

	<p>Assets, Regeneration and Growth Committee</p> <p>12 November 2014</p>
<p style="text-align: center;">Title</p>	<p>Depot relocation project</p>
<p style="text-align: center;">Report of</p>	<p>Deputy Chief Operating Officer</p>
<p style="text-align: center;">Wards</p>	<p>All</p>
<p style="text-align: center;">Status</p>	<p>Public</p>
<p style="text-align: center;">Enclosures</p>	<p>Appendix A – options appraisal</p>
<p style="text-align: center;">Officer Contact Details</p>	<p>John Hooton, Deputy 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 has not been possible to reach a common agreement on Pinkham Way proposals, and due to the upcoming date for the vacation of the Mill Hill site, an alternative plan is required.

The Council has undertaken a detailed site search, feasibility studies and taken legal and planning advice on these sites. An options appraisal has been undertaken. The two preferred sites are:

- Lupa House, Borehamwood; and
- Abbots Depot, Oakleigh Road South.

The options appraisal undertaken identified Abbots Depot, Oakleigh Road South, as the preferred option. However, given that the location of the depot on either site would be subject to planning permission, this report recommends that the Council continues

negotiations on the purchase of both sites to mitigate against any planning risks.

Recommendations

That the Assets, Regeneration and Growth Committee:

- 1. Approve the freehold 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.**

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 regeneration in the Council’s adopted Mill Hill East Area Action Plan (“MHEAAP”).
- 1.3 In 2011, the Council entered into a joint venture agreement with some 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 regeneration of the Mill Hill East area in line with the development objectives set out in the MHEAAP.

- 1.4 The alternative depot sites mean that the Council can progress alternative proposals for Pinkham Way. Alternative options, including housing, will be considered and will be brought forward in the immediate future.
- 1.5 The Council has been looking at a number of relocation options for the depot over the past few years. The Council's plan had been to relocate the depot to the former sewage works site at Pinkham Way, and combine this with the North London Waste Authority (NLWA) to facilitate future waste plans across North London. In 2009, the Council sold part of its land holdings at the site to the NLWA with the Council retaining ownership of circa 4.5 acres of the land. The sale was part of a collaborative venture between the Council and NLWA to relocate the Mill Hill depot to the Pinkham Way site and to provide a new waste transfer facility for NLWA.
- 1.7 It has not been possible to reach a common agreement on the Pinkham Way proposals, and due to the upcoming date for the vacation of the Mill Hill site, an alternative plan of action is required.
- 1.8 The Council has undertaken a detailed site search over a number of months, and 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.
- 1.9 The options appraisal has identified two alternative sites for the depot to relocate. They are:
 - Lupa House – Borehamwood
 - Abbots Depot – Oakleigh Road South
- 1.10 Feasibility studies have been undertaken for both sites which confirm that they are operationally suitable. The Oakleigh site would be able to contain the waste and recycling fleet, the maintenance facility, the fuel station, office accommodation, parking for the winter fleet, a bulking facility and the salt barn. The Borehamwood site would not contain the bulking facility, and an alternative site would be required elsewhere in the borough (approximately 1 acre).
- 1.11 Both sites would be subject to planning permission, as such facilities are classified as "sui generis" in planning law. Counsel advice has been sought on both sites and has confirmed that, with appropriate mitigations, both sites should be feasible from a planning perspective.

1.12 There is a risk that the site (Oakleigh Road) will be impacted by Crossrail 2. The site is likely to be subject to a safeguarding notice for railway stabling facilities when the Mayor of London announces the latest position on Crossrail 2 shortly. An 8 week consultation period in relation to the safeguarding of land will be carried out by DfT (ending in January 2015) and is required to protect the proposed route against conflicting development through ensuring boroughs consult with TfL on planning applications affecting the route. Details are currently at a high level and subject to consultation, but indications are that this could be a possible sidings site and will only impact on a very small element of the depot site. This would mean that a depot could still be located there as a long term solution. The timing is also uncertain, with timescales anywhere between 2020 and 2030. Compensation would be in place to protect the Council's financial interest in the site. However, there is a risk that this could only be a temporary site for 5 to 10 years, and that a further depot site would be required in the long term. For this reason, subject to the agreement of the committee, officers will pursue a leasehold agreement with an option to purchase the freehold alongside the straight purchase of the freehold (subject to planning consent), given the current situation on this site.

1.13 The headline financial data as follows:

- Lupa House – the asking price is £6m purchase of freehold (subject to planning permission), with £425k compensation paid to the existing tenant for relocation; and
- Abbots Depot – the asking price is £13.5m purchase of freehold (subject to planning permission) on the basis of a residential value, or a leasehold arrangement with an option to purchase.

In addition to the freehold costs for Lupa House, an additional bulking facility and salt barn would still need to be sourced under this option. Furthermore, the location of the Lupa House site and the split depot and bulking locations would mean additional annual revenue costs for the waste operation of approximately £900k per annum.

1.14 The alternative depot sites mean that the Council can progress alternative proposals for Pinkham Way. Alternative options, including housing, will be considered and will be brought forward in the immediate future.

1.15 The next stage of the process will be to go through process of submitting planning applications for these sites. At the point that this process is successful, a further report will come back to Assets, Regeneration and Growth Committee detailing the build costs for a new depot, procurement route and timetable through to December 2016. Build costs are expected to

be between £4m and £8m depending on options, specification, new build versus adaptation of existing facilities and so on.

2. REASONS FOR RECOMMENDATIONS

2.1 This report is concerned with the relocation of the Council's depot from the Mill Hill site, to an alternative site. The Council is required to vacate the Mill Hill Depot by December 2016, so this report moves the process forward of ensuring an alternative plan is in place.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 As set out in section 1, a number of sites have been considered for the relocation of the depot.

4. POST DECISION IMPLEMENTATION

4.1 If this report is agreed, heads of terms will be finalised for both sites and the decisions to purchase will be taken by the Chief Operating Officer in consultation with the Deputy Leader.

5. IMPLICATIONS OF DECISION

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

5.1.1 The capital costs of purchase of the two sites are £19.9m in total. This comprises Abbots Depot (£13.5m) and Lupa House (£6.4m).

5.1.2 There is an existing budget of £11m in the capital programme for the relocation of the depot from Mill Hill. This decision will require the allocation of a further £8.9m from the infrastructure reserve. The allocation of this funding will be recommended to Policy and Resources Committee in the budget report on 2nd December 2014.

5.1.3 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.

5.2 Legal and Constitutional References

5.2.1 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.

5.2.2 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 Risk management

5.3.1 Given that the location of the depot on either site would be subject to planning permission, this report recommends that the Council finalises negotiations on the purchase of both sites. Either site would be a valuable holding either for re-let or for possible alternative use (such as housing), and therefore it would make sense financially and to mitigate any risks arising through the planning process.

5.4 Equalities and Diversity

5.4.1 There are no equalities and diversity considerations specific to the recommendations in this report.

5.5 Consultation and Engagement

5.5.1 Consultation with residents on the proposed relocation of the depot will take place through the planning process.

6. BACKGROUND PAPERS

6.1 None