

## **Full Business Case (FBC): Depot Consolidation Project**

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Date:	<i>13 February 2023</i>
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### **Contents**

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1. Introduction and Strategic Context
2. Intelligence and Insight
3. Options
4. Analysis- Five Case Model
5. Appendix

# 1. Introduction and Strategic Context

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## 1. Introduction

### 1.1 Executive Summary

Until late 2022, Street Scene services operated from different locations, both in and out of the borough. Whilst this served as a practical interim solution for service delivery, the arrangement had several financial and operational impacts, which increased the Council's risk profile. For example, with the winter gritting operation based in LB Harrow, the service was vulnerable to severe weather and travel disruption. There were also financial costs and risks associated with renting sites on short term lease arrangements.

Opportunities have been explored to provide alternative and improved ways to deliver the service and reduce the Council's risk profile. Following temporary arrangements during remedial works to the Oakleigh Road Depot in 2019, the Council negotiated with Network Rail to acquire the head lease for adjacent sites. At the time the sites were leased to private businesses.

Following acquisition of the head lease, it was subsequently agreed that consolidating services at the Oakleigh Road Depot (ORD) site would provide the opportunity to improve service delivery and reduce the risk profile, whilst also creating a number of financial and non-financial benefits. It also offers an option which is available with more certainty in relation to timescales. This is important given that previous long term lease agreements have now ended, with the service now operating on short term leases agreements at both North London Business Park (NLBP) and at a site in Wembley.

A report was taken to Policy and Resources Committee in June 2022, outlining a preferred option for consolidating services at Oakleigh Road Depot. At the time, the total value of proposed works for the recommended option was modelled assuming a total capital expenditure of £18.7m, which over 50 years would result in a lower total expenditure outlay to the Council, compared against the baseline option of 'doing nothing' and retaining services in the previous arrangement.

It was agreed that work would take place in a phased approach (set out below), with Phase 1 of the works urgent, due to the deteriorating condition of the recently acquired parts of the site and increasing flood risk. Phase 1 works commenced in July 2022 and are expected to be complete in March 2023.

#### Phase 1

- a. Resurfacing and drainage work at the former Brogans site
- b. Site clearance works (storage, equipment and welfare) on existing ORD adjacent to the bulking shed to facilitate parking

#### Phase 2

- a. Resurfacing and drainage works to the former Biel Brothers site
- b. Installation of a new permanent salt storage facility on the former Biel Brothers site
- c. Installation of modular build welfare unit on former Brogans/ORD site
- d. Installation of a new vehicle wash facility on ORD

The cost of the works has since increased to £19.8m, due to issues relating to the ground conditions at the depot, and also due to an increase in project scope to convert the former bulking shed to a temporary salt storage barn to allow the winter gritting service to function. The national financial picture has also changed, and the increase in the cost of borrowing means that on the updated model, the proposed works will result in a higher total expenditure outlay over the 50-year period. However, the inclusion of Community Infrastructure Levy (CIL) in the funding strategy ensures that there is a marginal saving to the General Fund over 50 years.

## **1.2 Brief history and background**

In 2015, the Council operated its Street Scene and Highways DLO from the depot at Mill Hill East. The site fell within an area identified for regeneration in the Council's adopted Mill Hill East Area Action Plan (MHEAAP).

In 2010, the Council agreed to form the Inglis Consortium to develop the land, which included a commitment to relocate the depot by December 2016. The income generated from relocation was estimated to bring significant gross financial benefits, totalling £41.5m over a 10-year period. The scheme enabled the realisation of a plan to provide 2,174 new homes, ancillary retail, light industrial and office space, jobs for 500 people, an energy centre, a new two-form primary school and health centre as well as almost six hectares of parks and open space.

A Business Justification Case (BJC) appraised a shortlist of relocation options and recommended the option that presented the greatest value for money for the Council. The analysis indicated that a purchase of the Abbots site and lease of the Winters site (now known as Oakleigh Road Depot) was preferred.

The option of extraction from the Inglis Consortium was not realistic given the commercial agreements in place and the stated strategic ambition to deliver the Mill Hill East Area Action Plan. Had this option been taken forward at the time, the Council would have foregone the associated capital receipts and would have also needed to invest significantly in the existing facility. Due to the age and condition of the existing facility at Mill Hill, any long-term use of the site would have required investment and would have likely required a demolition and rebuild.

## **1.3 Original Planned Relocation and Current Arrangements**

Delivery of the original depot relocation plan has differed to the case set out in the BJC, with Street Scene operations split across three different sites:

- Oakleigh Road Depot
- North London Business Park (NLBP)
- Harrow Depot

This resulted in the following operational drawbacks:

- Street cleansing operations located across different sites
- Timing restrictions in sharing the salt barn with LB Harrow
- Risk of severe weather events impacting the winter gritting service
- Highways DLO staff 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.

There were 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. This long-term agreement at NLBP expired in March 2022 and the majority of the Passenger Transport Service (PTS) relocated to the former Brogans site at Oakleigh Road Depot, enabled through demolition works to the previous Brogans office and ancillary workshop that took place during February 2022. However, with the overall site in poor condition and with extensive drainage and flooding issues, the PTS temporarily relocated back to NLBP in July 2022 to allow for resurfacing works to commence.

The lease arrangement at LB Harrow also cost the Council £236,000 per annum. This ended on 30<sup>th</sup> November 2022, and with the exception of salt storage, all services relocated to NLBP and to a site in Wembley. Both of these arrangements are only temporary, further illustrating the requirement to utilise land and property opportunities at ORD.

#### **1.4 Project objectives**

The high-level objectives of the Depot Consolidation project are:

- To consolidate all Street Scene operational services to the Oakleigh Road Depot site.
- End the requirement to locate services on costly and short-term lease agreements
- Deliver additional welfare provision that meets the needs and requirements of existing staff on the site and to those relocating to ORD
- Improve areas of the site where there is flooding the ground is in poor condition
- Future proof the site (where possible) to enable any changes to the vehicle fleet

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

- Acquisition of required land parcels on the ORD site
- Resurfacing and drainage enhancement works on acquired sites (where required)
- Provision of a facility to provide space for winter salt storage
- Installation of a modular build welfare unit for staff relocating to the ORD site
- Construction of a brand-new vehicle wash facility
- Installation of ducting to enable the servicing of electric vehicles

#### **1.5 Strategic Alignment**

The consolidation of Street Scene services is broadly aligned with LB Barnet's emerging Corporate Plan priorities as follows:

- Caring for People
  - Consolidation underpins service continuity for a significant proportion of our front-line services for residents, including street cleansing, the Passenger Transport Service, and the Highways DLO Service. Through consolidation, these services will also be better placed to respond to priorities within the borough.
  - Service vehicles will be relocated to reduce the impact on neighbouring properties. As part of the space planning exercise, it is proposed to relocate waste collection vehicles away from the boundary of Coppies Grove to the area next to the railway line, reducing the impact of noise and smells on those properties.
- Caring for our Places
  - Having vehicles located in one location will support more efficient vehicle operations and end the requirement to take out lease agreements on other sites in the borough.

- This project supports future proofing space requirements for a growing service, likely to be challenged further by legislative change in relation to sustainability and waste collection requirements
- Caring for our Planet
  - Through the inclusion of below ground electrical infrastructure and ducting, the works are future proofed in terms of decisions to move to more sustainable power for our vehicles and operation and therefore support the journey we are on as council to achieve net zero carbon by 2030.
  - The Council's acquisition of the Head Lease and vacant possession of the former Biel Brothers site allows an opportunity to explore improved controls and regulation of the noise pollution and air quality on the wider site.
  - The Council will also look at opportunities to reduce the numbers of large and heavy goods vehicles entering the site.
  - The design brief for the new modular build and salt barn is to achieve NetZero
- An engaged and effective Council
  - The financial model for the preferred option is projected to deliver a minor saving to the General Fund, contributing to the council's objective of financial sustainability
  - Consultation and resident engagement have already taken place with residents in relation to the changes from phase 1 of the works on the Brogans site and the installation of the modular build.
  - Further resident engagement sessions will take place prior to any planning submission for the installation of the new lighting and new salt barn on the former Biel Brothers site, later in 2023.

## **2. Intelligence and Insight**

### **2.1 Informing the approach to this project**

The objectives and recommendations of the Depot Consolidation project have been developed following ongoing engagement with the service since the original relocation from Mill Hill in 2017 (as outlined in the introduction). During this period, it has become increasingly evident that the location of services has increased the operational risk profile to the council.

Measuring this risk isn't always quantifiable. For example, before the conversion of the temporary salt storage facility at ORD, a reasonable worst-case scenario could have presented a situation where winter gritting vehicles were unable to grit the road network during a period of severe weather. This would result in wider disruption to the wider highways network, potentially preventing the movement of emergency, freight, and other key services.

Therefore, the overall project objectives are largely out of necessity, where there is no alternative available in order to maintain the operation of statutory services.

### **2.2 Insight and Intelligence carried out**

The preferred option has come about following insight relating to the following:

#### **a. Identification of potential sites for consolidation**

The relocation of services to different sites has served a practical purpose since the original relocation from the Mill Hill site in 2017. However, as set out above this status quo represents too great a risk to the organisation, both operationally and financially and this report sets out an alternative preferred option at Oakleigh Road Depot.

This has been achieved over time by reducing from a 'long list' of sites which were considered but ruled out for various reason reasons. These include (but are not limited to):

- the former Seneca site at Neasden- excluded due to financial viability
- Watling Car Park in Burnt Oak- ruled out due to space limitations and planning
- Additional satellite sites such as Barnet House, Tilling Road and Brunswick Business Park- excluded due to short term arrangements and space availability

### **Oakleigh Road Depot**

The following five sites have been considered for the relocation of services. This is also shown in plan below:

- Network Rail freehold
- Former Brogans site: under LB Barnet's Head Lease and available for use since March 2021.
- Former Biel Brothers (formerly GBN): under LB Barnet's Head Lease and available for use since 26<sup>th</sup> January 2023.
  
- Other sites:
- A site currently occupied by Buildbase
- A site currently occupied by Fitzgerald & Burke



## **b. Feasibility of sites**

To inform the options, high level feasibility work was carried out for each of the above land parcels, to take into consideration the following:

- Availability and constraints of any freehold/lease arrangements, and assessment of implications for service consolidation project
- Cost of any negotiation and acquisition
- General site condition (e.g., drainage and resurfacing requirements)
- Potential space availability for service vehicles, including access and logistics
- Building feasibility and associated welfare requirements
- A cost envelope for development of each land parcel
- Planning constraints

## **c. Service and stakeholder engagement**

A design team has been in place since 2020 and extensive and ongoing consultation has taken place with the Street Scene service to understand the associated space and welfare requirements for consolidation, to inform the design proposals and options. This includes:

- vehicle fleet requirements (including sizes and type of vehicle) both existing and anticipated in the near future to inform future proofing

- the impact of service consolidation on operations and ORD site safety
- additional storage space requirements
- relocating staff numbers and associated office and welfare requirements
- Industrial relation considerations

As part of the Barnet project management toolkit a stakeholder impact assessment has been completed. This identifies relevant stakeholders, engagement interactions and various levels of interest relating to the ORD scheme.

Access can be located via this link (the document is also available separately):[1. Stakeholder Impact Analysis Rev1.xlsx](#).

As a key stakeholder, the service has been engaged throughout the project lifecycle in order to ensure the deliverables are fit for purpose. Regular engagement captures and resolves issues ahead of delivery, by verifying requirements during early design stages.

**d. Positioning for future growth**

Space planning for the preferred option includes for an element of future proofing. This includes potential legislative changes around the types of waste collection (the Environment Act), and sustainability requirements for the vehicle fleet. This is subject to uncertain timescales, and it should be noted that the preferred option is limited to the space constraints of the available sites.

As shown in the above plan the wider ORD site footprint does include potential future options for expansion, however this is subject to a number of factors, including land availability, cost and planning constraints.

**2.3 Expected benefits of consolidation**

The potential benefits of consolidation of services at Oakleigh Road Depot are as follows:

Benefit type	Description	Ongoing monitoring
Financial	Through ending the dependency on costly lease agreements and external sites, the delivery of the preferred option will enable the Council to reduce its vulnerability to the financial risk of rent increases on external sites.	The financial model will be subject to ongoing review and any changes to operational costs will be incorporated and reported back via Depot Strategy and Capital Strategy Boards.
Operational	Through consolidation and the benefit of having services contained on a single site, the Street Scene service will be able to operate more efficiently, for example through fuel savings, reduced winter gritting routes and street cleansing route efficiencies	Service to monitor fuel consumption and report on operational improvements and efficiencies- this includes monitoring feedback from crews.
Operational	Consolidation of the service also reduces risk to service delivery, caused by the potential impact of severe weather on winter gritting and DLO Highway Maintenance services operating out of Harrow (or any	Ongoing monitoring of impact on service impacts of severe weather events.



	alternative site). This mitigates the risk of disruption on Barnet's roads.	
Operational and Health and Safety	The planned resurfacing and drainage works at the former Brogans site will improve the condition of the site, reduce its susceptibility to flooding and make the surface safer for the workforce to operate from.	Once the resurfacing work is complete, the benefits will be monitored through ongoing communication and engagement with employees, in coordination with the Council's SHaW team.
Strategic	As outlined above, the scheme aligns strongly with the emerging corporate plan priorities.	Ongoing monitoring to ensure outcomes are delivered to reflect these strategies
Stakeholder perception and engagement	The project will deliver enhanced welfare facilities for staff on the ORD site and an improved working environment	Design work has been informed through service engagement and consultation. Feedback and consultation with service staff will continue as part of service engagement requirements.
Stakeholder perception and engagement	The proposed space plan includes the relocation of waste collection vehicles from the far southern end of the site to the newly resurfaced former Brogan's yard at the northern end of the site. It is anticipated that this will reduce the noise impact caused to residents by those vehicles reversing during the early hours of the morning, as well as the remove the residential impact of vehicle odours.	The planned changes will be subject to the statutory engagement process as part of planning submission.  The impact of any changes will be monitored through ongoing monitoring of resident engagement and feedback.
Environmental and Sustainability	Below ground ducting has been installed as part of the resurfacing works providing an option for the service to switch to an electric fleet in the future when required	This will be monitored once the infrastructure is utilised for this purpose
Environmental and Sustainability	It is anticipated that service consolidation will reduce the number of vehicle movements in and around the wider ORD site.	Traffic monitoring surveys will be carried out. Measures will be explored to carry out more localised monitoring on the depot site itself (e.g., in relation to specific service operations).
Environmental and Sustainability	Reduced vehicle movements will enable better regulation and management of air quality in and around the site.	This will be measured against ongoing monitoring of air pollution in and around the site.

Benefits will be managed and tracked through the Council's Benefits tracking process.

### 3. Options Considered for Street Scene Consolidation

#### 3.1 Options considered for consolidation

As set out in section 2, a number of sites have been considered (and excluded) over time for potential service consolidation. This has been reduced down to two options as follows:

1. Retain Street Scene services as per March 2021 arrangements (the 'Baseline')
2. Consolidate services on the former Brogans and Biel Brothers sites

Note that as part of the Insight and Intelligence process for the project, consideration was given to the potential inclusion of other land parcels on the wider ORD site. However, it was decided that due to uncertainty of timescales and potential cost these sites would not be considered at this stage (but could be reconsidered in the future if necessary).

### **3.2 Option 1: Retain services as per March 2021 arrangements ('The Baseline')**

This Baseline option assumes the following:

- A continuation of existing arrangements for Street Scene services, with winter gritting, Highways DLO and Street Cleansing remaining at LB Harrow and PTS remaining at NLBP
- It assumes no changes to Street Scene's operating costs, however the financial model assumes an anticipated uplift in the rental cost of services remaining at NLBP and LB Harrow (had those arrangements continued long term)

#### **Benefits**

- This model assumes there is no theoretical requirement for additional PWLB capital borrowing to carry out additional works to the site

#### **Disbenefits**

- Were the pre-March 2021 arrangement to remain in place, the service would continue to operate at significant financial and operational risk with services located outside of the borough and on subleased sites
- 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 and would have likely impacted on service delivery and workforce relations
- The service would not be well positioned for any future growth
- As the long-term leases at NLBP and agreement at LB Harrow have now ended, neither option is available in any case. Further subsequent searches to identify alternative options in the borough have been undertaken, however these have been unsuccessful, further illustrating the need to prioritise the ORD site for service consolidation (or consider an unquantifiable option not to operate some services).

#### **Financial Model (based on 2021/2022 information)**

- The baseline financial model below outlines the overall Street Scene revenue expenditure over 50 years. It assumes the following:
  - That no relocation of services has taken place from NLBP and that the Brogans site continues to receive a rental income
  - As outlined above, the assumption that the costs to extend the lease for winter gritting and DLO services at LB Harrow, and PTS at NLBP will increase.
- Revenue expenditure comprises the following costs:
  - Street Scene operating costs
  - Building related running costs (e.g., costs of leases)
- Revenue income comprises the following:
  - Lease income from former Brogans, former Biel Brothers and F&B sites

	<b>Baseline</b>
<b>Total Capital expenditure</b>	-
<b>Total Revenue expenditure</b>	(1,018,230,415)
<b>Total Capital income</b>	-
<b>Total Revenue income</b>	6,666,500
<b>Total net budget</b>	1,011,563,915
<b>GF pressure</b>	N/A (Fully budgeted)

### 3.3 Option 2: Consolidate services on former Brogans and Biel Brothers sites

#### Benefits (outlined in more detail in 2.3)

- This option provides more cost certainty, with an estimated capital cost of £19.8m
- This option provides certainty in terms of timescales as both sites have been vacated and are under LB Barnet's Head Lease.
- There is no dependence on discussions and negotiations with site freeholders or businesses, which also reduces the financial risk of a reliance on site acquisition.
- The space planning exercises indicate that there is some future proofing provision
- Much of the required work to these two sites can be procured using existing framework providers, removing a dependency on lengthy procurement timescales.
- The Council will have greater control of the vehicle movements around the site, and better monitoring of air quality
- Vehicles can be relocated in and around site to mitigate against noise and smell issues which have been raised by local residents
- Importantly, prioritising these two sites provides the most practical option for relocating services, ensuring Street Scene services can continue to operate at full capacity and at significantly reduced operational and financial risk.

#### Disbenefits

- Depending on the final space planning exercise, the designs for this option indicate that there could still be a temporary reliance on an alternative location to provide for some storage particularly during the construction phases, and possibly after depending on changes to government legislation.
- This option does not guarantee a fully future proofed design and as such there is a risk that there will be a requirement to find alternative/additional site space and accommodation in the future.
- The council will be taking on some below ground risk which given the nature of historic operations on the site is likely to materialise. This has already been the case on the former Brogans site resurfacing and drainage works

#### Financial Model

The last financial model was reported to P&R Committee in June 2022, which outlined how, with 100% PWLB funding, the preferred option showed a saving to the General Fund over 50 years.

This has now changed significantly for the following reasons:

- An increase in project costs due to an increase in project scope and also due to the materialisation of a number of below ground risks in phase 1. This in turn has affected the project cost estimate for phase 2.
- The cost of borrowing. The financial model in June 2022 was based on a MRP of 2.2%. This has now increased to 4.2% as a result of national and international financial changes and pressures
- The cost of materials and inflation continues to rise

	Baseline	Option 2
<b>Total Capital expenditure</b>	-	(19,783,090)
<b>Total Revenue expenditure</b>	(1,018,230,415)	(1,019,958,891)
<b>Total Capital income</b>	-	19,783,090
<b>Total Revenue income</b>	6,666,500	8,822,847
<b>Total net budget</b>	1,011,563,915	1,011,563,915
<b>GF pressure</b>	-	427,871
<b>NPV inclusive of existing budgets</b>	-	2,246,293

### 3.4 Next steps: Phase 1 works

#### Resurfacing and drainage work at the former Brogans site

Programme dates: June 2022-March 2023

- The former Brogans site was vacated and made fully available to LB Barnet in April 2021. The site was in a poor state of repair and with regular flooding causing operational difficulties and health and safety risks to employees.
- Enabling works to demolish the former Brogans offices and ancillary storage units on the site took place during winter 2022 to facilitate the transfer of PTS vehicles from the NLBP site, where the long-term primary lease had ended.
- As agreed at June 2022 P&R Committee, drainage and resurfacing works to facilitate the long-term consolidation commenced
- Completion was originally planned for November 2022, however due to below ground issues this has been delayed to March 2023. The works include:
  - 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 CCTV, lighting and electric vehicle charging points

#### Site clearance works (storage, equipment and welfare) on existing ORD adjacent to the bulking shed to facilitate parking

Programme dates: June-August 2022 and February-March 2023

- Clearance of this site enables the wider space rationalisation of the ORD and former Brogans site, maximising it's space usage to enable the relocation Highways DLO from LB Harrow, and NLBP.

- To enable this, some storage units and equipment have been relocated to a North London Waste Authority (NLWA) site at the former Seneca site in Neasden on a temporary basis.
- The site clearance works briefly comprise the removal of fencing, concrete frames and other materials.

### **3.5 Phase 2 works**

#### **Installation of modular build welfare unit on former Brogans site**

Programme dates: Spring-Autumn 2023

- A procurement exercise took place during late 2022 to appoint a contractor to provide a new modular build welfare unit to provide office and welfare facilities for staff relocating to ORD
- A contractor will shortly be appointed and detailed design work is underway in coordination with the Street Scene service to finalise all requirements
- Capita CSG are also undertaking design work for the foundation slab for the office, which will then be delivered by TKJV.
- A planning application was submitted in November 2022 and is expected to be presented to Planning Committee in March 2023.

#### **Resurfacing and drainage works on the former Biel Brothers site**

Programme dates: Spring/Summer 2023

- Resurfacing and drainage works to the site are planned once cleared (likely to be early 2023)

#### **Construction of a new permanent salt barn on the former Biel Brothers site**

Programme dates: Winter 2023/24

- Procurement will start shortly to provide a new salt storage facility with the required minimum capacity for 2,500 tonnes.
- This will completely remove the dependency on LB Harrow Depot.

### **3.6 Planning approach**

#### Former Brogans site

- Certificate of lawful development in place to allow for Brogans construction works to be undertaken. Decision granted 23<sup>rd</sup> May 2022. Application Number: 22/2101/192.
- 22/5696/FUL - Retrospective planning application submitted for change of use, modular building installation, lighting and CCTV. Planning committee decision 29<sup>th</sup> March 2023.

#### Former Biel Brothers site

Route to planning for Biel Brothers site is currently uncertain, we have commissioned a planning consultant to advise on how this will be packaged and presented.

The project team anticipate a suite of planning applications given the varied programme timescales for each workstream.

It is likely to be presented similarly to the below:

- Certificate of lawful development application for drainage and resurfacing works.
- Planning application for change of use, lighting and CCTV.
- Planning application for salt barn.

### 3.7 Risks

All risks will be managed according to Barnet Council's risk management methodology. 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 project. The headline risks are outlined in the table below (-available separately), access to the full project risk register can be located via this link: [RAID+ Log Depot 2022 Rev 2.xlsx](#)

Risk register includes ORD, Brogans & Biel Brothers as a collective.

Description	Mitigations/Actions in place	Residual Impact	Residual Likelihood	Score
Planning approval is delayed or rejected for Biel Brothers site.	Early engagement with key stakeholders to take place.  NWR to be contacted regularly.	4	3	12
Brogans site resurfacing works (and delays to programme) may impact on service operations	Will work closely with the service to coordinate phasing and explore alternative temporary sites for vehicle relocation. This includes potential use of NLBP for a period of time which will provide some headroom in the programme.	4	3	12
Network Rail object to proposed enhancement works at Biel Brothers sites	Regular engagement with Network Rail and submission process has been made clear. This will now be pursued on a daily basis.	4	3	12
Scheme may be unaffordable.	Long-term and short-term options have been considered as part of business case which include assessment of NPV. Regular budget monitoring is underway.  Financial model regularly updated to capture real time interest rates and forecasted spend.	3	3	9
There is a risk of shortages in materials and long lead in times causing delay due to supply chain issues	Engagement with appointed contractor taking place to understand programme implications.  Early purchase of materials where possible.	3	3	9
Inflationary pressures on material costs increasing overall project cost	Cost consultant engaged to ensure costs are monitored. Contingency allowance has been factored into the financial model.  This will be reviewed on an ongoing basis.	2	4	8

<p><b>Biel bro's demolition – Network rail will need to approve demolition on site.</b></p>	<p>Early engagement with Network rail and proposed principal contractor. RAMS to be drafted at the earliest opportunity.</p> <p>Network rail to review by way of variation to existing agreement. – Potentially reducing review period.</p>	3	4	12
<p><b>There is a risk that leases will end with no backup for PTS vehicle parking.</b></p>	<p>Options are under consideration for alternative arrangements for PTS vehicles, including imminent relocation to Depot now, staying at NLBP or alternative location.</p> <p>NLBP have no current requirement for use, therefore parking of PTS vehicles can be facilitated beyond lease dates.</p>	2	4	8

## 4. Analysis - Five Theme Model

### 4.1 The Strategic Case

The council has a statutory duty to provide Street Scene services, including waste collection, street cleansing and winter gritting (among others). In order to provide these services, the council must ensure that there is adequate space and facilities to store, maintain and coordinate its Street Scene operations

As set out above, providing all storage and operations from a single facility will reduce the operational impact to the service, reduce the risk profile to the organisation whilst giving the Council greater financial certainty and control.

In addition, there is also a recognition that there is an anticipated increase in new homes across the borough, which means that the Council must consider the infrastructure requirements that come with that growth. The Street Scene service will be directly impacted by growth and will need to make sure that it is positioned to accommodate the growing needs of its residents.

Whilst the preferred option doesn't fully future proof against this completely at this stage, it does provide sufficient space for existing staff, operations and the vehicle fleet, with some space to accommodate changes to the vehicle layout as a result of any future legislative changes relating to the electrification of the fleet and also due to waste reform.

As outlined above there is also the opportunity to explore the potential provided by other land parcels on the wider ORD footprint in the future.

The consolidation of Street Scene services is broadly aligned with LB Barnet's emerging Corporate Plan priorities as follows:

- Caring for People
- Consolidation underpins service continuity for a significant proportion of our front-line services for residents, including street cleansing, the Passenger Transport Service,

and the Highways DLO Service. Through consolidation, these services will also be better placed to respond to priorities within the borough.

- Service vehicles will be relocated to reduce the impact on neighbouring properties. As part of the space planning exercise (see Appendix 2), it is proposed to relocate waste collection vehicles away from the boundary of Coppies Grove to the area next to the railway line, reducing the impact of noise and smells on those properties.
- Caring for our Places
  - Having vehicles located in one location will support more efficient vehicle operations and end the requirement to take out lease agreements on other sites in the borough.
  - This project supports future proofing space requirements for a growing service, likely to be challenged further by legislative change in relation to sustainability and waste collection requirements
- Caring for our Planet
  - Through the inclusion of below ground electrical infrastructure and ducting, the works are future proofed in terms of decisions to move to more sustainable power for our vehicles and operation and therefore support the journey we are on as council to achieve net zero carbon by 2030.
  - The Council's acquisition of the Head Lease and vacant possession of the former Biel Brothers site allows an opportunity to explore improved controls and regulation of the noise pollution and air quality on the wider site.
  - The Council will also look at opportunities to reduce the numbers of large and heavy goods vehicles entering the site.
  - The design brief for the new modular build and salt barn is to achieve NetZero as far as possible. More information will be provided on this upon receipt of the tender packages
- An engaged and effective Council
  - Consultation and resident engagement have already taken place with residents in relation to the changes from phase 1 of the works on the former Brogans site and the installation of the modular build.
  - Further resident engagement sessions will take place prior to any planning submission for the installation of the new lighting and new salt barn on the former Biel Brothers site, later in 2023.

#### **4.2 Social & Environmental Value – Economic Context**

The relocation of services to different sites has served a practical purpose since the original relocation from the Mill Hill site in 2017. However, this status quo represents too great a risk to the organisation, both operationally and financially and a shortlist of alternative options have been considered as part of this business case. This has been achieved over time by reducing from a 'long list' of sites which were previously considered but ruled out for various reason reasons. These include (but are not limited to):

- the former Seneca site at Neasden- excluded due to financial viability
- Watling Car Park in Burnt Oak- ruled out due to space limitations and planning
- Additional satellite sites such as Barnet House, Tilling Road and Brunswick Business Park- excluded due to short term arrangements and space availability



As a result, the decision was made in early 2021 that ORD was the preferred location for consolidation, and the following options are considered:

Option 1: Retain services as per March 2021 arrangements ('The Baseline')

Option 2: Consolidate Street Scene Services on the Brogans and Biel Brothers land parcels on the Oakleigh Road Depot site.

## **Environmental**

The Council's acquisition of the Head Lease and vacant possession of the former Biel Brothers site allows an opportunity to explore improved controls and regulation of the noise pollution and air quality on the wider site. There will also be a reduction in the number of large and heavy goods vehicles entering the site.

Service vehicles can also be relocated to reduce the impact on neighbouring properties. As part of the space planning exercise, it is proposed to relocate waste collection vehicles away from the boundary of Coppies Grove to the area next to the railway line, reducing the impact of noise and smells on those properties.

Through the inclusion of below ground electrical infrastructure and ducting, the works are future proofed in terms of decisions to move to more sustainable power for our vehicles and operation and therefore support the journey we are on as council to achieve net zero carbon by 2030.

The design brief for the new modular build is to achieve NetZero- more information will be provided on completion of the procurement process.

## **4.3 Commercial**

### **a. Procurement Strategy**

#### **Phase 1**

- **Resurfacing and drainage works on the Brogans site**
- **Conversion of bulking shed to salt barn**
- Delivered by Tarmac Kier (TKJV). The council has a highway term maintenance contract with TKJV as a call off agreement under TfL's HM&P framework. TKJV were awarded the North area contract under NEC4 form of contract, modified to suit TfL.
- The framework agreement ensures value for money through its access to fixed prices, in addition to a direct route to a single provider without the requirement to run a further time consuming (and costly) procurement process.
- 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 provide by TKJV based on the scope and the agreed schedule of rates, contained within the contract.
- The scope of these works is not part of the core contract and will be instructed to the contractor under a separate task order using the framework's defined schedule of rates.
- The task orders must be issued through the council's Confirm system

- Application for payment will then be by measurement against the agreed items and rates within Call of Contract Price List. The Price List incorporates circa, 4000 banded civil engineering related rates.

## Phase 2

- **Modular build offices**
  - Procurement process carried out through the approved LHC Framework
  - Proposed that TKJV will provide the slab/foundations for the building as per arrangements set out above for the drainage and resurfacing works.
- **Biel Brothers site clearance, drainage and resurfacing works**
  - Proposed that design and build works will be carried out by TKJV. Design liability will sit with TKJV

## 4.4 The Financial case

### Total Project Cost

The Council has considered all additional activities required to deliver the scheme and their associated costs. This is captured within the table below:

Construction Costs	£12,046,545
Other capital costs (inc. fees)	£7,736,545
<b>Estimated Project Total</b>	<b>£19,783,090</b>

<b>Construction and Civil costs</b>		
Brogans civils works		£5,028,554
Salt barn conversion works		£215,812
Biel Brothers civils works		£2,000,000
New salt barn		£1,502,179
Modular Build offices		£3,000,000
New Vehicle Wash Bay		£300,000
	<b>Total</b>	<b>£12,046,545</b>
<b>Other capital costs</b>		
Brogans site clearance works		£183,048
Biel Bros site clearance works		£250,000
Legal fees		£50,000
Planning resource		£25,000
Property resource		£100,000
Network Rail applications		£20,000
Surveys		£100,000
Utilities		£90,000
ICT, FF&E, Decant		£635,611
Other (e.g. temporary traffic light hire)		£81,834
Professional fees & Staff		£1,589,426
Temporary Parking, Storage and Welfare		£78,879
Security costs		£195,063

Construction other		£33,431
Risk for remainder of the scheme		£4,304,252
	<b>Overall total</b>	<b>£19,783,090</b>

It is worth noting that a number of ground condition issues materialised during the phase 1 civils and drainage works on the Brogans site, specifically relating to water ingress and soft spots. Although ground surveys were undertaken prior to commencement of the works, the ground conditions did vary significantly across the site, making any soft spots difficult to anticipate in advance.

The costs for the works at the former Biel Brothers site will be subject to change due to the level of uncertainty on ground conditions. This uncertainty around cost is also included in the risk register.

There is a high degree of confidence in the other costs for phase 2 of the works. The tender exercise for the modular build recently closed and whilst a contractor has yet to be appointed at the publishing of this paper, there was a sufficient market appetite to complete the works.

### Revenue costs associated with the preferred option

The overall impact on the net cash revenue outflow over 50 years for the preferred option is £1,019,958,891, which compares to the baseline of £1,018,230,415. This has been verified by the Finance team.

This option has a total estimated capital cost of £19.783m, and the table below provides a breakdown of the net revenue outflow of the recommended option against the baseline over the 50-year period:

	Years 0-10 (incl. prior year)	Years 11-20	Years 21-30	Years 31-40	Years 40+ (41-51)	Total
Baseline GF pressure	-	-	-	-	-	0
Option 2 Net GF impact [surplus/(deficit)]	2,305,904	1,414,010	557,320	(794,896)	(3,054,467)	427,871

### Funding Strategy

The model submitted to June 2022 P&R Committee assumed that all works would be funded via Public Works Loan Board funding (PWLB). At the time, the model indicated that this would have resulted in a lower total expenditure outlay to the council compared to the baseline.

However, an increase in project scope and costs and (nationally) interest rates have had a significant impact on the model which, if assumed still fully funded via PWLB, would have resulted in a pressure on the General Fund over the 50-year period (circa £13m).

The revised model as outlined above includes an allocation of Community Infrastructure Levy (CIL) funding, reducing the PWLB requirement and ensuring that the project ensures a minor net saving in its overall impact over 50 years. The anticipated funding strategy is broken down as follows:

Funding	Total
PWLB	£14.73m
CIL	£5.00m

## Budget

The anticipated capital budget is set out below. Note that this could be subject to change pending the outcome of the tender exercise for the modular build welfare unit and

	2021-22	2022-23	2023-24
Forecast		£ 7,501,011	£11,465,011
Actual	£817,068		

## 4.5 The Management Case

The project is being delivered in accordance with the council's project management toolkit and agreed Gateway review methodology. This includes:

- **Project Assurance and governance**
  - Project level assurance is provided by the Capital Delivery Team within Growth and Customer and Place and is reviewed by members of the Depot Programme Board.
  - Expertise will be supplied through well-resourced and skilled project teams, strong governance with clear Terms of Reference, controls and board representation
  - An audit trail is in place, with sign off procedures and document control processes (including an electronic library of all key documents, with appropriate version control)
  - Relevant documentation will be shared with the Depot Strategy Board
  - Any activity which includes any legal and/or financial statutory requirements will be signed off by Depot Strategy Board and/or relevant HB Public Law officers.
  - Programme control and reporting mechanisms will be followed that ensure there are clear lines of decision making with appropriate accountability and responsibility
  - Contingency arrangements and project stage tolerances in place at each of the key stages covering time, cost and quality.
  - Budget management - the Project Manager will regularly report on the budget to the Depot Project Board.
  - Actual project expenditure versus forecast project expenditure will be monitored using a controlling spreadsheet and then via the council's finance system, Integra.
  - Resource availability will be reviewed regularly by the Head of Capital Programmes to ensure sufficiency to fulfil project activities and deliverable timescales.
  - Any discrepancies outside of agreed tolerances will be reported to Depot Strategy Board and escalated as required.
  
- **LB Barnet Gateway Process**
  - Delivery is subject to the Council's agreed Gateway Delivery process, which is set out in the table below.
  - With each section of work at a different stage, Gateway meetings will take place according to the relevant RIBA stage of design.
  - A pre-start Gateway meeting will also take place prior to commencement of contractor mobilisation on the individual areas of work

Gateway	Objectives / outcomes
0	Concept phase; business case on a page to CSB.
1	Initial assessment phase, end of RIBA 0 - feasibility studies and draft SOC
2	Full- Assessment phase (end of RIBA 1) Approve SOC. More detailed design and ready to spend money. Finalise Outline Business Case and approval to develop design and documentation to outline planning application.
3	Design phase (RIBA stage 2 - 3) Approval to the Planning Application and approval to proceed with the second stage tender process, if required. Finalisation and Approval of the Outline Business Case.
4	Construction phase (start of RIBA Stage 4) - Approval of the Full Business Case and Approval to proceed to construction.
5	Pre-handover & Defects phase (RIBA Stage 5 - 6) – start of Defects & readiness to handover to end-user; acceptance of building/service; maintenance; contractor in place; all docs in place i.e. O&Ms. Draft Lessons Learned.
6	Full Handover of Building/Service and end of defects – (end of RIBA 6) everything agreed from Gateway 5
7	Closure phase (RIBA Stage 7) – Handed over to Service for BAU management, transferred or closed out of Capital budget (Final Account) & Closure Report on file.

- **Technical assurance**

#### Phase 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 phase 1 of the project and will be responsible for ensuring the quality of the implemented solution.
- Capita CSG have also assumed full design liability for the resurfacing and drainage works on phase 1 of the scheme, in addition to the works to convert the bulking shed to a temporary salt storage facility.
- TKJV, the contractor, also provide a further technical review of the designs prior to the start of any works.
- Additional technical assurance from consultants has also been provided on aspects relating to geotechnical design.
- As part of the Basic Asset Protection Agreement (BAPA), Network Rail have also provided a technical appraisal of the proposed designs to ensure that the proposed works don't impact or create a risk to any Network Rail infrastructure.

#### Phase 2

- At this stage it is anticipated that TKJV will deliver the drainage and resurfacing works to the former Biel Brothers site under a 'Design and Build' approach, and as such will assume full design liability
- Technical assurance and design review will be provided by Capita, external consultants (where required) and Network Rail.
- The modular build office and salt barn will be delivered as separate projects also under a design and build approach. As above, technical assurance and design reviews will be carried out by Capita CSG.

- **Contractual Arrangements**

Contract arrangements and monitoring will be managed by Capita CSG cost consultant services and include:

- Review Contractor bids proposals
- Review and monitor fees
- Prepare technical information for the Pre-Construction Services Agreement and for the Main contract
- Act as Contract Administrator
- Undertake monthly site visit to prepare valuations and instruct handover.
- Assess variations/changes in accordance with the contract.
- Prepare final account.

- **Personnel (TUPE) Implications**

Although there are no direct implications in relation to TUPE, in order to enable the construction works to take place there has been some temporary relocation of wheelie bin storage, equipment and some vehicles.

As a result, some staff have been required to operate out of different temporary locations. Where this is the case, the service has liaised with Human Resources to ensure all implications are understood.

- **Legal considerations**

Land Parcel Negotiations

- Negotiations in relation to acquiring vacant possession of the Brogans site completed in April 2021
- Negotiations in relation to acquiring vacant possession of the Biel Brothers site completed in January 2023

Network Rail

- The preferred option includes works that are being carried on land which belongs to Network Rail. As a result, all work is subject to a License to Alter document, the content of which has been agreed between HBPL and Network Rail.
- Construction designs, contractor proposed methods of working and Risk and Method Statements are also subject to Network Rail approval via a Basic Asset Protection Agreement. This was previously agreed in January 2022 in advance of the demolition and clearance works at the Brogans site and has been updated as works have progressed.
- Subsequent liaison with Network Rail has been ongoing, to ensure all designs and working methods are approved.

Thames Water

- All statutory consents for discharging into the surface water connections were obtained in June 2022 in advance of the start of works to the former Brogans site.

- Consents will be sought in advance of any drainage works carried out on the former Biel Brothers site.

## **5.0 Appendix**

### 5.1 Draft Space Plan for Service Consolidation