consultation:</p>	<ul style="list-style-type: none"> • Suffolk County Council, Forest Heath District Council and other potential public sector partners. • Some informal consultation has taken place with local Ward Members representing the proposed site. • Wider pre-planning consultation will be undertaken at the next stage of the project.
<p>Alternative option(s):</p>	<ul style="list-style-type: none"> • Outlined in 1.3.8 and exempt appendix B.
<p>Implications:</p>	
<p><i>Are there any financial implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • Outlined in sections 1.3.7 to 1.3.11 and exempt Appendix B.
<p><i>Are there any staffing implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • If the project proceeds a large number of staff will be relocated to the new shared facility. • The move to a combined facility is likely to usher in new ways of working at the operational level that will impact staff. • The shared facility will accommodate staff from a number of organisations working to aligned site policies.
<p><i>Are there any ICT implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • Relocation to a new combined facility will necessitate a new ICT infrastructure.
<p><i>Are there any legal and/or policy implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • If the project proceeds there will be a significant procurement element. • A decision to proceed will be required from respective Cabinet and Council committees. • Legal property agreements concerning land and title to a new

		combined asset will be required.	
<p><i>Are there any equality implications? If yes, please give details</i></p>		<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> Waste and Street Scene Services affect all residents. Newly configured services from a combined facility need to be assessed to ensure they are appropriate and accessible to all. 	
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)
Planning consent or environmental permitting for the site is refused or significantly delayed and/or leads to high mitigation costs	Medium	Develop a detailed planning strategy with supporting evidence. Engage early with stakeholders	Medium
Ground and environmental elements (inc archaeology) leading to extra cost and delay	Medium	Surveys of site undertaken. Engaging with appropriate experts to manage risk	Medium
Escalating project costs	Medium	Land costs fixed. Elemental cost plan developed to manage budget moving forward.	Medium
Lack of resource, skills and capacity to deliver project.	Medium	External support engaged. 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>		<p>St Edmundsbury Borough Council Report F51 dated 30 June 2014 (Council)</p> <p>(https://democracy.westsuffolk.gov.uk/Data/St%20Edmundsbury%20Council/20140630/Agenda/COU%20SE%2014%2006%2030%20repF51%20-%20Project%20to%20Investigate%20relocating%20the%20depot.pdf)</p>	
Documents attached:		<p>(Exempt) Appendix A – Current site layout</p> <p>(Exempt) Appendix B – Financial Summary</p> <p>Appendix C – Register of Benefits</p>	

1. Key issues and reasons for recommendation(s)

1.1 Executive Summary

- 1.1.1 Much has been achieved in West Suffolk already through sharing facilities and staff across established local authority boundaries, for example West Suffolk House in Bury St Edmunds with Suffolk County Council (SCC) as well as shared services between Forest Heath District Council (FHDC) and St Edmundsbury Borough Council (SEBC). We have also started to share facilities with other public sector partners including the Department of Work and Pensions (DWP) and NHS Clinical Commissioning Group, where opportunities and a willingness from partners have allowed. However, it is apparent that if the public sector as a whole is going to be able to deal with continued financial constraint along with in some areas, a growth in demand and expectation for services, a more radical approach will be called for.
- 1.1.2 We are currently faced with a unique set of opportunities in West Suffolk to significantly change the way in which public services are delivered. The DHL / NHS depot, adjacent to West Suffolk House and the SEBC waste depot at Olding Road in Bury St Edmunds, has recently been acquired by a developer. This presents the opportunity to develop the entire site creating the Public Sector Village envisaged at the later phases to the West Suffolk House project (PSV phase 2) along with potential for some commercial development. Such a development would deliver more space to co-locate other public sector partners, share facilities, join-up service delivery and release public sector property assets in the area for ongoing development, promoting further economic growth.
- 1.1.3 Relocation of SEBC's aging waste and street scene depot would facilitate the PSV2 development at Western Way. Following earlier reports to Members in 2014, officers from West Suffolk and SCC have been working on a joint project to investigate the feasibility of a West Suffolk Operational Hub (WSOH) on land at Hollow Road Farm on the northern edge of the town. The primary option being developed into a business case is to co-locate a West Suffolk depot and fleet based operations with the SCC Transfer Station and Household Waste Recycling Centre (HWRC) operations. This project has initially been joint funded by SEBC and SCC with each allocating £100,000 (see SEBC Council report F51 dated 30 June 2014). A contribution from FHDC will be sought during the next phase of work where costs and funding will be further refined. The site also has space for other potential partners who use vehicles to co-locate offering the opportunity to share space for vehicle parking, fleet servicing, vehicle washing, bunkered fuel and staff welfare facilities as well as further sharing costs.
- 1.1.4 These projects (PSV2 and WSOH) along with the Mildenhall Hub project are fully supported by Central Government through the [Transformation Challenge Award](#) and the [One Public Estate Programme](#) for the reasons below:-
- a) The development of WSOH is one of a number of important linked public sector estate projects in Suffolk.
 - b) This programme seeks to identify opportunities for shared use of public sector facilities. Bringing services from different partners together on to

the same site and sharing costs (co-location) will give better value for taxpayers and better services for residents and businesses through efficiencies which come from more joined-up working.

- c) This reorganisation will make better use of assets; ensuring modern, efficient facilities are available for the future with a minimum overall cost to taxpayers.
- d) The relocation of waste services into this new facility will enable a series of exciting new developments to be completed on the vacated land. This will include the second phase of the ambitious Public Sector Village in Bury St Edmunds, which in turn could potentially allow other sites in West Suffolk to be vacated.
- e) A new facility at Hollow Road Farm means that immediate efficiency gains can be realised by all parties and new commercial opportunities explored. There is further potential to explore additional savings and delivery models

1.1.5 The project assumes that both FHDC and SEBC close their existing depot facilities at Mildenhall and Bury St Edmunds respectively and develop a new co-located West Suffolk facility with SCC at Hollow Road Farm. There will be a need to retain a small base for cleansing activities in Forest Heath which is reflected in the developing business case.

1.1.6 During this initial stage of the project we have secured an option to purchase the land at Hollow Road Farm and developed a site design and construction cost plan. Alongside this we've reviewed the operational benefits, cost savings and revenue we would expect to derive through co-locating facilities, increasing commercial capacity and releasing value from other sites. In comparing the costs to the taxpayer (for both tiers of local government) across a range of potential options, there are considerable savings and benefits to be derived. These benefits could be increased if other parts of the public sector were to become partners in the project. However, there are also considerable capital costs associated with a number of the options for which the funding needs to be further explored.

1.1.7 This report requests that, within existing budgets, Members grant approval for the project to move forward to the next phase which will be to formally start the planning application process in order to achieve a planning consent for Hollow Road Farm. During this next phase we will also review options for capital funding which will include funds from other related projects (such as PSV2), and consideration of financing options – including the use of reserves and prudential borrowing. Approval to fully proceed with the WSOH project will be required at a later stage through Full Council.

1.2 **Background**

Waste Infrastructure Drivers

1.2.1 Waste collection and disposal services in Suffolk are undergoing a period of significant change. Under the two tier arrangements for managing waste in Suffolk, SCC is the Waste Disposal Authority (WDA) and the District and

Borough Councils are Waste Collection Authorities (WCAs). The disposal of residual (black bin) waste has recently switched from landfill to being disposed of at the new Energy from Waste facility at Great Blakenham.

- 1.2.2 In preparation for this switchover in residual waste treatment, SCC has been investigating the establishment of a new long term network of waste transfer stations across Suffolk. These will receive and bulk residual waste for onward transportation to and processing at the new Energy from Waste facility in Great Blakenham. Planned locations for transfer stations are at Lowestoft, East of Ipswich and at Bury St Edmunds. This network of SCC owned transfer stations can be augmented further by commercially owned and operated transfer stations subject to this being in the best interest of the taxpayer in terms of their cost and benefit.
- 1.2.3 The current planned location for a transfer station in Bury St Edmunds is at the site of the Household Waste Recycling Centre (HWRC) at Rougham Hill. SCC planned to expand the current site and co-locate a new transfer station and HWRC operation. SCC, as the Waste Planning Authority, granted planning consent for the new facility on 17 October 2013. This decision met with some local opposition and was subject to an unsuccessful challenge through a Judicial Review.
- 1.2.4 Waste haulage is a significant cost to the taxpayer. Residual waste and blue bin recycling from FHDC and SEBC is currently predominately deposited at the transfer station at Red Lodge. This is likely to cease with the opening of a new transfer facility at Bury St Edmunds. This decision provides the opportunity of putting waste transfer and collection operations closer to the disposal point in Gt Blakenham and closer to the major waste generating populace in and around the largest West Suffolk town.
- 1.2.5 In early 2014 there was a change in ownership of the land adjacent to the current SEBC depot which is occupied by DHL / NHS supplies. This has prompted renewed consideration of the potential for wider development of the site and the linked PSV2 project to develop this site is now underway.

1.3 **Building the Wider Business Case for a WSOH**

- 1.3.1 In June 2014 it was agreed that officers from West Suffolk and SCC would embark upon a joint project to assess the feasibility and deliverability of a shared facility, the west Suffolk Operational Hub, at Hollow Road Farm. This followed an initial investigation of potential sites by West Suffolk officers and agreement by SCC to delay development of the Rougham Hill site whilst a business case was further developed for the identified site. Assessment of feasibility and deliverability is the initial step in a project that is phased as follows:-

Phase 1 – Initial assessment of feasibility, costs and benefits

Phase 2 – Pre-planning consultation followed by a planning application

Phase 3 – Further development of costs and funding

Phase 4 – Detailed design and procurement

Phase 5 – Construction

Phase 6 – Pre-occupation activities and move to new facilities

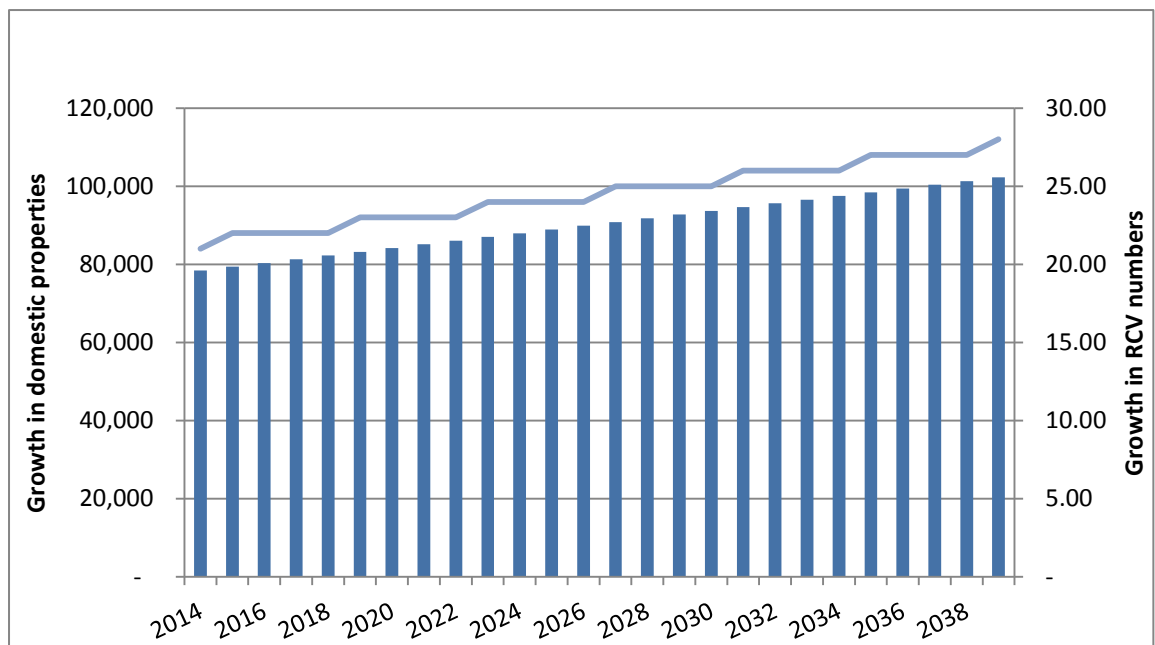
Phase 7 – Disposing of vacated property assets or putting them to new use

Some phases may overlap, for example phases 3 and 4 could run concurrently with phase 2. It is anticipated that we will come back to Members in the summer before commencement of phase 4.

1.3.2 Phase 1 has been completed and we are ready to embark on phase 2 (planning). Phase 1 has included the following elements:-

- Establishing a project team
- Developing the business need – future requirements and strategic / operational benefits
- Securing an option agreement for the land at Hollow Road Farm
- Carrying out site surveys and investigations
- Developing site design (with input from Planning / Highways)
- Estimating costs and benefits to the taxpayer
- Engaging with other potential public sector partners

1.3.3 There is a growing understanding that continuing as we are is not a sensible option. Some of the existing buildings and arrangements for operational services are at capacity and not sustainable in the long term, unable to accommodate long-term demand, are inefficient with relatively high running costs and their number reduces opportunities for staff and operational flexibility. There is also a significant maintenance liability associated with the Olding Road waste depot, estimated to be approximately £2.25million over the next 5 to 10 years. The table below also shows projected growth in the number of West Suffolk households (left hand axis) and the consequential growth in the required number of Refuse Collection Vehicles (RCVs) to meet expected demand (right hand axis).



1.3.4 **Transformation Challenge Award (TCA)**

The relocation of waste and other operational services needs to be justified in its own right but also on the basis that it enables the development of PSV2 with the wider long term benefits to public services this can bring. Suffolk Public Sector Leaders have recognised the need for *integrated Whole System Leadership* in the successful Transformation Challenge Award bid. The WSOH and PSV2 will contribute to delivering many of the commitments made in the bid, including:-

- joint agile working – investing in infrastructure and skills to maximise the benefits of multi-agency working;
- the co-location of service providers with single points of access for service users – reducing transaction, accommodation, management and support costs; and
- multi-skilled staff working across the public sector, the Voluntary and Community Sector (VCS) and local communities to maximise local assets enabling people to be as self-sustaining as possible.

1.3.5 **One Public Estate**

This project (along with the Mildenhall Hub) forms part of the Norfolk and Suffolk submission to the 'One Public Estate Programme' which is a property initiative promoted by the Local Government Association and the Cabinet Office. This pioneering programme is designed to facilitate and enable local authorities to work successfully with Central Government and local agencies on public property and land issues through sharing and collaboration. Aimed at generating public sector savings the programme objectives are to:-

- create economic growth;
- generate capital receipts;
- reduce running costs; and
- deliver more integrated customer focussed services

Clearly, the creation of a West Suffolk Operational Hub that also facilitates the potential development of the Western Way site for phase 2 of a Public Sector Village, meets the objectives of the One Public Estate Programme. There is also further potential for the WSOH to develop and support these principles by enabling the colocation of different public sector organisations.

1.3.6 **Developing Site Design**

Design for the site has been developed iteratively with input from technical officers and external consultants. The current site layout is attached at exempt appendix A and shows the current assumed site access, along with the layout of depot, transfer station and HWRC elements of the scheme. The layout also shows where there is capacity for future growth and other partners to co-locate within the facility.

1.3.7 Developing the Financial Case

Having developed the site layout to a more detailed level, a construction cost estimate has been made. Alongside this work the operations team have assessed the operational benefits to be derived from consolidating operations and facilities at Hollow Road Farm. This work has included:-

- detailed route planning to determine numbers of vehicles and staff;
- benefits for street cleansing;
- reductions in management and staff;
- increased commercial waste efficiency and capacity;
- increased revenue from new fleet operations;
- released value from the Rougham Hill site owned by SEBC;
- released value from the FHDC depot in Mildenhall; and
- a negation of SCC 'tipping away' payments.

1.3.8 In developing the financial case we have considered four options and compared them against the status quo in terms of overall cost to the Suffolk taxpayer. These options are as follows:-

Option 1a	Develop transfer station and HWRC at Rougham Hill. Develop new SEBC depot somewhere else in Bury St Edmunds area. FHDC depot at Mildenhall remains in-use.
Option 1b	Develop transfer station and HWRC at Rougham Hill. Develop new West Suffolk depot somewhere else in Bury St Edmunds area. Close FHDC depot at Mildenhall and relocate to new West Suffolk depot.
Option 2	Establish West Suffolk depot, Transfer Station and HWRC at Hollow Road Farm. Close HWRC operations at Rougham Hill. Close Mildenhall Depot.
Option 3	HWRC operation at Rougham Hill. West Suffolk depot and transfer station at Hollow Road Farm. Close Mildenhall depot.

1.3.9 Based on an assessment of these options, option 2 is preferred. The rationale for this is:-

- Option 1a and 1b present the significant issue of having to identify a suitable depot site elsewhere, which is close to Bury St Edmunds, on a site serviced by a suitable road network, which also meets planning and permitting requirements;
- Options 1a and 1b (particularly 1a) also don't appear to provide the same financial benefits to the taxpayer as the other options considered; and

- Option 3 is likely to be riskier in planning terms as a reduction of the facilities to be located at Hollow Road Farm may diminish the sequential test and the public need arguments for the site.

1.3.10 The current financial summary of the options is attached at exempt appendix B. It should be noted that this summary doesn't currently include any capital contributions from the PSV2 project to relocate the depot as it is too early in the lifecycle of that project to identify what value can be generated. The summary also doesn't include the financing costs of any potential prudential borrowing, should that be necessary. However, the appraisal clearly shows that there are significant potential financial advantages to be derived (options 2 and 3 particularly).

1.3.11 Costs and benefits have been summarised for SCC and West Suffolk. The equitable apportionment of costs and benefits between FHDC and SEBC will be future work as part of developing the financial case for the project (phase 3).

Non-Financial Benefits

1.3.12 There are a number of benefits to the WSOH that have been identified that either don't have an identifiable financial value (but still have value) or can't at this stage be quantified. A register of benefits is contained in appendix C.

Engaging with other Potential Public Sector Partners

1.3.13 We have widely distributed a development prospectus to a number of public sector agencies thought to have fleet based elements to their operations. We are also continuing to develop direct contacts with a number of interested parties concerning the potential for them to relocate operations to the WSOH. The benefits of attracting other public sector partners to the site are clear in terms of further sharing of development costs, running costs thereafter and joined-up service delivery where it makes sense to do so. Members will receive future updates on the potential opportunities to attract other public sector partners to the site. It is worth noting that the West Suffolk councils have a growing track record in attracting other public sector partners to College Heath Road in Mildenhall and West Suffolk House in Bury St Edmunds.

Appendix C – Register of Benefits

FINANCIAL	
F1	Realising assets including Rougham Hill, Olding Road and Mildenhall Depot will provide capital and revenue benefits.
F2	Sharing assets has the potential to realise financial benefits for all partners.
F3	Opportunities to develop new/extended commercial activities for all partners.
F4	Releasing Olding Road Depot site for wider economic benefits - Public Service Village 2 and better use of site.
F5	Sharing of overhead costs.
F6	Sharing of management costs.
F7	Keeping the money in the public sector.
F8	Providing long-term financial stability.
F9	Reduces building running costs including maintenance.
F10	Reduces operational costs.
F11	Reduces staff costs.
F12	Manages housing growth and increasing demands on services.
F13	Trade Waste reorganisation - creating capacity for increased commercialism and business growth.
F14	Increased retail element – Reuse store, MOTs, compost, logs, flowers etc.

OPERATIONAL	
OB1	Increased space for operational activity.
OB2	Increased opportunities for other ways of working e.g. 4-day working, 2 shifts.
OB3	Higher levels of staff at one location leading to consistency of service, able to manage emergency situations better etc.
OB4	Having a weighbridge on site.
OB5	Improved staff welfare facilities.
OB6	A fit for purpose facility that meets operational requirements.
OB7	Improved coordination and synergies between services.
OB8	Flexibility for future - unknown waste need - opportunity for 4-day week, 2 shift.
OB9	Reduce double handling of waste.
OB10	Reduce waste miles.
OB11	House Clearance/fly tipping - easier for operatives to make right decision leading to reduced residual waste stream.
OB12	Increase in baling operations leads to increased income from resale.
OB13	Some operations become more viable -e.g. increased commercial opportunities from Waste Transfer Station.
MANAGEMENT	
MB1	Single site approach to management and operations.
MB2	Better communication.
MB3	Better facilities including IT.
MB4	More professional appearance and image.
MB5	Opportunity to develop multi-skilled staff to improve operational flexibility.
MB6	Increased control of waste management activities.
MB7	Fewer locations to manage.
MB8	Brings Waste Disposal Authority and Waste Collection Authority functions closer together - assists with creating a joint culture.