



Policy and Resources Committee

08 June 2022

Title	Oakleigh Road Depot Consolidation
Report of	Chair of the Policy and Resources Committee
Wards	Brunswick Park
Status	Public
Urgent	Yes
Key	Yes
Enclosures	None
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Summary

The report outlines proposals to consolidate some additional Street Scene services at Oakleigh Road Depot and seeks authorisation to the first phase of works. The proposed new arrangements will improve the operational efficiency and resilience of the service. The total value of proposed works for the recommended option has been modelled assuming a total capital expenditure of £18.7m. Over 50 years this option delivers an estimated £0.957m saving to the General Fund, against the baseline option of 'doing nothing' and retaining services in the existing arrangement.

It is proposed that works take place in a phased approach, and these are outlined below. It should be noted that the Phase 1 works, costing £8.2m, are urgent, due to the deteriorating condition of the recently acquired parts of the site and increasing flood risk. This element of the works must commence as soon as possible to reduce the impact on the site when weather conditions are likely to be more adverse during the winter season.

Phase 1:

- a. Resurfacing and drainage work at the former Brogans site
- b. Site clearance works (storage, equipment and welfare) on existing Oakleigh Road Depot site adjacent to the bulking shed to facilitate relocation of services from London Borough of Harrow Depot

Phase 2:

- a. Installation of a new staff welfare unit on the former Brogans site

- b. Designs for any potential future remedial works to ensure compliant Street Scene operations.

Officers Recommendations

- 1. The Committee approve the recommended option as set out below for the Oakleigh Road Depot Consolidation.**
- 2. The Committee note:**
 - a. the funding strategy outlined in section 5 of the report and approve an additional £4.0m capital funding.**
 - b. that this is in addition to an existing budget of £4.2m previously allocated to this project to deliver Phase 1 of the works.**
 - c. That further funding will be requested once certainty on design and scope for phase 2 is understood**
- 3. The Committee approves the proposal to submit a planning application for the installation of a new welfare unit on the former Brogans site, and associated Mechanical and Electrical (M&E) installations for the wider site**
- 4. To provide authority to procure the new office and welfare unit, on completion of the design process and relevant Board endorsement of the procurement strategy.**

1. Why this report is needed

- 1.1 This report provides the business justification for the recommendation of consolidating Street Scene services onto the Oakleigh Road Depot (ORD) site, with an Outline Business Case coming to a future Committee.
- 1.2 The report is urgent because the proposed Phase 1 works, are required urgently due to the deteriorating condition of the recently acquired parts of the site and increasing flood risk. This element of the works must commence as soon as possible to reduce the impact on the site when weather conditions are likely to be more adverse during the winter season.
- 1.3 Street Scene operations are currently split across the following three different sites:
 - Oakleigh Road Depot
 - North London Business Park (NLBP)
 - London Borough of Harrow Depot
- 1.4 This has several operational drawbacks, including:
 - Street cleansing operations located across different sites, which impacts on vehicle and resource management and increases the travel time for staff and service vehicles. Supervisory staff are also split across different sites.
 - Restrictions in sharing the salt barn with LB Harrow
 - Risk of severe weather events impacting the winter gritting service which is currently based outside the borough in Harrow.
 - Highways Direct Labour Organisation (DLO) service, which is responsible for reactive Highways maintenance and gritting, is not best located to ensure an efficient and effective service
 - Additional fuel consumption due to increased mileage and travel time between Harrow

depot and Barnet routes

- The risk associated with the uncertain timescales of lease agreements at sites not in the council's ownership.

1.5 There are also financial drawbacks. In 2021/2022 the lease agreement at NLBP cost the Council £528,000 per annum, and it was expected that this would increase on renewal. In addition, the current lease arrangement at LB Harrow costs £236,000 per annum.

1.6 It should be noted that the primary lease agreement for the Passenger Transport Service (PTS) which was located at NLBP expired in March 2022 and the majority of the service relocated to the former Brogans site at Oakleigh Road Depot. This was enabled through demolition works to the former offices and ancillary workshop, which took place during February 2022.

1.7 However, the acquired site remains in a poor state of repair with extensive drainage and flooding issues, which is a concern from a staff welfare and health and safety perspective. The site requires the installation of adequate drainage and to be fully resurfaced for it to be functional for long term service use. As mentioned previously, this further underlines the urgency of carrying out these works as soon as possible.

1.8 Also note that the lease for the use of parking space and staff welfare at LB Harrow will also expire at the end of September 2022. This introduces a further urgent requirement to provide an alternative location for the following services that will be affected:

- Street Cleansing
- Highways Direct Labour Organisation (DLO)
- Winter gritting operations

1.9 **Sites considered for relocation**

1.10 Continued reliance on sites with short leases is a significant risk to the organisation, both operationally and financially and a shortlist of alternative options for the relocation of functions currently based at NLBP and Harrow have been considered. This has been achieved over time by reducing from a 'long list' of sites which were previously considered but subsequently excluded. These include (but are not limited to):

- Watling Car Park in Burnt Oak- excluded due to space and planning constraints
- Additional sites such as Barnet House, Tilling Road and Brunswick Business Park- excluded due to short term arrangements and space availability

1.11 As a result, the existing Oakleigh Road Depot site was identified as a preferred location for consolidation. The site comprises five separate land parcels.

1.12 **Objectives of the consolidation project**

1.13 The high-level objectives of the project are:

- To consolidate all Street Scene operational services (including PTS, DLO, street cleansing and winter gritting) to the Oakleigh Road Depot site.
- End the requirement to locate services on short-term lease agreements at sites inside and outside of the borough.
- To deliver additional welfare provision that meets the needs and requirements both of

existing staff on the site and those relocating to ORD

1.14 The above high-level objectives will be achieved through delivery of the following:

- Acquisition of required land parcels on the ORD site
- Resurfacing and drainage enhancement works where required
- Provision of a facility to provide space for winter salt storage
- Installation of welfare units for staff relocating to the ORD site
- Below ground electrical infrastructure for future proofing in preparation for anticipated sustainability requirements

1.15 **Identifying options for consolidation**

1.16 In order to inform the potential options for consolidation at ORD, engagement with the service has taken place to understand the welfare and storage requirements of relocating staff, as well as vehicle fleet space requirements.

1.17 This has helped to produce outline designs for each parcel of land, which include:

- drainage and resurfacing requirements
- space planning for required service vehicles, including access and logistics
- building feasibility and associated welfare requirements
- a cost envelope for development of each land parcel
- the potential timescale for the development of each parcel of land and consideration of the implications for service consolidation

1.18 Four options were subsequently developed, in addition to the Baseline position of 'Doing Nothing' and retaining the service in its current arrangement.

1.19 The recommended option is to consolidate services on the existing Brogans site and to explore designs for any future required remedial works to the Biel Brothers site, which whilst under LB Barnet's Head Lease is subject to a legal process to vacate the site.

2. Reasons for recommendations

2.1 **Risks of a 'Do Nothing' approach**

2.2 A 'Do Nothing' approach to the project would not meet any of the project objectives and does not provide a long-term solution to the risks and issues currently associated with the existing arrangement.

2.3 It assumes that Street Scene services are retained as they currently are, with winter gritting and DLO services staying at LB Harrow, and the PTS remaining at NLBP or relocated to an alternative external site

2.4 However, the service would continue to operate at financial and operational risk with services located outside of the borough and on subleased sites. Furthermore, although now vacated, the PTS site at NLBP was only available until the end of 2022, after which planned redevelopment of the site is scheduled to begin. As such a potentially more costly alternative location for services would be required.

- 2.5 Similarly, the LB Harrow depot site is only available until the end of September 2022 and services are required to relocate after this point.
- 2.6 Furthermore, Street Scene services would continue to operate from a site with uneven surfaces and poor drainage, leaving it subject to future flooding and health and safety risks. This could have an impact on service delivery and workforce relations.

Benefits of recommended option: Brogans and Biel Brothers sites

- 2.7 This option provides the most cost-effective option for consolidating Street Scene services. In addition to meeting the project objectives, it provides opportunities for “future proofing” the service to meet the needs of a growing population and requirements for electric vehicle charging
- 2.8 This option has a total estimated capital cost envelope of £18.7m, which incurs on average borrowing costs of £0.906m per annum over a 50-year loan period (based on an average borrowing cost of 4.85% inclusive of modelled 2.85% PWLB interest and average 2% MRP). In reality, the cost of borrowing in Year 1 is £0.706m and increases to £1.218m in Year 50 due to the council’s MRP annuity method.
- 2.9 This option produces a net saving to the overall revenue budget of £0.957m over 50 years (savings are incurred in years 0-29 and general fund pressures occur in years 30-50). This is generated by a reduction in expenditure through ending lease agreements, therefore reducing operating costs.
- 2.10 The table below provides a breakdown of the impact on the General Fund of the recommended option against the baseline over the 50-year period:

General Fund impact "real" cost	Year 0-5	Year 6-10	Year 11-20	Year 21-30	Year 31-40	Year 41-50	Total
Baseline	114,526,508	95,989,030	191,978,060	191,978,060	191,978,060	191,978,060	978,427,778
Option 4							
Cost of Borrowing	3,578,506	3,716,736	7,934,717	8,781,684	9,903,468	11,389,240	45,304,350
Operating Costs	109,659,524	91,389,629	182,779,257	182,779,257	182,779,257	182,779,257	932,166,182
Total Costs	113,238,030	95,106,364	190,713,974	191,560,941	192,682,725	194,168,498	977,470,533
Variance	(1,288,478)	(882,666)	(1,264,086)	(417,119)	704,665	2,190,438	(957,245)

- 2.11 This option also provides more certainty in terms of timescales. There is less of a dependence on discussions and negotiations with site freeholders or businesses, which also limits the financial risk of a dependence on further site acquisition.
- 2.12 Much of the required work to these two sites can be procured and delivered within the required timescales.
- 2.13 A full summary of the overall benefits of consolidation can be found in the Outline Business Case.

3. Alternative options considered and not recommended

- 3.1 Other options considered and not recommended are outlined below.
- 3.2 **Return Street Scene Services back to LB Harrow**
- 3.2.1 This option assumes a return of Street Scene services back to a previous arrangement at LB Harrow, including waste collection and street cleansing.
- 3.2.2 This option is not practical due to the Harrow site not being available at the end of September 2022.
- 3.2.3 Furthermore, although there are no capital costs associated with this option, it would represent an increase in revenue costs to the service and not meet the objectives of improving operational efficiency of the service and reducing risks.
- 3.3 **Consolidation of services at alternative sites**
- 3.3.1 These options include the proposed provision of more enhanced facilities on a larger footprint, including a brand-new vehicle maintenance facility (VMF) and conversion of the former VMF to offices
- 3.3.2 Neither option is recommended due to their significantly higher estimated capital cost, which results in an unfavourable impact on the General Fund.
- 3.3.3 Both options are dependent on an uncertain timescale for land acquisition.
- 3.3.4 Whilst both options do present an option for potential future growth of the service, they are not an immediate requirement, given that the objectives of the project can be achieved through the recommended option.
- 3.3.5 The option for further land acquisition can still be considered in the future, however this is dependent on the future strategy of the Street Scene service including any potential plans to deliver more services

4. Post decision implementation

- 4.1 **Phase 1: June-November 2022: works to the Brogans site and ORD site clearance works**
- 4.1.1 On approval of this committee report, the following works on the former Brogans site are required to commence immediately:
- removal of existing surfaces
 - installation of underground services including drainage and power
 - reprofiling of ground levels to suit drainage needs
 - resurfacing and line marking
 - installation of electrical ducting for CCTV, lighting and for the future provision of electric vehicle charging points
- 4.1.2 Site clearance works will also take place in June/July on the existing ORD site (adjacent to the bulking shed) to relocate storage containers and equipment to an alternative site.
- 4.1.3 Clearance of this site will facilitate the wider space rationalisation of ORD and former

Brogans site, maximising it's usage to enable the relocation of Street Scene vehicles.

4.1.4 The total anticipated cost of this phase of works is £8.2m, and includes an amount for risk, professional fees and other costs relating to relocation and surveys.

4.2 Phase 2: Winter 2022/2023: Installation of a new staff office and welfare unit on the former Brogans site

4.2.1 Design work is underway for a new office and welfare unit on the Brogans site.

4.2.2 Workshops are taking place with the service to understand the full requirement however it is anticipated that enough provision will be required to make space for the permanent relocation of all personnel previously based at LB Harrow depot and the PTS and Street Cleansing services previously based at NLBP. Additional future proofing space will also be considered

4.2.3 Note that this element of the scheme will be subject to planning permission

4.2.4 The estimated construction cost for this element is £3m, however this will be subject to ongoing review as the design process continues and reported back through Depot Board.

4.2.5 Any decision to commence works will be subject to approval by Capital Strategy Board and the appropriate committee, expected to be during Autumn 2022.

4.2.6 Any design works for the Biel Brothers site will be subject to the completion of the legal process to vacate the site.

5. Implications of decision

5.1 The project objectives are broadly aligned with the following key strategic documents:

5.1.2 The Barnet Plan

<p>Clean, safe and well-run: A place where our streets are clean and anti-social behaviour is dealt with so our residents feel safe; providing good-quality, customer-friendly services in all that we do</p>	<p><i>Better Environment Services and a Cleaner Borough:</i> The provision of effective and reliable waste collection has been noted as a primary focus with a pledge to regularly review operations to ensure they are efficient and represent good value for money. Consolidation of services to a single site would enable a more efficient Street Scene operation. <i>Robust Financial Management:</i> This aligns with the project's objective of ending short-term lease agreements at alternative sites</p>
<p>Thriving A place fit for the future, where all residents, business and visitors benefit from improved, sustainable infrastructure and opportunity</p>	<p><i>Create an efficient, convenient and reliable transport network:</i> An indirect benefit of relocating the DLO Highways Service to a location within the borough is the increased operational efficiency of the service, as well as the reduction of risks posed by currently being located in a different borough <i>Make Barnet a Sustainable Borough:</i> Through provision of below ground electrical infrastructure</p>

	on the ORD site to enable a potential switch to electric vehicles in the future.
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5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 Note that the costs are used for the purpose of testing the financial model and are still subject to confirmation of scope and external dependencies.

5.2.2 However, the headline capital cost for the total scheme is outlined below.

Construction and Civil costs		
Brogans civils works		£4,000,000
Potential future civils works		£1,067,364
Salt barn		£1,502,179
Welfare unit		£3,000,000
	Total	£9,569,543
Land assembly		
Brogans land premium		£1,227,000
	Total	£1,227,000
Other Capital costs		
Toureen winter gritting		£28,326
Site clearance works		£200,000
Legal fees		£50,000
Planning resource		£50,000
Property resource		£50,000
Network Rail applications		£20,000
Surveys		£100,000
Utilities		£90,000
ICT, FF&E, Decant		£500,000
Temporary traffic light hire		£100,000
Professional fees		£1,500,000
Temporary parking and storage provision		£200,000
Tech		£170,896
Risk		£1,100,000
	Total	£4,159,222
Optimism bias	25%	£3,736,441
	Total Capital Cost	£18,682,206

5.3 Funding and budget

5.3.1 As set out above the total estimated project cost is £18.7m. However, the project will be delivered in phases and costs will be subject to ongoing review with the relevant approvals taking place prior to any works for each phase commencing.

- 5.3.2 The total anticipated cost for phase 1 is £8.2m, with future modelled costs for phase 2 at £10.5m.
- 5.3.3 A £5m budget for 2021/2022 was agreed at January 2021 Capital Strategy Board (and February 2021 P&R Committee) on the approval of the Strategic Outline Case in January 2021. It was agreed that this would allow works on the Brogans site to be complete during the year and enable the design of the longer-term scheme to advance to progress. Whilst clearance and enabling works took place during early 2022, the resurfacing and drainage works were postponed, and (after outturn of £0.8m) £4.2m funding was carried over in 2022/23.
- 5.3.4 An additional £4.0m is therefore required to deliver phase 1 of the works.
- 5.3.5 A Full Business Case will be provided later in the year once TKJV (and other providers) return their full cost schedule and programme.

5.4 Procurement Strategy for the recommended option

- 5.4.1 Phase 1: Resurfacing and drainage works on the Brogans site will be undertaken through calling off the existing framework contract with Tarmac Kier Joint Venture (TKJV), LB Barnet's provider for Highways. The process requires the issuing of a Task Order (using the agreed NEC4 form of contract) to TKJV via the council's 'Confirm' system, which details the works to be carried out.
 - 5.4.2 The Tarmac Kier joint venture framework contract (TKJV) has gone through rigorous market testing by TfL to ensure value for money as well as appointing a competent contractor in all highway/transportation engineering fields. Tarmac and Kier are two of the largest civil engineering contractors in the UK with significant infrastructure to provide an efficient service to our borough.
 - 5.4.3 LB Barnet has carried out the required due diligence to ensure the contract is fit for purpose and that all borough highway maintenance and improvement requirements can be met by TKJV. The commercial aspects of the contract were also market tested to ensure value for money.
 - 5.4.4 A key benefit of this contract is the "one-stop-shop" for service delivery through an approved supply chain. This will reduce procurement costs for the authority significantly if each element of the services had to be outsourced separately.
 - 5.4.5 The contract also contains a number of key performance indicators and penalty clauses that can be triggered if the contractors do not perform to the standards set by the framework.
 - 5.4.6 The agreed term contract scope, which currently runs to September 2023, covers a core service, which is priced as lump sum and anything outside of the core service is instructed to the contractor through individual Task Orders. The services requested under any TO will then be provided by TKJV based on the scope and the agreed schedule of rates, contained within the contract.
 - 5.4.7 Note that this approach has been concurred by Procurement.
- 5.5 Procurement strategy for construction of new welfare unit, new salt barn and any required remedial works on the Biel Brothers site**

5.5.1 To follow a separate procurement process which will be reported back through Depot Board and Capital Strategy Board. The Procurement team will be engaged throughout to provide support and advice.

5.6 Design and technical assurance services

5.6.1 Capita CSG have been commissioned to provide a full multi-disciplinary design service (including architects, M&E specialists, cost consultants and Principal Designer) for the project and will be responsible for ensuring the quality of the implemented solution.

5.6.2 Capita CSG have also assumed full design liability for the scheme

5.6.3 On receipt of the final construction level drawings, TKJV will also provide a further technical review of the designs prior to the start of the works. Although it is important to note that there will be no transfer of risk to TKJV

5.7 Staffing

5.7.1 The Project will be governed through the Depot Board, which will include representation from across the Council.

5.7.2 The Depot Board will provide strategic oversight, regular monitoring of project progress and where decisions / escalations are required report as appropriate.

5.8 Legal and Constitutional

5.8.1 Section 151 of the Local Government Act 1972 states that: “without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”. Section 111 of the Local Government Act 1972 relates to the subsidiary powers of local authorities to take actions which are calculated to facilitate, or are conducive or incidental to, the discharge of any of their functions.

5.8.2 The Council’s Constitution, Article 7 sets out the terms of reference of the Policy and Resources Committee including: To be responsible for: strategic policy, finance and corporate risk management including recommending: Capital and Revenue Budget; Medium Term Financial Strategy and Corporate Plan to Full Council; Strategic Partnerships. The Committee is also responsible for those matters not specifically allocated to any other committee affecting the affairs of the Council. Whilst FPCC has previously received and made decisions; the subject matter of the report arguably straddles two other committees and consequently it is appropriate for Policy and Resources Committee to consider this report

5.8.3 As the freeholder Network Rail have been engaged throughout the design process for the project through the License to Alter Agreement and Basic Asset Protection Agreement, which details the works, and method statement for carrying out the works adjacent to the railway line.

5.9 Insight

5.9.1 A full description of the extent of information gathered and the insight used to develop and inform proposal will be available separately in the OBC. This includes:

- Identification of sites
- Engagement with the service to understand requirements of consolidation
- The design process

5.10 Social Value

5.10.1 The recommendation for the implementation of the recommended option acknowledges that improvements to existing work surfaces on the Brogans site are required to provide better working conditions for service staff.

5.10.2 The new welfare unit will also be designed to meet the needs and requirements of the service staff

5.10.3 Whilst not quantifiable, it is anticipated that the delivery of the recommended option will contribute to an improved working environment for staff, and this will be monitored through ongoing staff engagement and feedback.

5.11 Risk Management

5.11.1 All risks identified at the start of the project have been included within a detailed risk register which will continue to be monitored and updated throughout the lifecycle of the programme.

5.11.2 The top risks identified are outlined in the OBC and project risk register, and primarily relate to:

- Planning
- Funding
- Revenue
- Capital Cost
- Construction Risks

5.12 Equalities and Diversity

5.12.1 The design process to date has been subject to an extensive engagement process with the service. As designs for the welfare unit progress further equality impact assessments will be undertaken to ensure that the scheme considers access, inclusion and protected characteristics defined as part of the Equalities Act 2010.

5.12.2 The Equalities Act 2010 requires the Council in the exercise of its functions to have regard to the need:

- to eliminate discrimination, harassment and victimisation and any other conduct prohibited by the 2010 Act;
- advance equality of opportunity and to foster good relations, between those who share a protected characteristic and those who do not.

5.12.3 The relevant protected characteristics are:

- age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

5.13 Corporate Parenting

5.13.1 None

5.14 **Consultation and Engagement**

- 5.14.1 Ongoing engagement has taken place with the Street Scene service to inform welfare requirements and operational matters on the site. This will continue throughout the duration of the works and ongoing design of the new welfare unit.
- 5.14.2 As referenced under Legal Context, the freeholder Network Rail have been engaged throughout through the License to Alter Agreement and Basic Asset Protection Agreement, which details the works, and method statement for carrying out the works adjacent to the railway line.
- 5.14.3 Thames Water have also been engaged and have provided an approval for discharge of surface water.
- 5.14.4 No resident engagement has taken place in advance of the resurfacing and drainage works, which will be delivered under a Certificate of Lawful Development.
- 5.14.5 It is proposed that resident engagement will take place as part of the planning submission process for the delivery of the new welfare unit and any subsequent works to construct a permanent salt storage barn.

5.15 **Environmental Impact**

- 5.15.1 There are no direct environmental implications from noting the recommendations.
- 5.15.2 As set out It is anticipated that implementing the recommendations in the report will lead to a positive impact on the Council's carbon and ecology impact, or at least it is neutral.

6. **Background papers**

6.1 [FPCC Oct 2020 Updated Depot BJC](#)

[Depot Relocation Project.pdf \(moderngov.co.uk\)](#)

[Relocation of Services from Mill Hill Depot to North London Business Park.pdf \(moderngov.co.uk\)](#)