

	<p>Assets, Regeneration and Growth Committee</p> <p>16 March 2015</p>
<p style="text-align: center;">Title</p>	<p style="text-align: center;">Depot Relocation Project</p>
<p style="text-align: center;">Report of</p>	<p>John Hooton – Interim Chief Operating Officer</p>
<p style="text-align: center;">Wards</p>	<p>All</p>
<p style="text-align: center;">Status</p>	<p>Public with separate exempt report</p>
<p style="text-align: center;">Enclosures</p>	<p>None</p>
<p style="text-align: center;">Officer Contact Details</p>	<p>John Hooton, Interim Chief Operating Officer, 020 8359 2460, john.hooton@barnet.gov.uk</p>

Summary

The Council is committed to vacate the Mill Hill Depot site by December 2016. The plan had been to relocate the depot to Pinkham Way and combine the site with the North London Waste Authority to facilitate future waste plans across North London. It wasn't possible however to reach agreement on Pinkham Way and due to the upcoming date for the vacation of the Mill Hill site, alternative proposals were developed.

A paper was presented to the November 2014 ARG Committee seeking approval to:

1. Approve the purchase of Lupa House, Borehamwood, and delegate the finalisation of terms to the Chief Operating Officer, in consultation with the Deputy Leader of the Council.
2. Approve either the purchase of the freehold or a lease agreement with an option to purchase for Abbots Depot, Oakleigh Road South, and delegate the finalisation of terms to the Chief Operating Officer, in consultation with the Deputy Leader of the Council.

Both of these purchases would be subject to planning permission being approved. The decision was escalated to Full Council in December 2014 where approval to proceed was confirmed.

In terms of current progress, the Lupa House proposal still requires a formal response in respect of the planning process and finalising the heads of terms in respect of the lease proposals quoted by the landlord's agent, whilst the Oakleigh Road South scheme progresses on programme for a Summer 2015 Planning Submission.

Feedback received so far in the development of a planning application for a new depot at the Oakleigh site suggests an existing traffic issue and a general untidiness of the area, Officers are working to ensure that the new depot does not cause a negative impact to the area. There is an opportunity take an assignment of the Waste Operational lease to the London Borough of Barnet. Assignment of the Lease will enable the Council to include interventions to deal with existing issues on Oakleigh Road as part of its planning application for the Oakleigh Road Depot and improve the operational functioning of the depot. This will support the delivery of the new depot at Oakleigh Road as it will allow the Council to achieve a reduction in vehicle movements on the road and improve the quality of the environment.

Recommendations

That the Assets, Regeneration and Growth Committee:

- 1. Note progress on the depot relocation project; and**
- 2. Approve the purchase by way of an assignment of the Waste Operation lease, and delegate the finalisation of terms to the Chief Operating Officer, in consultation with the Chairman of the Assets, Regeneration and Growth Committee.**

1. WHY THIS REPORT IS NEEDED

1.1 Barnet Council currently operates a depot at Bittacy Hill, Mill Hill East ("the Mill Hill Depot") comprising the following facilities:

- office accommodation;
- parking for recycling and refuse fleets;
- fuel station;
- maintenance facility;
- bulking facility for recycling;

- salt barn; and
 - parking for winter fleet.
- 1.2 The Mill Hill Depot falls within an area identified for major development in LBB's adopted Mill Hill East Area Action Plan ("MHEAAP").
 - 1.3 In 2011, the Council entered into a joint venture agreement with private partners in which the Council contracted to dispose of its land interests in the Mill Hill Depot to the joint venture consortium to facilitate the comprehensive re-development of the Mill Hill East area in line with the MHEAAP.
 - 1.4 The Council is required under the terms of the contract to give up vacant possession of the Mill Hill Depot to the joint venture consortium by 31st December 2016. As such, time is of the essence to find an alternative suitable site for relocation of the Mill Hill Depot.
 - 1.5 The Council received approval in December 2014 to enter into negotiations for 2 alternative sites, namely:
 - Lupa House – Borehamwood
 - Abbots Depot – Oakleigh Road South
 - 1.6 Lupa House – following discussions with Knight Frank, the initial freehold agreement has been retracted and only a lease arrangement will be considered. Draft heads of terms have been discussed, but not agreed - at this time. Furthermore Hertsmere's planning authority has still to confirm a date to undertake pre-application discussions. The project team continue to pursue this option.
 - 1.7 Oakleigh Road South – heads of terms have been agreed in principle for a freehold purchase and a draft contract has been developed accordingly. The project team are finalising their due diligence across the site In advance of the purchase, which would be subject to receipt of planning approval.
 - 1.8 Pre-application discussions have taken place with the planning department and design work progresses with an anticipated planning submission in summer 2015.
 - 1.9 There is a risk that the site (Oakleigh Road) will be impacted by Crossrail 2 and the site is subject to a safeguarding direction. The Council has formally responded to the Crossrail 2 consultation confirming their interest in the site and desire to enter into collaboration and dialogue. Transport for London

(TfL) have confirmed that the Council will be able to use this site up to 2025 at the earliest, at which point there is a risk that it will be required for Crossrail 2. This is considered sufficient time to relocate the depot. Should the site be subject to CPO by TfL, the Council would be compensated as a result.

- 1.10 A formal public consultation exercise will be undertaken on the 13th and 14th of March 2015 to outline our proposals for Oakleigh Road South.
- 1.11 Whilst undertaking a review of relocation sites within the Borough, it became apparent that the Waste Operation lease was potentially available. Following discussions with the tenant's appointed agent, heads of terms have been agreed in principle and the details are set out on paragraph 5.1 below and the Exempt report.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The waste operation lease is being secured to assist with the delivery of the overall relocation of the Mill Hill East depot and will specifically:
 - Alleviate the movement of heavy vehicles along Oakleigh Road South; and contribute to a net reduction (considering both Council Depot and existing vehicles) of circa 100 heavy vehicle movements per day;
 - Address complaints from the general public with regards to the operation and nuisance factors;
 - Provides opportunities for further operational efficiencies and functionality for the Barnet Depot at Oakleigh Road South;
 - Contribute towards the strategic objectives of the Borough.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The Council has undertaken a detailed site search over a number of months, and where required carried out an option appraisal considering financial, operational and planning implications for these sites. It is worth noting that sites with the necessary scale and suitability for depot usage are rare in the required area.

4. POST DECISION IMPLEMENTATION

- 4.1 If this report is agreed, contracts will be finalised for the assignment of the lease of the site and the decision to proceed with the assignment of the lease

will be taken by the Chief Operating Officer in consultation with the Deputy Leader.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The provision of new modern and fit for purpose facilities will ensure the Borough is able to continually strive to provide high quality services to the public.

The Council wants to promote responsible growth, development and success across the borough this includes the strategic brownfield opportunity site at Mill Hill East (including Inglis Barracks). A new relocated depot is the key to completing the development of this important regeneration area.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 The freehold interest in the site is owned by Network Rail and is leased out to a Waste Operation. Officers have agreed Heads of Terms for the assignment of the lease on the basis of:

- A Premium payment which reflects the value of the existing business and is detailed in the Exempt report;
- Assignment of the existing lease with a rent passing of £81,500 per annum exclusive. Property Services consider this sum to be a fair estimation of the current rental value
- The existing lease expires in Dec 2020, and is excluded from the Landlord and Tenant Act 1954, which means there is no automatic right to renewal or compensation. As a result, the Council's occupation would be circa 5.5 years, although the Council would enter into dialogue with Network Rail at the soonest opportunity to negotiate an extension to the lease. At this stage the vendor has insisted the Council refrain from discussions with Network Rail.
- The Landlord has right to end the tenancy on six months notice for strategic rail freight purposes or site redevelopment.

5.2.2 A contract has been drafted by the Vendor's solicitors and this has been reviewed by HB Public Law,

5.2.3 The Waste Designation cannot be easily amended, therefore, the site will be utilised by the Council for waste purposes.

5.2.4 There is an existing budget of £19.9m in the capital programme for the relocation of the depot from Mill Hill. Funds will be allocated from this budget for the acquisition of the lease.

5.2.5 The Mill Hill East development has generated £6m of income for Barnet Council to date, and this income is currently allocated to the infrastructure reserve. The total income from the development is expected to be in excess of £40m based on the current business plan. Even after taking into account the funding required for the relocation of the depot, the Council will make a substantial return on the Mill Hill East development.

5.3 Legal and Constitutional References

5.3.1 Section 120 of the Local Government Act 1972 enables a Council to acquire land by agreement for the purpose of any of their functions or for the benefit, improvement or development of their area. The Council also has a general power of competence under Section 1 of the Localism Act 2011. The recommendations in this report fall within the Council's general power of competence and the power under section 120 of the Local Government Act 1972.

5.3.2 Council Constitution – Responsibility for Functions- Annex A sets out the terms of reference for the Assets Regeneration and Growth Committee including “ Asset Management – all matters relating to land and buildings owned, rented or proposed to be acquired or disposed by the Council.

5.3.3 The Management of Asset, Property and Land Rules dated September 14 provide the governance structure within which the Council may acquire, lease, act as landlord, licence, develop, appropriate, change use of, or dispose of Assets within its Asset Portfolio

5.4 Risk Management

5.4.1 Given the location and waste designation of the site, any future use would be subject to planning permission, this report recommends that the Council finalises negotiations on the assignment of the lease. Any risk identified during the planning process will be fully assessed and where possibly mitigated or managed.

5.4.2 The site would be a valuable holding for future waste uses.

5.5 Equalities and Diversity

5.5.1 At this stage there are no equalities and diversity considerations specific to the recommendations in this report. A full EIA will be developed to take account of the impact on staff and residents so that members are aware of any equality impacts when they decide on the location of the proposed new waste site.

5.6 Consultation and Engagement

5.6.1 The local community will be consulted about any potential new use of the site which may also be subject to pre-application and statutory consultation as part of the planning process.

6. BACKGROUND PAPERS

6.1 Full Committee Meeting Minutes December 2014.
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=7816&Ver=4>