

March Household Waste Recycling Centre Redevelopment

To: Environment and Green Investment Committee

Meeting Date: 11 July 2024

From: Executive Director of Place and Sustainability

Electoral division(s): March North and Waldersey

Key decision: Yes

Forward Plan ref: 2024/068

Executive Summary: This report provides an update on the March Household Recycling Centre (HRC) project and the work undertaken to date to implement its relocation and upgrade, including the grant of planning permission in April 2023 (reference CCC/22/101/FUL). It highlights the information and consultations that have taken place with external contractors and stakeholders and what is required to complete the project.

The report also includes details of the tender exercise and cost report which indicates that capital costs will exceed the original capital budget allocation of £3.4M by approximately £576K; before highlighting the preferred option, which is to proceed with the build at an increased capital cost. Consideration has also been given to the option of not proceeding and the consequential implications such a decision would carry.

The Committee is being asked to approve the preferred option put forward by officers to proceed with construction of the March HRC at an increased capital cost, subject to the approval of the additional capital funding for this project being made by the Strategy, Resources and Performance Committee. In addition, approval is being sought for the submission of an Environmental Permit application to the Environment Agency.

Approval of the recommendations will allow officers to deliver a new split-level HRC site in the Fenland District Council area for use by the local community, wider residents of Cambridgeshire and future residents.

Recommendations:

The Committee is recommended to note the recommendation to Strategy, Resources and Performance Committee to approve the additional capital expenditure of £576K, and subject to that approval:

- a) approve the preferred option to proceed with construction of the March HRC at an increased capital cost as set out in Section 3 of this report.
- b) delegate authority to the Executive Director of Place and Sustainability, in consultation with the Chair and Vice Chair of the Environment and Green Investment Committee, to award and execute a contract to the successful Design and Build Contractor.
- c) delegate authority to the Executive Director of Place and Sustainability, in consultation with the Chair and Vice Chair of Environment and Green Investment Committee, to submit an application to the Environment Agency (EA) for the necessary Environmental Permit (EP) for this site.

Officer contact:

Name: Andrew Smith / Naomi van Geene

Post: Head of Service – Waste Management Operational Delivery / Assistant Project Manager

Email: Andrew.smith2@cambridgeshire.gov.uk / Naomi.vangeene@cambridgeshire.gov.uk

1. Creating a greener, fairer and more caring Cambridgeshire

1.1 The new March Household Recycling Centre (HRC) will meet the following ambitions:

- Ambition 1 – Net Zero Carbon emissions for Cambridgeshire by 2045. The Invitation to Tender (ITT) (Appendix 2) has asked for contractors to detail how they will achieve net zero (or negative) carbon emissions and how they will assist in delivering the wider Cambridgeshire County Council sustainability policies. Bidders were asked to include realistic and achievable green construction techniques and technologies and minimise ecological impacts and pollution. Their responses will be evaluated further and considered during the detailed design stage.
- Ambition 3 – Health inequalities are reduced. The new relocated site will enable better access for residents with physical disabilities to the HRC facilities with a majority of containers accessible without using stairs.
- Ambition 5 - People are helped out of poverty and income inequality. The new relocated March HRC will house a purpose-built re-use shop for residents of Cambridgeshire to bring their unwanted items to. All items will be available for a small purchase price or zero cost allowing residents to obtain good condition items at a lower or nil cost.
- Ambition 6 – Places and communities prosper because they have resilient and inclusive economy, access to good quality public services and social justice is prioritised. The new HRC will be built in line with modern day operational and health and safety standards with best practice policy at its heart. The new relocated site will be accessible to vehicles, cyclists and pedestrians and will have additional capacity to cope with current and anticipated future waste tonnage.

1.2 Furthermore, the CCC Equality, Diversity and Inclusion (EDI) Strategy enables the Council to achieve its vision and ambitions so that Cambridgeshire can become greener, fairer, and more caring for the people and communities we serve and support. The redevelopment of this HRC site also supports the EDI Strategy themes of:

1. Our workforce: Foster an inclusive, supportive and safe working environment that attracts and retains diverse people who feel valued, respected, and empowered.
2. Our communities: Further understand and work with our diverse communities across Cambridgeshire, developing local solutions which address the needs of our communities.
3. Our services: Ensure people who use our services and residents have good quality public services that meet the diverse needs of our communities.

2. Background

2.1 In April 2022, a report was taken to the Environment and Green Investment (E&GI) Committee and the following recommendations were approved:

- a) for the March HRC to be relocated to land adjacent to March Waste Transfer Station located on Melbourne Avenue,
- b) for officers to take forward design option 2 for further design development, public consultation and a planning submission taking into account significant issues raised during the public consultation,
- c) to decouple the March HRC relocation and construction project from wider considerations around the potential need to construct a canopy at the new relocated site through the Environment Agency's (EA) permitting regime,
- d) to carry out a pre-application consultation with local community on the preferred option, and
- e) to prepare and submit a planning application to relocate, expand and develop a split-level site.

2.2 As a result of the approvals granted by the E&GI Committee as set out in paragraph 2.1 above, a planning application was developed and submitted. This was informed by an extensive round of public consultations that took place between 8 June 2022 to 6 July 2022 to gather views from the local community, statutory consultees, the wider public and all those with an interest in the March HRC's relocation, redesign and expansion. Views were specifically sought on:

- Proposals for the expansion and redesign of the March HRC,
- Managing the effects of the proposals on the environment and local communities,
- The design of the proposed new relocated site, and
- The information and documents provided as part of the consultation.

2.3 Planning permission for the new March HRC (which comprises the construction of a split-level HRC with the creation of a new access off Hundred Road to the east) was granted approval on 14 April 2023 and all pre-commencement planning conditions have now been agreed. Conversations are still in progress to ensure that the Council is able to vacate the existing HRC site by December 2025 to allow the March landfill site tenant FCC Environment to be able to restore the site in line with their planning permission i.e. by December 2026.

2.4 An Invitation to Tender (see Appendix 2) was published on 6 February 2024 to Lot 1 of the Education Framework to procure a Design and Build Contractor. The competition closed on 15 March 2024. The Council received four competitive bids of which an independent panel evaluated the quality submissions. The Council has received a final report (see Confidential Appendix 3) from our Specialist Project Management Consultant (AtkinsRéalis) with a recommendation for award. Bidders were advised that this tender was subject to the outcome of this committee report.

2.5 As the HRC site management and operation is part of the services provided through the Waste Private Finance Initiative (PFI) Contract, changes to the service requested by the Council have to be formalised through a contractual Authority Notification of Change (ANoC) process. This engagement with Thalia (as the Waste PFI Contactor) has already started, and Thalia colleagues are already supporting the process with working on the Environmental Permit application for the new relocated HRC site. It is worth noting that as this would be an asset owned by the Council this would revert back to the Council at the end of the Waste PFI Contract. As such, this investment would not be lost.

2.6 Subject to the approval of the recommendation to Strategy, Resources and Performance (SR&P) Committee, the intended outcome is to seek approval of the preferred option to proceed with construction of the March HRC at an increased capital cost as set out in Section 3 of this report, alongside a decision for the additional funding to allow the new March HRC to be built in line with the timescales set out in paragraph 3.3 below to provide residents with a safe, accessible, and functional household recycling site that promotes best practice, re-use, recycling and sustainability. By retaining a HRC site in March and futureproofing it to serve the growing population, this site will maintain access to local residents, ensuring not only a reduction in carbon emissions from residents not needing to travel to other HRC sites, but also the added benefit of pedestrian and cyclist access, which is not currently available at all HRC sites within Cambridgeshire. Furthermore, the continuity of promoting behavioural change amongst residents to reduce recycle and reuse waste will also be possible.

3. Preferred option to proceed with the construction of the March HRC site at an increased capital cost

3.1 Since the original report was taken to E&GI Committee on 28 April 2022 (Ref:2022/041), the cost of delivering the project has significantly increased by £576K to a total of £3.88M. Notwithstanding this financial increase, officers still consider the delivery of this infrastructure to be the preferred option and are therefore seeking approval to complete the project by awarding the construction contract, alongside obtaining an Environmental Permit from the EA before the FCC Environment deadline date of 31 December 2026 discussed in paragraph 2.3 of this report. Waste officers have already started to draft the application process for the Environmental Permit with the EA, with assistance from Thalia, as we recognise this may take up to twelve months to determine.

3.2 As already identified in paragraph 2.4 above, the Council, in conjunction with our Specialist Project Management Consultants (AtkinsRéalis), have tendered for the construction work for the new relocated HRC site, in collaboration with the Council's Procurement Team, through the existing Schools Construction Consultancy Framework Contractor list. As part of this process a high-level cost review was carried out, which has shown that there is now the likelihood of a significant cost increase to the original capital expenditure budget (set in November 2020) for the project, of £576K. This additional capital expenditure was discussed at the Capital Programme Board on 7 June 2024, where reference was made to this committee report and the need to get approval to continue with the project, which included getting endorsement from the SR&P Committee as part of the business planning process in order to allow E&GI Committee to make a final decision.

3.3 In order to be able to deliver the new relocated HRC site at March by 31 December 2025, the following key dates and estimated timescales will need to be met, to ensure that the restoration and planning permission requirements on the landfill site are achievable:

- Application for a new EA Environmental Permit – July 2024,
- Award to Design and Build Contractor – July 2024 (subject to this E&GI Committee decision),
- Construction start date, determined by the contractor plan (but would need to be as close to March 2025 to ensure delivery is possible by the end of 2025),
- ANoC Agreed with Thalia – to be completed as soon as possible,

- Build time estimated as 6-9 months,
- Completion, snagging and hand over as per project plan,
- Decommission the existing HRC site (to be undertaken once the new relocated HRC site is operational),
- Completion and operation of the new HRC by December 2025.

3.4 Given the additional capital funding that is now required to be able to deliver the relocated March HRC site, officers have been assessing the tenders received to, not only quantify the likely spend now required, but also highlight the risks to the project as set out in Appendix 1 to this report.

3.5 Further detailed financial information is included in the confidential appendix (Appendix 3) attached to this report, which is based on advice from our Specialist Project Management Consultant (AtkinsRéalis) and also the Invitation to Tender (ITT) (Appendix 2) process. This is broadly based on the following points:

- Recommendation to appoint the highest scoring bidder and enter a Professional Services Contract,
- Four bidders submitted compliant tenders under Lot 1 band B of the CCC Main Contractors' Design & Build construction framework,
- Bids were uploaded to 'ProContract' and were based on cost (60%) and quality (40%),
- Pricing reflected:
 - Illustrative net build cost,
 - Design fees,
 - Preliminaries,
 - Contractor's risk allowance,
 - Main contractor's overheads and profit.
- Not contained in the AtkinsRéalis Report are the factors behind the capital costs increases, which are likely as a result of (based on discussions with AtkinsRéalis):
 - Inflationary pressures,
 - Fuel cost,
 - Aggregates cost,
 - Materials; availability and cost,
 - Ukraine War,
 - Labour costs and availability.

3.6 The capital business case provided for the April 2022 committee report has now been updated again to take account of the above information and the projected costs which have risen from £3.4M to £3.88M. Notwithstanding this financial increase, officers are still fully supportive of this scheme and the benefits it would deliver not only to the residents of March, but to our wider waste management strategy to reduce, reuse and recycle as far as possible. It is for this reason that officers are recommending that delegated authority is given to the Executive Director of Place and Sustainability in consultation with the Chair and Vice Chair of the E&GI Committee, to award and execute a contract to the successful Design and Build Contractor, to allow the new relocated site to be built, subject to the

recommendation to approve the additional capital expenditure of £576K being approved by the SR&P Committee.

4. Alternative Options Considered

- 4.1 Noting that the ITT carried out recently attracted four bidders with the details set out in confidential Appendix 3, it is unlikely that a cheaper price would be achievable, resulting in the only real alternative being the 'do nothing' option. In this case, the 'do nothing' option would lead to the existing HRC site needing to be closed by 31 December 2025 to allow for the restoration of the landfill site to meet planning permission requirements by 31 December 2026.
- 4.2 The closure of the March HRC would reduce the number of HRCs in Cambridgeshire to eight (or seven if approval isn't forthcoming in the increase of capital costs to deliver the Milton HRC project in due course) and would lead to residents of March needing to travel further to access these services (which would lead to potentially higher carbon emissions for the county). Wider perceived concerns around fly tipping are also likely to be raised if the March HRC is closed, and whilst it is unlikely that residents would resort to such measures, this has been highlighted as a potential risk in the Risk Register set out in Appendix 1.
- 4.3 The 'do nothing' option has been discounted by officers as it does not deliver the Council's ambitions and has the potential to increase the carbon emissions for the county as a result.

5. Conclusion

- 5.1 To continue to provide a valuable modern and well used site and to maintain the level of provision of HRC sites for all residents of Cambridgeshire, the recommended option is to increase the capital funding to allow the new relocated March HRC site to be built, by awarding and executing a contract to the successful Design and Build Contractor, whilst also submitting an application for an Environmental Permit with the EA.

6. Significant Implications

6.1 Finance Implications

The financial implications are an additional capex expenditure of £576K. There may also be additional revenue cost implications to consider, which will be detailed in the engagement with Thalia and the ANoC process discussed in paragraph 2.5.

6.2 Legal Implications

The Council will have to enter a new lease agreement with Thalia for the new relocated HRC site, and close out the existing lease arrangements with Thalia and FCC on the existing site. As part of the Waste PFI contracting arrangements the Council will have to submit an ANoC as this will be a contract variation for the operation of the new relocated HRC site. However, as explained in paragraph 2.5 above, this would be an asset owned by the Council that would revert back at the end of the Waste PFI Contract, so any investment would not be lost.

6.3 Risk Implications

A risk register has been enclosed separately at Appendix 1, the most significant risks for the project are noted below for ease of reference:

- Low risk of not obtaining an environmental permit needed to operate the HRC,
- Reducing the number of sites available will add pressure to the remaining sites, especially those closest to the March HRC site,
- The reuse and recycling message could be compromised as it could be inferred that the County Council is not serious about its waste strategy,
- Risk of a gap between the closure of the current March HRC and opening of the new relocated site leaving residents in the March area without a local HRC provision,
- Risk of additional carbon emissions and perceived fly tipping concerns if the existing site closes and remains shut or has a temporary closure with no alternative provision.

6.4 Equality and Diversity Implications

The Equality Impact Assessment (EqIA) is attached at Appendix 4 to this report.

6.5 Climate Change and Environment Implications

There is a mixture of positive and negative environmental impacts from the project. Overall, by retaining a March HRC site it is likely to be beneficial, especially in regard to waste impacts.

A good quality HRC provision will promote good behaviour from residents and will help to increase recycling rates and prevent waste to landfill. An accessible site will help in preventing fly tipping, reducing litter and pollution in the natural environment, and reducing carbon emissions from landfill. The Council recognises there will be an environmental impact during the construction phase of the work, from plant, deliveries and embodied carbon emissions in materials used to build the new relocated site. However, these will be minimised as far as reasonably practicable by the Design and Build Contractor through technical and design processes and careful choice of materials.

7. Source Documents

7.1 Source Documents

Waste PFI Contract and related documents.

28 April 2022 E&GI Report papers and Decision Summary.

7.2 Location

Documents stored electronically in Waste Management document storage.
Available on request from the report author.

28 April 2022 E&GI committee documents can be found here – [Environment and Green](#)

[Investment Committee - 28 April 2022](#)

Appendices:

Appendix 1: Risk Register.

Appendix 2: Invitation to Tender (ITT) information

Appendix 3: Confidential Tender Report from AtkinsRéalis.

Appendix 4: Equality Impact Assessment.