
REPORT FOR: CABINET

Date of Meeting:	27 April 2017
Subject:	Redevelopment of the Central Depot
Key Decision:	Yes
Responsible Officer:	Tom McCourt, Corporate Director of Community
Portfolio Holder:	Councillor Graham Henson, Portfolio Holder for Environment, Crime and Community Safety
Exempt:	No, except for Appendices 1-3 to this report which are exempt under paragraph 3 of Schedule 12a of the Local Government Act 1972 9as amended) in that they include information relating to the financial or business affairs of any particular person (including the Authority holding the information)
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix 1 - Business case for the redevelopment of the Depot Appendix 2 - Feasibility Summary Appendix 3 - Income and Expenditure Appendix 4 - Equalities Impact Assessment

Section 1 – Summary and Recommendations

This report seeks approval for the proposal to redevelop of the depot.

Recommendations:

Cabinet is requested to:

1. approve the proposals for the redevelopment of the depot;
2. note the commercial opportunities that would be facilitated by this development;
3. delegate authority to the Corporate Director - Community following consultation with the Portfolio Holder for Environment, Crime and Community Safety and the Portfolio Holder for Business, Planning and Regeneration to:
 - a) take all necessary steps to finalise all matters relating to the development;
 - b) progress all commercial proposals arising from the redevelopment;
 - c) liaise with the Portfolio Holder for Finance and Commercialisation before authorising substantive expenditure on the development work;
 - d) consider whether to appropriate to planning purposes the Council-owned land required for the development which is currently held by the Council for other purposes and, if he considers it appropriate to do so, to effect the appropriation of such land to planning purposes subject to complying with the statutory procedures for such appropriation.

Reason: (For recommendation)

The above recommendations are made to ensure that Council meet the requirements of the Financial regulations (2014) which state that for all schemes in the capital programme over £5m, Cabinet approval is required to commence the schemes.

Section 2 – Report

1. Introduction

- 1.1. This report sets out the proposals for the redevelopment of the central depot at Forward Drive. It supports the inclusion in the 2017/18 Capital Programme of funding to cover this project and comes to Cabinet for approval to commence as required under the Financial Regulations (2014)
- 1.2. The re-development project seeks to consolidate and intensify the existing depot to make an efficient use of the facility, improve office and welfare facilities for staff, maintain newly created revenue streams as well as generate additional revenue income for the Council by developing new commercial ventures or enhance the scalability of current ventures.

2. Background

- 2.1 The central depot is the operational base for the Council's statutory environmental, public protection, licencing, street scene, transport and parking services. More importantly it incorporates the borough's Civic Amenity (CA) site that is open to the general public. The site has a mixture of vehicle workshops, open hard stand areas, car parking, office blocks and other buildings varying in size and construction eg. the Salt Barn
- 2.2 Over the last year Harrow as well as neighbouring Councils has been seeking collaborative opportunities that can yield savings over the long term. Harrow has a competitive advantage in terms of physical property as it owns its depot whereas others in the immediate environ rent properties and one neighbouring Council, has recently purchased a depot but it is too small for its needs. This advantage has attracted other boroughs to Harrow and there are two current commercial shared arrangements that hinges on the availability of physical space at the depot.
- 2.3 Risks arising from this proposal will remain with the Directorate and consequently the Directorate has identified and has set out in Appendix 1 the various commercial proposals that support the repayment of the capital costs associated with the proposal. This includes the alternative proposals should any of the initial proposals fail to materialise.
- 2.4 Additionally, the combination of closure of CA facilities and charging regimes in neighbouring boroughs have led to an increase in usage of the Harrow's CA site. This has resulted in increased traffic flow during the summer months and only the physical alteration in the layout and circulation routes in the facility will provide the long term solution needed to address this.

3. The Proposal

- 3.1 The key aspects of the proposal comprise the following:

- More efficient use of the site by consolidating the existing depot services currently on the site into one building. This requires the demolition of single storey units (1, 2, 5, 6, and 7) as part of a phased programme of works.
- Creation of modern office and welfare facilities which provides circa twice the office space currently on the site.
- Offers a number of potential new revenue opportunities; additional workshop space; mini-bus parking, and HGV M.O.T centre.
- Potential to introduce mezzanine level to increase areas of workshop/store facilities and thereby increase the availability of rental spaces.
- Multi deck parking for mini-bus parking spaces (minimum 260 and incorporating mini-bus parking provision split across three separate parts of the site.
- Multi deck parking mitigates the loss of car parking space
- Possible retention of Unit 03 (the existing salt store) and Unit 04 (occupied by Harrow College and Clothing Express) pending planning pre-application process to seek multi-storey for these units.
- Requires temporary office & storage accommodation adjacent to the existing residential area during construction.
- Includes improvements and intensification of the civic amenity site's waste function as identified in the local plan towards the end of the project
- Consider the integration of an Energy Centre on the site that will provide energy to the site and other sites in the environ.

4. Consultation and Council Response

- 4.1 There have been internal discussions on the proposal to date. However if Cabinet approves this proposal, then in line with the Council's current major development processes, the consultation and community engagement strategy will be delivered under the umbrella of Building a Better Harrow. The Corporate Communications team will therefore lead on the stakeholder engagement aspect of this project to ensure consistency and join up with our wider Regeneration Programme. As a core part of the project team, the Communications representative will be involved in all relevant discussions on the project and will design the consultation and communications accordingly. Working alongside the wider engagement on the project, the Directorate Community Engagement team will support the localised discussions amongst residents living in close proximity to the site, and will also engage with groups such as Community Champions and Park User groups to ensure residents' are fully engaged and clearly understand the reasons for the project, and where possible can help shape it.

5. Options considered

- 5.1 There were two main options considered :
- Do Nothing
 - Redevelopment of the depot

5.2 The option to do nothing is not recommended as it does not allow the opportunity to make the site more efficient, increase income earning opportunities, arrangements and resolve issues re traffic into the CA site. Retaining the status quo also puts some current shared service arrangements and their accompanying financial targets at risk.

5.3 In considering the redevelopment option there were 6 options considered including:

- Refurbishment to the cost of £5m
- Redevelopment with options involving a range of residential provisions with costs ranging from £28m to £84m
- major redevelopment – costing either £17.5m or £24.5m with possibility of residential development

5.3 The option to redevelop the depot to the value of £24.5m is recommended as this option provides all the benefits and key objectives required for the development. It maximises the use of the site e.g. it allows changes to the CA site in the next phase of the project. The option for £17.5m is not recommended as it would not alleviate the traffic issues and would not maximise the site to its full potential.

6. Resources

6.1 The project is being managed in the Community Directorate by its Capital and Contracts team and is supported by external Consultants covering design, planning consultancy, architectural, surveys, quantity and cost surveyors and employers agents.

Performance Issues

7.1 The key performance targets will be around keeping to time and budget. However a key imperative for the construction programme revolves around ensuring that the site remains operational with no disruption to the services operating from that site.

7. Environmental Implications

8.1 As with any major capital development a range of surveys has been /will be undertaken to ensure minimal environmental impact. This includes ecological, arboriculture and geo-technical surveys. Additionally the demolition of the old poorly insulated buildings will mean that there will be more efficient energy use that not only lowers the carbon footprint of the site but also results in lower energy costs.

8. Risk Management Implications

9.1 This project has a detailed risk register and will sit on the Directorate's risk register. The detailed risk register identifies key risks, re timing, quality and budgets and sets out the mitigating actions to manage these.

9. Legal Implications

9.1 The Council has a range of powers to enable the proposals in this report, including the general power of competence under Section 1 of the Localism Act 2011 to do anything that individuals can do subject to any specific restrictions contained in legislation, and the power at section 111 of the Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, any of its functions. The Council also has the power to appropriate and dispose of land in accordance with Sections 122-123 of the Local Government Act 1972, subject to obtaining all appropriate consents and approvals and ensuring that any disposals are for a consideration that is the best that can reasonably be obtained. The legal implications of further commercialisation opportunities enabled by the development will require consideration when the business cases for those activities are brought forward.

9.2 The redevelopment of the depot facilities will need to take into account any relevant title matters affecting the property, for example restrictive covenants and third party access rights. Any adverse matters may be dealt with by negotiation with the affected party, or where land has been appropriated for planning purposes, section 203 of the Housing and Planning Act 2016 will operate to override any private rights or covenants that might otherwise impede the implementation of a development for which planning permission has been obtained. Compensation may become payable to those whose rights are so overridden. In order to appropriate the land to planning purposes and to enable s 203 to take effect the Council will need to be satisfied that the Council could have compulsorily acquired the land under section 226 of the Town and Country Planning Act 1990 and therefore that appropriating the land for planning purposes will contribute to the achievement of the environmental, social and economic well-being of its area. Any disposal of land appropriated for such purposes is effected in reliance on Section 233 Town and Country Planning Act 1990, which is also subject to a duty to obtain best consideration.

9.3 Vacant possession of relevant parts of the site will need to be obtained in accordance with the terms of the current leases affecting parts of the property, and approaches made to statutory undertakers agree relocation of any services that are required to enable the development to proceed.

9.4 Liaison will be required with the West London Waste Authority in respect of any impact on the operation of the Civic Amenity Site located on part of the Property.

9.5 The procurement of the contractor to undertake the redevelopment works will be undertaken in compliance with the Public Contracts Regulations 2015.

9.6 The proposals are subject to planning permission being obtained for the redevelopment. Any application that is brought forward will be considered by the Council's planning committee, acting in its separate statutory capacity as local planning authority.

10. Financial Implications

10.1 The Capital Programme 2017/18 to 2019/20 includes £24.2m for the

Depot redevelopment phased over three years. The Council will have to finance this scheme through borrowing and the annual capital financing costs are £1.234m. The MTFs 2017/18 to 2019/20 assumes these capital financing costs will be met by savings associated with the depot redevelopment. If the profile of capital spend changes, the savings required to cover the capital financing costs will change accordingly. Currently the depot redevelopment is cost neutral on the MTFs. The Income and Expenditure profile as detailed in Appendix 3 shows the potential for additional surplus income to be generated at the redeveloped depot site which will make a positive contribution to the MTFs and will be used to support pressures across the directorate and the Council as a whole. . The MTFs position is summarised in table 1 below:

Table 1: Depot Redevelopment

	2017/18	2018/19	2019/20	2020/21	Total
	£'000	£'000	£'000	£'000	£'000
Capital Programme	5260	13110	5830	0	24200
Annual Capital financing charges (1)	68	239	246	681	1234
MTFS Savings - Ref 24 Income from Expansion of Central Depot	-68	-239	-246	-681	-1234
	0	0	0	0	0

This will be an annual cost to the Council over the useful life of the depot which is estimated to be 40 years. The current MTFs goes up to 2019/20. Therefore the £681k in 2020/21 will have to be included as an income target for the Community Directorate to ensure cost neutrality.

10.2 In light of the Council's overall significant financial challenges all financial risk on the scheme must be held by the Communities Directorate.

10.4 As mentioned in paragraph 10.1 the Council will borrow the capital to fund the Depot. Therefore this additional requirement contributes to the net borrowing position of the Council which is currently estimated to increase significantly (Source: Treasury Management Strategy Statement 2017/18). Cabinet is therefore asked to consider this proposal in light of the overall current and future debt position of the Council.

11. Equalities implications / Public Sector Equality Duty

The Equality Act 2010 outlines the provisions of the Public Sector Equality Duty which requires public authorities to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act

- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it

An initial EQIA has been completed for this project and is enclosed. It shows that there is no adverse impact identified at this stage on any of the protected characteristics outlined above. The EQIA will be reviewed and updated as the detailed proposals are developed.

Council Priorities

The Corporate Plan 2016-2019, entitled “Harrow Ambition Plan 2020” sets out the council’s vision of “Working together to make a difference for the vulnerable, communities, families and businesses”. The council’s strategy (priorities) to deliver its vision, between now and 2020 is to:

- Build a Better Harrow
- Be more Business-Like and Business Friendly
- Protect the Most Vulnerable and Support Families

The council’s vision and the corporate priorities have been taken into account when developing the proposal. In particular, this proposal strongly supports “Building a Better Harrow” which includes making the most of our assets for the benefit of our residents, and the opportunities to maximise income generation clearly supports “being more business-like and business friendly”. Given the size of the opportunity outlined in this report, with the greater efficiency of the depot site, and the significant gains in income available, the positive revenue impact on the Council will support the Council in protecting the most vulnerable and support families, as the income will help negate the impacts of the further cuts expected in Government Grant.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 18 April 2017		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 18 April 2017		

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out: EqIA cleared by:	YES David Corby, DETG Chair, Community Directorate

Section 4 - Contact Details and Background Papers

Contact: Venetia Reid-Baptiste, Divisional Director – Commissioning Services. Venetia.reid-baptiste@harrow.gov.uk
020 8424 1492

Background Papers: None.

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE <i>[Call-in applies]</i>
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