



OVERVIEW AND SCRUTINY COMMITTEE
(SPECIAL MEETING)

9TH FEBRUARY 2016

AGENDA ITEM (5)

EUNOMIA RESEARCH AND CONSULTING

Accountable Member	Councillor Sue Coakley Cabinet Member for Health, Environment and Communities
Accountable Officer	Claire Locke Shared Head of Environmental Services 01285 623000 claire.locke@cotswold.gov.uk

Purpose of Report	To consider a report relating to the work undertaken by Eunomia Research and Consulting in respect of the waste vehicle depot.
Recommendation	That the Committee considers the report.
Reason(s) for Recommendation(s)	The Committee is invited to provide independent comment on the consultancy work undertaken by Eunomia, and related processes.

Ward(s) Affected	Not applicable
Key Decision	No
Recommendation to Council	No

Financial Implications	No financial implications arise directly out of this report; but the report does contain detailed financial information in relation to the work undertaken by Eunomia.
Legal and Human Rights Implications	Not applicable
Environmental and Sustainability Implications	Not applicable
Human Resource Implications	Not applicable

Key Risks	None
Equalities Impact Assessment	Not applicable

Related Decisions	Set out in the Background Information below
--------------------------	---

Background Documents	None
Attachment(s)	Appendix A - Terms of Reference for feasibility and planning stages Appendix B - Extract from Alternative Sites Assessment document
Performance Management Follow Up	Implement any Committee decision(s)
Options for Joint Working	Not applicable

Background Information

1. General

1.1 At the Meeting of the Committee held on 1st September 2015, when Members were considering the future Work Plan, it was suggested that a review of the contract with Eunomia, the consultants who had advised the Council on its acquisition of the SITA depot/waste transfer site in South Cerney, be considered for inclusion in the work plan (Minute OS.30 refers).

1.2 On 23rd November 2015, Councillor NP Robbins submitted the following request to the Chairman of the Committee:-

Dear Chair,

Please undertake a Review of EUNOMIA Consulting & Research's contract with CDC in respect of the site assessment work 2012-2015 for a new Waste Transfer Station.

In particular it would be helpful to advise the committee how the consultants were appointed in relation to the Council's rules at the time for such appointments, the terms and conditions of their appointment and the performance indicators used, including key milestones. You should be able to tell us Eunomia's total remuneration for each phase of the exercise, including fees, bonuses and expenses to set alongside the original budget for this work, together with the daily rates they charged for principals and assistants.

Some additional questions might be:

What were the criteria for long- and short-listing the sites were and were they objectively framed and scored?

How important was knowledge of the Cotswold environment and infrastructure in the choice of consultants for this work?

Given that the final recommendation was to purchase the SITA site in South Cerney for a new integrated WTS (which was the Council's preferred opinion at the start of the Review) how can this exercise be defended as good value for money, especially as this proposal is not now being followed up?

Why was the Cleud option not identified for the transport depot before the planning application was made and withdrawn, how much did this whole process cost and how was Eunomia involved?

In summary, it could be in the public interest to know how far procedures were followed, how the exercise represented value for money and whether the object of the exercise could not have been secured in another way. As such I believe this is a good use of the Committee's time.

1.3 The request was submitted to the Meeting of the Committee held on 1st December 2015, as part of the Work Plan item, and the Committee was asked to confirm whether it wished to conduct such a review and, if so, to agree the process. It had, however, become clear in advance of, and at, the Meeting, that there had been a misunderstanding as to the way forward - with some Members having expected a formal report to have been presented to that Meeting, rather than a debate as to how to take the matter forward. In the event, a briefing document had been produced and circulated, which provided some initial information for the Committee (based on documents already in the public domain). In the event, it was agreed that a formal report should be submitted to this Special Meeting.

1.4 At the Council Meeting on 15th December 2015, there were three depot-related Member Questions to the responsible Cabinet Member, as follows:-

(i) From Councillor PCB Coleman

'Could the Cabinet Member please reveal what the original (2011/12) costs of the waste depot/transfer project were?'

Response from Councillor Coakley

'The initial budget allocation agreed by Council in February 2012 was for £1,400,000 - this amount comprised estimated sums for site purchase and site development, and was accepted by the Council as a 'marker' as it preceded any detailed work on procuring a permanent depot. Having identified three potential sites, Council agreed a further budget allocation in September 2013 of £1,029,000, which also had regard to the costs associated with the required temporary depot facility.'

In response to a supplementary question, the Cabinet Member confirmed that she did not envisage that any further large lump sum would be required, but stated that there might be some additional smaller costs

(ii) From Councillor Juliet Layton

'How do the Council intend to progress the waste transfer station option at the acquired site and, if progress is intended, will Eunomia be involved in the process?'

Response from Councillor Coakley

'There is no intention to progress this at this time.'

In response to supplementary questions, the Cabinet Member confirmed that (a) she could not state categorically that a waste transfer station proposal would never be re-visited; and (b) any future consultancy work would be subject to relevant tendering/procurement processes, but that she could not speculate as to who any successful tenderer might be.

(iii) From Councillor Juliet Layton

'Papers presented by officers to the Overview and Scrutiny Committee on 1 December 2015 show that, over the period March 2013 to April 2015, the Council paid £185,000 to its consultant Eunomia for the development of a waste transfer and transport depot facility. Financial payment figures on the Council website show that Eunomia were also paid £82,000 in the period December 2011 to July 2012 for the earlier alternative site assessment phase of the study, making the total payment to Eunomia £267,000 since the studies began in October 2011. I am deeply concerned that papers to the Overview and Scrutiny Committee show that none of this work was completed under competitive tender and that procurement rules were waived on work undertaken by Eunomia in December 2009, May 2013, and September 2013 with a non-competitive proposal accepted under delegated authority in October 2011. Could the Cabinet Member please set out the detail of how and when these waivers in procurement rules and appointment under delegated authority were reported to the Council?'

Response from Councillor Coakley

The specific waivers were dealt with as follows:-

- (i) December 2009 - the waiver was a decision of the Cabinet;*
- (ii) May 2013 - the waiver was approved by the Chief Finance Officer and the Head of Legal Property Services, following consideration of a detailed submission/justification - such an approach was permitted within the Procedure Rules (a document approved by the Council), and no formal reporting to Members was required under such Rules;*
- (iii) September 2013 - the waiver was a decision of full Council.*

With reference to the work authorised in October 2011, this was an element of the work previously reported to Cabinet in June 2011, which referred to the commissioning of Eunomia.

I would also make the following, more general, comments:-

(i) Terms of Reference were drawn up for the work to be undertaken by Eunomia, including the scope of work and key requirements/deliverables. Progress was then monitored and reviewed at meetings/teleconferences. Payments were made on a staged approach, upon completion of various work elements (and based on purchase orders).

(ii) The use of one firm of consultants throughout the process provided for consistency of approach and, as the project moved forward, a greater level of understanding of the Council's requirements. Eunomia also had an excellent knowledge of the local area and, specifically, of the Waste and Cleansing operations delivered by the Council; and therefore the needs of that service, having worked with the Council for some time. The continued use of Eunomia also avoided duplication of some elements of work, which might have resulted had a second consultant been employed.

Finally, I would remind Members that the work for which Eunomia were originally commissioned - in setting up Ubico (which led to the depot acquisition) - will have, by the end of this financial year, saved Cotswold taxpayers in excess of £3m over a three and a half year period.'

In response to supplementary questions, the Cabinet Member confirmed that, subject to checking with officers, she saw no reason why the terms of reference for the work undertaken by Eunomia could not be made public, and made available to all Members.

2. Eunomia Consultancy Work - Analysis

2.1 Background

2.1.1 Eunomia had initially carried out work on behalf of CDC and the Gloucestershire Joint Waste Partnership relating to the creation of a joint waste service in Gloucestershire. Further work on behalf of the Council included (i) technical support re Vehicle Optimisation with SITA and plastics; (ii) the development of options to reprocure the Waste Contract; and (iii) forming a joint LA Company to provide waste collection and street cleansing services

2.1.2 As part of the sourcing and acquisition of a new depot to house the new waste contract delivered by Ubico, Eunomia were contracted by the Council to act as Managing Consultants.

2.1.3 Eunomia worked with the Council on its commissioning strategy, which saw the Council move the service from an external supplier to a quasi in-house operation via the Teckal company Ubico.

2.1.4 As Managing Consultants, they were required to procure appropriate sub-consultants and surveys necessary to identify the preferred site and subsequently procure the preferred site, to include all planning reports and land ownership reports.

2.2 Timeline

2.2.1 At its Meeting on 27th June 2011, the Cabinet agreed that the preferred option for the future provision of environmental services should be through the formation of a Local Authority Company with Cheltenham Borough Council, and approved the development of related documentation and also that 'a Depot be procured and the Cabinet Member for Corporate Resources and the Deputy Leader of the Council be authorised to approve terms for an agreement to lease to enable the acquisition of a suitable site under the Council's Acquisitions Policy'.

2.2.2 In October 2011, Eunomia presented a proposal to CDC in respect of the Alternative Sites Assessment, which was accepted under delegated authority by Officers - this was an element of the work reported to Cabinet in June 2011, which referred to the commissioning of Eunomia.

2.2.3 In February 2012, Eunomia submitted the Alternative Sites Assessment document, following which Eunomia representatives and the Project Team worked to refine site selection, focussing on the short-listed sites.

2.2.4 In April 2013, Eunomia presented a proposal to CDC in respect of Feasibility Work in relation to Fosse Cross and T Barry sites. The Eunomia proposal, and subsequent work phases, was accepted under delegated authority by Officers (in May 2013), following the waiving of Contract Procedure Rules by Chief Finance Officer and Head of Legal and Property Services.

2.2.5 At the Council Meeting on 24th September 2013, a report was presented on site acquisition, based on the work undertaken by Eunomia and subsequent work by the Council's Project Team. The Council supported the SITA site as its preferred depot site and gave the Strategic Director delegated authority to pursue the acquisition, including progressing planning etc. applications and site development within an identified budget allocation. The report included a matrix which sought to evaluate the non-financial benefits and risks of the then 3 site options (SITA, T Barry, Fosse Cross). The Council also agreed to waive Contract Procedure Rules to allow the direct appointment, without open tendering, of Eunomia to continue work in relation to site acquisition and development.

2.2.6 The authorisations for the various elements of work were addressed by the Cabinet Member at the December 2015 Council Meeting (see item (iii) of paragraph 1.4 above), and have been cross-referenced in this part of the report. Any waiver agreed by Officers has been on the consideration of a written request containing the proposed contract details; contract length; supplier details; contract value; and, most importantly, the detailed reasons for the requested waiver. Waiver authorisation was supported by signatures. These arrangements accorded with the requirements of the Council's Rules.

2.2.7 Attention is also drawn to the more general comments provided by the Cabinet Member at the December Council Meeting, which are reproduced below for ease of reference:-

(i) Terms of Reference were drawn up for the work to be undertaken by Eunomia, including the scope of work and key requirements/deliverables. Progress was then monitored and reviewed at meetings/teleconferences. Payments were made on a staged approach, upon completion of various work elements (and based on purchase orders).

(ii) The use of one firm of consultants throughout the process provided for consistency of approach and, as the project moved forward, a greater level of understanding of the Council's requirements. Eunomia also had an excellent knowledge of the local area and, specifically, of the Waste and Cleansing operations delivered by the Council; and therefore the needs of that service, having worked with the Council for some time. The continued use of Eunomia also avoided duplication of some elements of work, which might have resulted had a second consultant been employed.

2.2.8 The Terms of Reference for the feasibility and planning stages are attached at **Appendix A**. Copies of the other documents, e.g. purchase orders, proposals, action notes, are available should any Member wish to view them.

2.3 Contract Spend

2.3.1 A spreadsheet of all payments made to Eunomia between March 2013 and April 2015 was provided to the Committee at its December 2015 Meeting. All payments to Eunomia are in the public domain. A summary of the contract spend is as follows:-

Eunomia Spend (2013 - 2015)	£183,364
Third party sub-contracted work on site surveys etc. (tendered by Eunomia)	<u>-£62,378</u>
Payable to Eunomia for their work	£120,986

2.3.2 The work procured from Eunomia itself, therefore, falls significantly short of the quoted figure of £183,000.

2.3.3 A financial breakdown of the Eunomia activities is provided below:-

Activity	Cost (£)
Project management	24,609.81
Planning of work	26,408.62
Commissioning Assessments	4,140.63
Meetings	1,132.81
Support on Land contamination and Ecological survey	984.38
Flood risk assessment - support	332.03
Environmental Permitting	1,558.75
Detailed design - waste transfer plan app	400.00
Conditional contract for site acquisition	14,098.15
Detailed business case - bulking etc.	6,500.00
Contaminated Land survey - trial pits	3,286.00
Flood Risk assessment alternative site - feasibility	3,310.50
Feasibility/business case on site alternatives	20,098.00
Feasibility stage - Land negotiations	8,334.50
Feasibility Stage - Meetings	2,516.50
Feasibility stage - Environmental desk studies	3,274.50
Total	120,985.18

2.4 Rates of Remuneration - Value for Money?

2.4.1 The contract for Eunomia set out the following rates for work:-

Project Director	£925 per day
Project Manager	£725 per day
Consultant	£625 per day

2.4.2 These day rates have been compared to other contractors to validate value for money, and do not seem significantly out of line with rates available through appropriate framework contracts.

2.4.3 Comparable rates used by West Oxfordshire in 2009 for their waste service review, uprated by using the average earnings index gives the following rates applicable in 2014:-

Project Director	£825-£935 per day
Project Manager	£690 per day
Consultant	£660 per day

2.4.4 Specialist Contract Day Rates for Strategic Property Acquisitions from tendered frameworks available to the Council are as follows:-

Director	£925 - £1,332 per day
Senior Surveyor	£666 - £777 per day
Basic Surveyor	£550 - £650 per day

2.4.5 Typical longer term (non-specialist) contractors that the Council has utilised recently include:-

2020 Programme Director	£125,000 per annum
GO Shared Services Programme Director	£90,000 per annum
Programme Manager	£70,000 per annum

2.4.6 On the basis of the foregoing, it seems a reasonable assessment to conclude that the rates achieved via the Eunomia contract are not significantly different to fully tested commercial rates used by others and via frameworks currently available.

2.5 Externally Contracted Work

2.5.1 The external survey work was completed as below:-

Activity	Cost (£)
Noise Assessment	8,315.00
Transport report	10,520.44
Flood risk assessment	8,536.65
CAD drawing	750.00
EA permit application	1,630.00
Condition survey report/ topographical survey/ drainage	19,186.00
Site investigations - contaminated land	12,519.50
Ecological Survey	921.00
Total	62,378.59

2.5.2 These external works were tendered on behalf of the Council by Eunomia in their role as managing consultants where appropriate from a cost perspective.

3. Alternative Sites Assessment

3.1 The Alternative Sites Assessment sought to identify viable depot sites. A total of 92 potential sites were identified and then short-listed based on the depot requirements, i.e. site size, access, location to areas of high population density etc., and other factors including proximity to sensitive receptors (neighbours), existing site infrastructure, existing/planned uses, site availability, landscape and visual impact, ecology, archaeology, environmental issues, flood risk and potential nuisance (noise/dust/litter/odour).

3.2 Further detail is contained in the extract from the Eunomia report attached at **Appendix B**.

4. Proposed Waste Transfer Station

4.1 The Council's current depot in Broadway Lane is a temporary depot only and the Planning Permission (which has already been extended for the maximum period) expires in 2017. Finding an alternative permanent site was therefore essential to enable the continued provision of waste and

recycling collection and street cleansing. There was a sound business case for purchasing and developing the SITA site as an Environmental Services depot without a transfer station, as the cost to do so fell within the budget for depot purchase set out in the Council's MTFS.

4.2 As such, the Council decision in September 2013 was fundamentally one regarding the acquisition of a vehicle depot facility - to ensure that the Council could continue to provide a waste etc. service across the District. The waste transfer facility was secondary and was also subject to a formal business case. In the event, at its June 2015 meeting, the Cabinet decided to withdraw the waste transfer facility proposal, in the light of local opposition.

4.3 The Press Release of 12th June 2015 (following Cabinet decision) regarding the waste transfer facility is set out below:-

Council withdraws planning application for waste transfer facility

Having given careful consideration to public representations regarding a proposed waste transfer facility at South Cerney, Cotswold District Council is withdrawing the relevant planning application. This will allow the Council to review the related business cases and environmental considerations before undertaking further consultations with the local community.

The Council will still go ahead with an application to relocate Ubico Ltd waste vehicles from a temporary depot in South Cerney to a permanent site also in South Cerney. The South Cerney site is currently used as a depot by SITA UK and the Council's waste and recycling collection services were run from this site until August 2012. The CDC Planning and Licensing Committee is expected to consider the application in the next couple of months.

Commenting on the decision, which was taken at the 11 June Cabinet Meeting, Cotswold District Council Leader, Cllr Lynden Stowe, said:

"There has been a good deal of local opposition to the planned use of the site for food, garden and residual waste for onward transfer. As a result, we believe the best course of action is to withdraw the relevant planning application, which was due to be considered by Gloucestershire County Council later this year. This will allow us time to do some additional work on the related business cases and the environmental issues before discussing them in more detail with local residents and the Parish Council. We will then consider whether or not to resubmit another planning application to the County Council.

"Local complaints have focused mainly on the waste transfer station proposed, so that application is being withdrawn. As the Ubico proposals for the operation of a depot do not differ greatly from the previous and current site usage, we feel that this proposal should continue. We need to find a permanent depot for Ubico Ltd vehicles as soon as possible and we believe that this is a very suitable site."

5. CLEUD

5.1 Initial advice received from our Planning Officers indicated that a full planning application was required.

5.2 However, while Planning Officers were considering the detail of the depot planning application, it came to light that the current occupant (SITA UK) had been using the whole site for the same purpose, and across the same site area, as required in the future for the Council's waste service provider Ubico Ltd. This exceeded the terms of the original planning permission granted to SITA UK, which only gave permission for part of the site to be used as a depot.

5.3 As SITA had carried out such operations for over ten years, the company was now immune from enforcement action as the extended operations had been established. That said, the Council had received no complaints regarding SITA's use of the site outside of the original planning permission and, as a result, had no cause to carry out any enforcement investigations which might have revealed this discrepancy.

5.4 In view of this, and having taken independent legal advice, it was decided to seek to obtain a Certificate of Lawful Use to operate a vehicle depot at the site - as this was all that was needed to enable Ubico to operate in the same way.

5.5 The work expended on the vehicle depot planning application was not considered to have been in vain. The procedures involved - and the comments received through consulting the public - identified some very useful issues that the Council could explore, as good neighbours, to build good relations with the public, including noise reduction measures, and the potential restriction of speed limits near the site.

5.6 The costs of the application fees for the three applications were as follows:-

- Full planning application £192.50
- CLEUD application £395.00
- Waste Transfer Site application (to GCC) £1690.00

5.7 Eunomia were not involved in the CLEUD application.

6. Summary

6.1 This project was a long and complex project to identify a site in a sensitive environmental area with the original site selection work bringing a long list of 92 potential sites down to three/four for Council consideration.

6.2 As evidenced in the final stages of the selection process, even a site historically used for waste services has proven to be difficult to resolve locally and it was critical, therefore, that consultants were utilised who knew the area and also their client's (CDC) business model and requirements.

6.3 Extensive work was done on three sites to ensure that the project was both deliverable from a business case perspective but also from an environmental perspective. As can be seen from the figures provided, significant site assessments were required for short-listed sites and more particularly latterly the two preferred sites at South Cerney which both had strengths and weaknesses.

6.4 This work included the modelled costing impact of the various sites taking account of varying factors in respect of population base, tipping location, recycling facilities, etc.

6.5 The overall cost from shortlist to preferred site, and subsequently taking the scheme to planning approval on the preferred site, was £183k - this represents around 10% of the site cost and only 8% of the overall budget for the project of £2.239m which it is anticipated will still be met.

6.6 The permanent site was intended to enable Ubico to deliver recurring annual savings of in excess of £570k per annum to the Council - the temporary site planning permission finishes in 2017. To date, Ubico has delivered savings of almost £2.4m in its first three years and this is anticipated to reach £3.25m by the end of this financial year. Finding a permanent depot was crucial in ensuring that this saving was deliverable into the long term.

(END)