

Report to the North Weald Airfield and Asset Management Cabinet Committee



Report reference: **NWA-002-2012/13**
Date of meeting: **5 September 2012**

**Epping Forest
District Council**

Portfolio: **Asset Management & Economic Development**

Subject: **Relocation of Waste Management Depot to North Weald Airfield**

Responsible Officer: **John Gilbert (01992 564062)**

Democratic Services Officer: **Rebecca Perrin (01992 564532)**

Recommendations/Decisions Required:

- (1) That the current waste management depot located at Langston Road be not relocated to land at North Weald Airfield;**
- (2) That alternative locations continue to be investigated alongside other contractual options for future depot re-provision; and**
- (3) That Cabinet be recommended accordingly.**

Executive Summary:

As proposals for the redevelopment of the Langston Road depot site progress, it is necessary to consider how best to re-provide this facility at an alternative location. It had previously been considered that land within the North Weald Airfield boundary could be suitable, but it is now suggested that, due to the possible implications for the future uses of the Airfield, the complications surrounding a covenant, alongside technical considerations, the proposal to relocate the depot to the Airfield should be abandoned.

Reasons for Proposed Decision:

To enable strategic decisions to be made around the future uses of North Weald Airfield without the complications that the presence of a waste management depot would bring.

Other Options for Action:

None other than to retain North Weald Airfield as a possible location for the re-provision of a waste management depot.

Report:

1. The Langston Road depot site is occupied by:
 - (a) the waste service (including its contractor, Sita);
 - (b) the grounds maintenance service (in house operation);
 - (c) the vehicle DSO (in house operation); and
 - (d) the museum store

2. At the present time:

- (a) the Langston Road site, and the adjoining (privately owned) T11 site has outline planning approval for retail use;
- (b) a Council owned site at Oakwood Hill, Loughton has been identified as a potential alternative for the Grounds Maintenance, Nursery and Vehicle DSO operations;
- (c) subject to various approvals, a new location in Waltham Abbey has been identified as a replacement museum store, and lottery grant funding received to support the move;
- (d) the present Nursery site has potential for housing development subject to normal approvals; and
- (e) no clear alternative location for the waste service has yet been identified, although other options are being considered (sites cannot be identified for reasons of commercial sensitivity).

3. The Council's current contract with Sita (and indeed all previous contracts) makes the Langston Road depot available to the waste service provider free of rental costs. The contractor is however obliged to undertake routine maintenance, meet energy costs etc. This arrangement works well in that it provides security of tenure for the contractor and also security of future service provision for the Council as and when contractors change as contracts come to their natural end. It can also be argued that it reduces the cost of the contract in that an incoming/bidding contractor does not have to carry the risk of finding depot accommodation in order to operate the service.

4. However, it is the case that not all councils either choose or are able to provide depot accommodation in this way and therefore require the contractor to self provide. Given the ongoing uncertainty around finding a suitable alternative location for the existing depot, White Young and Green (WYG) were appointed to advise the Council on the options which might be available to it and an assessment of the associated risks. In summary, WYG have advised that it is not unrealistic to expect an incoming waste contractor to provide their own depot. However, there are a number of key factors which need to be considered, which arise in the main from the additional risk to the contractor:

- (a) a contract would need to be longer, probably at least 10 years in length, in comparison to our more normal 5 years plus an optional extension;
- (b) the lead in period for the successful contractor would have to be significantly longer than the normal 3 months to enable a site to be found and a depot constructed. A period of up to 9 months may not be excessive; and
- (c) the additional complexities around a procurement of this type, whereby contractors would be required to price plus or minus a depot, possibly with or without other services etc probably results in the need to consider the EU Competitive Dialogue route for the procurement, which is a much longer, complex and expensive process.

There are also risks to the Council in this approach, which are set out later in this report under risk management in the resources section.

5. There have been two complex reports and one overview report on North Weald Airfield. The first report was undertaken by Drivers Jonas in 1998/99 and three options were put out for public consultation. The consultation resulted in a further option being developed. Since that time little has changed in respects of the core operation of the Airfield and it remains the case that aviation alone is unable to generate a surplus and is supported by the other uses of the Airfield, predominantly the Saturday and Bank Holiday markets. In view of this Cabinet appointed Halcrow to undertake a review of aviation and to advise on the

efficacy of the intensification of aviation at the Airfield. Cabinet agreed in April 2011 to endorse the recommendations of the NWA Cabinet Committee which had resolved:

- (1) That the North Weald Aviation Intensification Study Final Report be noted; and*
- (2) That the following recommendations be made to Cabinet:*
 - (a) that the option of active development be pursued;*
 - (b) that market testing be undertaken with fixed base operators in order to provide more information on potential risks, investments and benefits*

6. Towards the end of 2011, Ernst and Young were appointed to undertake an overview of the Halcrow report and, whilst not necessarily fully supporting all the recommendations made by Halcrow, they advised that for the Council to fully understand the options available, further detailed consultancy work would be required. A report on the Ernst and Young review can be found elsewhere on this agenda.

7. Taking into consideration the background set out above, it is appropriate to consider the effects that a waste depot sited on NWA would have on the success or otherwise of any future options for the Airfield. Furthermore, as the time approaches for the procurement of the next waste management contract, it is important to be clear around what potential waste service providers will be asked to tender for, including whether that includes a depot. Although a modern, well constructed and well managed waste management depot is unlikely to generate issues of nuisance etc, its presence may well have an impact upon the future development options for the Airfield, whether aviation based or not. It is therefore considered prudent at this time, particularly given the progress of the Local Plan development at this time, to exclude this potential use at the Airfield in order to ensure that, as far as possible, all development options for the Airfield remain open and none are unnecessarily prejudiced.

8. The table below sets out some of the issues around locating a depot at North Weald Airfield:

Pros	Cons
Site already in EFDC ownership	In Green Belt (although this is case for all options)
Relatively accessible to strategic road network	Accessibility of site for staff (also an issue for all options)
Previous ECC support for this location	Impacts upon residential amenity (even beyond area with covenant)
	Impacts upon present or future aviation or other uses of site.

The other options being considered are not in EFDC ownership, are better located relative to the strategic road network, would not be likely to impact upon many residents, and do not impact upon the airfield. However, they are all in the Green belt and do present access difficulties for operatives getting to the location.

Resource Implications:

The costs associated with re-providing the waste depot at North Weald were in excess of £1.5 million. Costs elsewhere will be higher since they will have to include either land purchase or lease on top of development costs. The capital programme does not currently contain any allocated sum for waste depot re-provision. The cost of inclusion of a depot into the waste contract procurement exercise will not become clear until that exercise is undertaken. The current waste contract has a gross cost of £7.5 million per annum, and therefore costs have to be seen in the context of a future contract with a value in the region of £50 million to £70 million (gross) dependant upon the contract period. It should also be recognised that the revenue costs of utilising capital are ordinarily cheaper if exercised directly by the Council rather than meeting them through contract payments for contractor provided capital expenditure.

Legal and Governance Implications:

The waste management service is statutory and the Council has a number of key performance indicators to monitor its performance.

The issue of how best to provide a depot will profoundly influence the nature of the procurement process for the next waste management contract, including its length, time to procure and cost.

North Weald Airfield is the Council's largest landholding and it is therefore imperative that the Council secures the best investment return it can from that holding.

Safer, Cleaner and Greener Implications:

The delivery of an efficient waste management service is a key priority for the District. It is a service utilised by every household in the District. The location of a depot is key to that service delivery, as well as having potential implications for sustainability through vehicle mileages, fuel consumption and air quality.

Consultation Undertaken:

None directly but Ernst & Young report contains opinions from potential future service providers which are commercially sensitive and therefore confidential.

Background Papers:

Publicly available versions of the Drivers Jonas report, Halcrow report, WYG report and the Ernst and Young overview report.

Impact Assessments:

Risk Management

There are a range of complex risks inherent in whatever approach is taken in respect of depot provision for the waste management service and the retention of all available options for the future of North Weald Airfield. The major service delivery risk revolves around ownership of any future depot facility and the ability of the Council to be able to maintain service in the event of contract difficulties or at the cessation of a future contract. However, this risk has to be considered in the light of the critical need to retain all available development options for the Airfield, whether aviation led or brought forward in some other way.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?
N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A