

# DEPOT RELOCATION

**To:**

Councillor Mike Davey, Executive Councillor for Finance and Resources  
Strategy & Resources Scrutiny Committee [11/10/2021]

**Report by:**

James Elms, Head of Commercial Services

Tel: 07725 623939 Email: James.Elms@cambridge.gov.uk

**Wards affected:**

All

## Key Decision

### 1. Executive Summary

The current depot relocation programme has reached two fundamental milestones that require the approval of funding to enable the programme to proceed to meet the required timetable.

- a. Land acquisition – requires a commitment to purchase if certain criteria are met. This needs to be in this calendar year
- b. The procurement of a supplier to complete the construction phase of the programme – requires a commitment to procure early in Q4 of this financial year

The £10m capital bid is to cover all costs incurred in relocating the depot and consists of land acquisition and associated costs, design, planning, costing and associated costs, construction and associated costs, consultant support both for the depot build and to support elements of service redesign key to the programme.

This programme will lead only those elements of service redesign that directly affect the overall depot relocation programme, seeking to rationalise processes/delivery models to drive out cost, increase efficiency, reduce carbon impact, looking to minimise land requirements and therefore reducing the capital cost of the depot relocation programme.

It is hoped that the elements of service redesign will also reduce ongoing costs that the Council bears in running those services.

Following a site search, several possible sites have been identified and work is ongoing to consider these further and agree provisional terms

The full cost of the depot relocation has yet to be fully understood. For forecasting purposes, the capital bid for this programme is £10m though this figure is a forecast and may be subject to change either way as the project progresses.

In light of current funding pressures and limits on available capital funding, the Lion Yard shopping centre investment scheme will be removed from the approved capital plan and the funding allocated to that scheme repurposed to depot relocation. It is proposed that a further £1m of funding is allocated from the General Fund Development Reserve and the balance from capital receipts and/or additional borrowing.

## **2. Recommendations**

The Executive Councillor is asked to recommend to Council to:

- Proceed with the depot relocation programme on the basis as set out
- Approve capital funding of £10m for the depot relocation
- Remove the Lion Yard shopping centre investment scheme from the capital plan, reallocating the funding from that scheme to the Depot Relocation programme
- Allocate £1m of funding from the General Fund (GF) Development Reserve to the Depot Relocation programme
- Allocate an additional £3m of capital receipts or borrowing to fund the balance of the scheme
- To grant delegated authority to approve the acquisition of a site to the Strategic Director in consultation with the Executive Councillor for Finance and Resources, Opposition Spokesperson, Head of Property Services and Head of Finance.

### **3. Background**

#### **Why is the Council moving depots?**

The current Cowley Road Depot is an interim solution following the move from the long-term operating location at Mill Road and was occupied some 3+ years ago. Cowley Road Depot needs to be vacated by 19th Dec 2023 as the temporary planning consent expires. The site has been allocated as strategic housing infrastructure in the Local Plan (North East Cambridge Area Action Plan (NECAAP)).

Cambridge City Council (CCC) must therefore relocate its current depot facility at Cowley Road and is seeking to provide a comprehensive depot solution at a new location.

The new depot must be able to support strategic and operational service objectives, both now and over the next 25 years.

#### **What is the Core Requirement?**

The optimum depot solution is to have a single, strategically placed operating location for Streets and Open Spaces (SoS) and Estate and facilities (E&F) together, with alternative use (or lease exit) of the current E&F facility at 130 Cowley Road until lease expiry.

This approach will support the emerging Transformation and Recovery Programme which is seeking to develop new operating models for Council services and be an enabler to this wider change. Any new depot will need to be cognisant of the new demands associated with population and housing needs across the City.

The current options appraisal is summarised as:

- It is cost efficient to create a single location providing shared service depot facility for SoS and E&F
- It is land efficient to create a single location providing shared service depot facilities for SoS and E&F
- A single location should include smart working space for other CCC staff
- The location for the new depot should be accessible by public transport and have good access into the City
- The location should minimise travel miles incurred by service vehicles to reduce congestion and, while the fleet decarbonize, the carbon impact of travel

Co-location at Waterbeach with the shared refuse collection service has been reviewed as an option, but it presents considerable challenges for SoS and E&F as it is too remote operationally. Not least it would require the transit of slow-moving vehicles (lawn mowers, street sweepers) along the busy A10 during busy peak hours.

An extensive site search was completed to consider those that might be suitable. This has been reduced to a few key sites that meet requirements in terms of size, location and availability. Discussions are taking place with landowners to try and agree potential terms and cost of acquisition.

Due to the need for the Council to act quickly in the market, delegated authority to approve site acquisition is required.

### **The forecasted high-level benefits are:**

#### **Financial**

- Cashable saving by invoking the break clause in the current 130 Cowley Rd space and moving a reshaped operation, following the stores review, to the new depot site co-locating with other services
- Cashable saving / reduced financial burden. A review of waste transfer is currently in flow and is reviewing how to move away from on-site waste transfer to direct waste transfer and replacing the current operating model with a reshaped operation
- Reduced utility costs by use of PV/EV/Grey water harvesting etc
- Providing services with an opportunity to review operations reshaping in more cost-efficient service delivery models

#### **To improve Environmental Sustainability performance of Depot based services**

- Council leads by example in reducing consumption of resources, reducing waste,
- Contributes towards the management of Cambridge's streets and open spaces for the benefit of both wildlife and people.
- Waste management that is more environmentally friendly reducing the storage or transportation needs of waste, particularly in relation to green waste.
- More sustainable travel options for personnel travelling to and from work as well greater efficiencies in operational vehicle usage including lower mileage and journey time
- Office space and facilities that meet service needs, have higher occupation levels and therefore efficiently use land space.

## **Net Zero Carbon**

The solution must ultimately be affordable, as part of that affordability test Net Zero Carbon (NZC) options have been defined but require a site and a design to provide a robust costing. The Council NZC brief provides a clearly defined basis of Environmental Cost Benefit Analysis (ECBA) of NZC options to inform a comparative evaluation.

## **Risks/Mitigations**

With a programme of this size there are a number of risks, for the purposes of this paper planning permission is the key risk

There are potential risks and costs associated with all sites. Planning can be very difficult, in both greenfield and, dependent on location brownfield sites. The risk of remediation cost of contaminated sites from previous usages is higher tends to be greater in brownfield sites.

Of the current sites being reviewed all except one are green-field. These are clearly be more challenging but given the operational need, the cost of land within the urbanised area of Cambridge and the limited land availability green field may be the only option. Site selection will need to balance the use of low-density land use of depot versus maximising land use eg higher density for housing. Green field sites require expectational circumstances to be proven before planning permission is granted.

The Council is working with planning partners to evidence why the site is the size it is, how/if the services have been disaggregated to reduce the footprint, why other sites have been discounted especially any available brown field options, and the design options to minimise impact.

Any acquisition will be subject to planning consent being granted. There are two approaches that the Council is reviewing to mitigate the risk of planning permission being unsuccessful.

Option to purchase (OTP)

Conditional Contract Subject to Planning (CSTP)

OTP the buyer pays the seller money for the exclusive right to purchase the property within a specified term (often 1-2 years to allow for the planning process).

Conditional Contract Subject to Planning (CSTP) requires that if certain conditions are met, the prospective buyer will purchase the Property.

Both require a level of financial commitment from the Council however that level is comparatively small in the low £10ks but considerably reduce the risk to the Council if planning is unsuccessful.

## **Capital funding for the programme**

As set out in the Medium-Term Financial Strategy (MTFS) 2021, unless specific funding is available for a project, capital projects will be funded from capital receipts (where available) or borrowing. A limit of £4.1m of new capital schemes funded from these sources has been set to ensure ongoing affordability of the Council's capital plan.

The Lion Yard shopping centre investment scheme is currently included in the capital plan, with £6m of borrowing allocated to it. This represents the Council's contribution to a development scheme that was to be brought forward by the centre's operator. However, the long leaseholder no longer requires the Council to contribute to this scheme so the funding can be released and repurposed to the Depot Relocation programme.

The GF Development Reserve holds that portion of interest received from loans to the Cambridge Investment Partnership (CIP), which exceeds current deposit rates. The balance on this reserve now totals around £1m. There are no plans for its use. It is therefore proposed to use this to support the programme, thereby reducing the call on the £4.1m capital funding limit.

## **4. Implications**

### **a) Financial Implications**

Financial implications are as included in the report.

### **b) Staffing Implications**

Unknown in detail at this stage however the depot relocating may change the way that staff access the workplace. The implications of this are being worked through with the TUs currently.

### **c) Equality and Poverty Implications**

An EQIA is to be conducted once the design and location are known. Services will be required to complete a service level EQIA

## d) Net Zero Carbon, Climate Change and Environmental Implications

Project / Proposal Name or Reference:		Date:	Your Name:		
Depot Relocation		17-Aug-20	James Elms		
<b>1. IMPACT ON CARBON EMISSIONS</b>					
HOW WILL THIS PROJECT/PROPOSAL AFFECT:		CONSIDERATIONS <i>See guidance below on determining whether negative or positive impacts are High, Medium or Low</i>	IMPACT? <i>Use drop down list</i>	GUIDANCE IF NEGATIVE RATING HAS BEEN AWARDED	NOTE HERE HOW YOU PLAN TO MANAGE AND REDUCE ANY NEGATIVE IMPACTS
1	ENERGY USE	<ul style="list-style-type: none"> <li>* More energy will be consumed (by CCC or others) = Negative Impact</li> <li>* No extra energy use is involved = Nil Impact</li> <li>* Energy use will be reduced or renewable energy will be used = Positive Impact</li> </ul>	High Positive	Consider: - Energy efficiency measures - Renewable energy - Reducing demand for energy	
2	WASTE GENERATION	<ul style="list-style-type: none"> <li>* More waste will be generated (by CCC or others) = Negative Impact</li> <li>* No waste will be generated = Nil Impact</li> <li>* Less waste will be generated OR amount of waste that is reused/ recycled will be increased = Positive Impact</li> </ul>	High Positive	Consider: - Use of recycled goods - Recycling facilities - Reducing/ reusing resources	
3	USE OF TRANSPORT	<ul style="list-style-type: none"> <li>* CCC or others will need to travel more OR transport goods more often/ further = Negative Impact</li> <li>* No extra transport will be necessary = Nil Impact</li> <li>* The use of transport and/or of fossil fuel-based transport will be reduced = Positive Impact</li> </ul>	Low Positive	Consider: - Use of public transport - Reducing need to travel or transport goods - Alternative fuels	
<b>2. IMPACT ON RESILIENCE TO THE EFFECTS OF CLIMATE CHANGE</b>					
HOW WILL THIS PROJECT/PROPOSAL AFFECT THE ABILITY OF CAMBRIDGE CITY TO WITHSTAND:		CONSIDERATIONS <i>See guidance below on determining whether negative or positive impacts are High, Medium or Low</i>	IMPACT? <i>Use drop down list</i>	GUIDANCE IF NEGATIVE RATING HAS BEEN AWARDED	NOTE HERE HOW YOU PLAN TO MANAGE AND REDUCE ANY NEGATIVE IMPACTS
4	HEAT WAVES	<ul style="list-style-type: none"> <li>* Lack of or reduced shade (e.g. from trees or buildings) &amp; natural ventilation = Negative Impact</li> <li>* No impact on existing levels of shade &amp; ventilation = Nil Impact</li> <li>* Increased/ improved shade &amp; natural ventilation = Positive Impact</li> </ul>	High Positive	Greater need for cooling, shade and hydration methods.	
5	DROUGHT	<ul style="list-style-type: none"> <li>* Water use will increase and/or no provision made for water management = Negative Impact</li> <li>* Levels of water use will not be changed = Nil Impact</li> <li>* Provision made for water management, water resources will be protected = Positive Impact</li> </ul>	High Positive	Greater need for water management and perhaps reserve supplies.	
6	FLOODING	<ul style="list-style-type: none"> <li>* Levels of surface water run-off will increase, no management of flood risk = Negative Impact</li> <li>* Levels of surface water run-off &amp; flood risk are not affected = Nil Impact</li> <li>* Sustainable drainage measures incorporated, positive steps to reduce &amp; manage flood risk = Positive Impact</li> </ul>	High Positive	Consider flood defence mechanisms or alternative arrangements (business continuity)	

## e) Procurement Implications

- Land acquisition is exempt from PCR
- Construction procurement will follow the current PCR process being advertised via the Find a Tender Service (FTS).
- All procurements commenced after the end of the BREXIT Transition Period must be advertised on FTS superseding the OJEU (Text).

## f) Community Safety Implications

None identified at this stage

## 5. Consultation and communication considerations

There is currently a communication plan that currently engages directly with staff. A wider comms strategy engaging with the community is in development, drawing off experience gained by Housing and Development (HAD) colleagues. West Suffolk District Council are assisting using their much acclaimed approach to community engagement as a model for ours.

## 6. Background papers

No background papers were used in the preparation of this report.

## 7. Appendices

Nil

## 8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact James Elms, Head of Commercial Services, tel:07725 623939 email: james.elms@cambridge.gov.uk.