

Report to the Cabinet

Date of meeting: Monday 9 December 2024



**Epping Forest
District Council**

Portfolio: Contracts Delivery Portfolio Holder

Subject: Waste Operations Hub

Responsible Officer: James Warwick, Service Director (Contracts, Partnerships and Procurement) (jwarwick@eppingforestdc.gov.uk)

Democratic Services Officer: V Messenger (democraticservices@eppingforestdc.gov.uk)

Recommendations/Decisions Required:

- (1) Recommend the additional £1,031,046 allocation within the capital programme for construction of Operations Hub at North Weald Airfield**

Executive Summary:

Planning permission for the Operations Hub was granted at District Development Committee on 13th February 2024. Cabinet gave approval on 18th March to appoint Barnes Construction to design and construct the operations hub using a two-stage contract.

Stage one of the contract has been administered under Pre-Construction Services Agreement (PCSA) and has involved the design of the permanent Operations Hub and the design and delivery of an Interim facility (at the same site) in time for the commencement of waste collection and street cleansing services on 4th November.

Stage one of the contract is now almost complete with the successful delivery of the interim facility and the completion of the permanent design and associated pricing.

The temporary facility incurred additional costs above what was originally estimated. These items included additional temporary fencing, drainage repairs and higher costs for the temporary workshop. Additionally, the anticipated costs for the permanent facility have been higher than originally estimated. The drainage arrangements are considerably higher than estimated, this item alone is £608,000 over the tendered allowances. Other items include additional design fees, additional preliminary works and ground risk allowance.

A considerable amount of work has gone into a value engineering exercise with the project team, independent costs consultant, the design team, Barnes Construction and key cabinet members. Weekly meetings with officers and members have taken place to keep the project on track and deliver the temporary facility ready for operations in November. These weekly meetings have challenged the design and costs to ensure value for money without compromising service delivery. This work has identified £304,000 worth of savings.

Reasons for Proposed Decision:

EFDC have made a commitment to delivering its waste and street cleansing services through a wholly owned company with effect from November 2024. This service has now commenced using the interim facility delivered through Stage one of the Contract with Barnes. As part of delivering this new waste service, EFDC needs a permanent and purpose-built Operations Hub. It was agreed at Cabinet on 6th February 2023 that EFDC should construct its own Operations Hub on land it owns at North Weald Airfield.

Other Options for Action:

Do not provide additional capital and redesign the facility within existing capital budget. This would seriously compromise the effectiveness and the safe operation of the hub and likely lead to increased costs in the future as well as delays to the programme which would incur further costs. This option may also result in a facility that is not compliant with planning conditions and building regulations.

Report:

1. The project includes the design and construction of office and welfare accommodation, parking for the waste and street cleansing fleet, a transport workshop, fuel tanks and associated external works. The contractor selected was Barnes Construction and a Pre-Construction Services Agreement was agreed to develop the design up to RIBA stage 4 and produce a final contract sum. Stantec have been appointed to provide cost and contract administration support. Stantec's primary role is to act as Employer's Agent and provide cost control services on behalf of Epping Forest District Council.
2. This process also involved identifying requirements for the temporary facilities ready for November 2024, along with costs and implementing the temporary facilities. This has led to increased costs above the original estimates such as drainage, fencing, temporary workshops for vehicles. The temporary facilities have been delivered successfully and in time for the operations that commenced on 4th November.
3. Extensive value engineering work has been undertaken to determine the final contract sum and savings of £304,000 have been identified following the completion of the RIBA Stage 4 design. This is in addition to value engineering savings (£500k) that were identified and taken forward at the start of stage 1 of the Contract Weekly meetings with officers, the project team and members have taken place to ensure value for money is achieved and that the project delivers a facility to support and enable Epping Forest District Council to fulfil its statutory duty of providing residents with a residual waste and recycling service.
4. The final construction cost pricing exceeds the costs originally estimated when requesting capital funding for the project. The increased costs are due to Drainage repairs required that were not originally part of the works. Drainage costs for the project exceeds the tendered allowances, additional temporary fencing required to segregate the site, additional scaffolding due to the introduction of blockwork to plant room and increase in brickwork. Additional preliminary works due to removal of temporary workshop/slab and associated external works. Increased design fees in addition to what was included at tender stage due to complexities of the Site. Ground risk allowances required and the costs of providing temporary workshop and interim works for the temporary facilities to be ready for operations on 4th November.

Scrutiny Comments

Weekly meetings with Chief Operating Officer, Service Director (Contracts, Partnerships and Procurement), Interim Managing Director of TVS Ltd, project manager and Councillor Balcombe and Councillor Williamson take place to ensure project stay on track and value for money is achieved.

Resource Implications:

A capital budget of £5,900,000 was agreed by Cabinet on 18th March, this paper is requesting an additional £1,031,046 to successfully complete the permanent construction of the operations hub.

The above capital expenditure must be funded, and at this point it is assumed that EFDC will have to borrow to achieve this. The consequences of this are twofold; firstly, interest will be paid on the borrowing and secondly, there will be a need to set aside a statutory provision each year to repay the debt known as the Minimum Revenue Provision (MRP).

The rate of interest payable and MRP repayments are based on PWLB rates on 27th November 2024; these will be subject to change because the rates may be different at the time the depot is completed and financing is necessary.

Waste Depot - Additional Project Requirement	Estimated Revenue Cost
	2025/26
	£
Revenue Consequences of Capital Investment:	
Borrowing Costs - Interest	57,223
Minimum Revenue Provision (MRP)	12,615
Total Cost of Capital Investment	69,838
Total Additional Annual Revenue Cost of Project	69,838

Legal and Governance Implications:

Legal advice has been provided by Anthony Collins Solicitors Ltd, and the recommendation was to use a PCSA (Pre-Contract Service Agreement) and then a JCT Design and Build Contract 2016. The form of D&B Contract was agreed with Barnes prior to the commencement of the Stage one design process under the PCSA.

Consultation Undertaken:

Professional consultant lead on the value engineering with Barnes construction and Stantec have provided advice and acting as independent cost consultants.

Background Papers:

Cabinet Paper 18th March 2024

Risk Management:

To minimise the risk of increases in costs, Stantec have been appointed to provide cost and contract administration support. Stantec's primary role is to act as Employer's Agent and provide cost control services on behalf of Epping Forest District Council. A phased approach to construction is being adopted to ensure the waste and street cleansing fleet can operate from the site from November 2024 whilst the permanent facility is being constructed. The delivery of interim arrangements for the waste and street cleansing fleet was successfully achieved.

A project risk register and log are regularly updated.

Equality:

An Equality Impact Assessment was carried out and there was no significant impact.