



Cabinet

11 September 2023

Report of Councillor Richard Cleaver,
Leader of the Council and Councillor
Ashley Baxter, Deputy Leader of the
Council

Proposed Replacement Depot Turnpike Close Grantham

Report Author

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Purpose of Report

Cabinet is asked to consider the proposals and agree next steps to enable the development of a new depot at Turnpike Close in Grantham.

Recommendations

Cabinet is asked:

1. To recommend to Council that an allocation of £8m be included in the General Fund Capital Programme to provide funding to construct a new depot at Turnpike Close, Grantham.
2. To delegate authority to the Council's s151 Officer, in consultation with the Leader and Deputy Leader of the Council, to allocate further funding if required due to unforeseen costs during the project.
3. To request that the Finance and Economic Overview and Scrutiny Committee adds the replacement depot to its work programme and establishes a working group to receive regular updates and monitor the project.

Decision Information	
Is this a Key Decision?	Yes
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Clean and sustainable environment
Which wards are impacted?	All wards

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 This proposal is a significant capital outlay for the Council and demonstrates the Council's commitment to provide a new modern fit for purpose depot that will serve the District in the medium to long term. The combined cost for the capital is approximately £10m and the Council will be required to provide a minimum revenue provision (MRP) over a 50-year period which is the expected life of the asset. The MRP is calculated at £200k per annum (the actual calculation will be based on the final spend level) for 50 years and is a new budgeted cost the Council will incur once the asset becomes operational. Therefore, the Council's Medium Term Financial Plan will be required to incorporate this new cost and therefore this will be a necessity to identify the financial headroom in the budget setting proposals.
- 1.2 The suggested financial strategy will be to undertake internal borrowing as a short-term solution as this will enable the Council to avoid undertaking external borrowing and therefore not incurring Public Works Loan Board (PWLB) interest costs. Whilst this will not avoid incurring the annual MRP cost it will enable the Council to minimise the annual financial impact of the new depot scheme. Based on current interest rates of 5.34%, this would be a further £550k per annum for 50 years in addition to the annual MRP cost. It is expected there will be only a marginal change to the operational costs of the new depot when compared to the current location as the larger size of the depot will be offset by the energy efficiency initiatives that will be incorporated into the new depot design.

- 1.3 The financial strategy also underway is to generate capital receipts from the disposal of surplus assets and utilise those receipts to offset the amount of borrowing (internal and external) that will be necessary. The amount of receipts that will be available at the time of borrowing is not possible to anticipate at this time but will be kept under review.
- 1.4 The proposed budget is based on accurate projected costs provided by external cost consultants. In the unlikely event that the projected costs exceed the proposed budget allocation, then the Council can utilise the reserves to respond to any cost volatility.

Completed by: Richard Wyles, Chief Finance Officer

Legal and Governance

- 1.5 This report seeks a recommendation to Full Council for approval of an allocation of £8m in the General Fund Capital Programme. This decision has to be taken by Full Council.
- 1.6 There will be significant legal and governance implications in respect of planning and procurement, as set out in the body of the report, which will require due consideration at the appropriate time of the proposed scheme.

Completed by: Graham Watts, Assistant Director of Governance and Monitoring Officer

Risk and Mitigation

- 1.7 The site is currently demolished and is the responsibility of the Council and insured for public liability. If the Council appoints a contractor to commence the construction, it is the contractor's responsibility for the duration of the build to insure and secure the site until completion.
- 1.8 There will be provision of a generator at the new depot which will provide the new location with back-up power in the event of a power outage (the Council has no provision of this currently). Therefore, the new depot will contain provision to be the business continuity site should the Council require it.

Health and Safety

- 1.9 The Health and Safety Plan will be part of the documentation provided at the construction stage of the contract to build the new depot and will be the contractors responsibility.

Completed by: Phil Swinton, Emergency Planning and Health & Safety Lead

Climate Change

- 1.10 It is essential that every opportunity is taken to ensure that the new Depot site operates efficiently and contributes towards the Council's agreed carbon reduction targets of at least 30% by 2030.
- 1.11 It is expected that the new site as outlined in this report will maximise renewable energy generation on site, with the buildings being heated using low-carbon energy.
- 1.12 Provision of electric vehicle charge points will also be made available on the new site for several of the Council's pool car vehicles available for staff. The site offers significant potential for future provision of additional electric vehicle charging facilities, enabling the transition towards an electric fleet.

Completed by: Serena Brown, Sustainability and Climate Change Officer

2. Background to the Report

2.1 The Existing Depot

South Kesteven District Council's current depot at Alexandra Road, Grantham was built in the 1970's and is now at the end of its operational life. It is no longer fit for purpose, does not allow for service expansion and no longer supports the Council's current and future operational needs.

- 2.2 The existing depot is facing increasing maintenance costs and significant levels of investment if it is to remain an operational facility that is able to respond to the projected growth in the District as identified in the Local Plan 2011-2036.



View of the workshop building and office from Mowbeck Way.



View of Mowbeck House and staff parking.

- 2.3 There are a number of operational concerns with the existing site which impacts on the services that are currently delivered from the location including site access (proximity to a residential area), health and safety concerns with respect to the movement of vehicles, poor welfare standards and limited growth opportunities of the site due to boundary constraints.
- 2.4 The site is not large enough to accommodate any additional operational vehicles, and currently does not have enough workforce parking. There are over 280 staff that work from Alexandra Road, there are also 8 industrial units that are occupied by SMEs, our CCTV unit within Mowbeck House and the Lincolnshire County Council's Household Waste Recycling Centre (which will continue to operate at the site) meaning that there is significant traffic movement on a constrained site.

2.5 An increase in vehicle numbers over a certain number requires an application to be made to the Traffic Commissioners for an increase in the number allowed to be operated from the site which is specified in our Operator's Licence (O-Licence). Due to the location of the site, there is the potential that such applications could attract objections, and that an application for increased vehicle numbers may be refused.

2.6 An outline plan showing Alexandra Rd, Grantham usage (the land identified as Area 2 is not in SKDC's ownership) is shown below:



2.7 Turnpike Close Site

Alternative suitable depot locations have proven problematic to identify in the Grantham area but in 2020 an opportunity to acquire the land at Turnpike Close (Appendix 1 – Site Plan) and to progress the relocation of the depot site in Grantham was approved with the budget agreed to purchase the site on the 26th November 2020 Council and subsequent reports on the 1st December 2020 to Cabinet and 16th March 2021 Cabinet. The Council officially acquired the site in April 2021 for £2m.

The acquisition of land in South Kesteven report can be found here:

<https://moderngov.southkesteven.gov.uk/documents/s28444/Strategic%20Land%20Acquisition%20in%20South%20Kesteven.pdf>

2.8 As part of the report to acquire the site a Business Case was completed by Avison Young in 2021 (Appendix 2 – Business Case). In summary the key components supporting the development of the site are:

- It has good accessibility and no conflict with neighbouring uses meaning the risk of restrictions or the revoking of the licence is mitigated.

- There are no planning risks, and the principle of a depot should be supported by the Local Planning Authority.
- The site is fully serviced and benefits from all the main utilities.
- There are no major technical constraints or risks that would prevent the Council from developing a new depot.
- The site is large enough for the Council's new depot.
- The site offers flexibility for future expansion.
- It will bring back into productive use a site that has been vacant for a significant period.

2.9 The primary element of the business case for the relocation of the depot is based on a single location in Grantham with close proximity to the main trunk roads on the edge of town (A1, A52, A607). This was due to a number of key considerations:

- Close proximity to the waste transfer station at Gonerby Moor, Grantham.
- The avoidance of duplicate depots sites that would require management, fuel, workshop and other supporting infrastructure.
- The acquisition of a site in the south of the District.
- The mobilisation of the workforce to 2 locations.

2.10 The priority for a replacement depot was identified in the Corporate Plan 2020-2023 with a key action for its delivery under the corporate priority of 'Building a fit for purpose depot'.

2.11 When Cabinet approved the Turnpike Close acquisition at a meeting on 16th March 2021 the following delegation was approved:

'Upon the completion of the acquisition to delegate authority to the Chief Executive in consultation with the Cabinet Member for Commercial and Operations to reprioritise and draw down the required funds from the remaining balance of the Council approved funding and authorise expenditure in order to continue to progress the project and to meet the costs of site planning, maintenance and other preparatory works'.

2.12 In July 2021 an Officer Delegated Decision report enacted decision 3 as set out above to proceed with the site planning after a procurement process to appoint Gleeds Advisory Limited as the Lead Consultant and progress the project into the design stage.

2.13 Gleeds Advisory Limited have been acting as Lead Consultant and a full design team appointed to work on detailed drawings for the replacement depot, the associated budget and seek approval now to proceed prior to submitting a planning application to the Local Planning Authority.

2.14 The design team are currently at RIBA (Royal Institute of British Architects) Stage 3 – Spatial coordination, this stage involves the production of spatially coordinated

designs to support a Planning Application. This design has taken a longer than anticipated period to conclude as there was a pause whilst linked work regarding fleet procurement was undertaken. The Council has an agreed way forward on how it will maintain its vehicles which could have impacted on the design of the replacement depot as it includes workshop bays for fulfilling this function.

- 2.15 The scope of the design has also changed significantly during the development of the drawings as the new depot now includes waste, street scene (including grounds maintenance), the direct works organisation (repairs) and a workshop for in-house fleet repairs and servicing.
- 2.16 Since acquisition, enabling works to have been undertaken at the site in order to prepare it for the commencement of the depot construction. These works have now been completed at a cost of £251,000. The works that were required were the removal of slab, foundations, and hard standings within the boundary of the site plan in Appendix 1 and the crushing of demolition arisings to be stockpiled and retained on site for future development.
- 2.17 The design team has had pre-application discussions with the Local Planning Authority and a design pad meeting took place on the 19th July 2023 with a final design pad diarised on the 7th September 2023. All questions raised as part of the pre-application process have been addressed as part of the application. The timeline for submitting the full planning application would be after a decision is made regarding the budget for the construction (early October 2023). An indicative drawing of the site layout is in Appendix 3 to this report.
- 2.18 It is worth noting that the original business case identified that the Turnpike Close site was large enough for the Council to give consideration to either selling or developing an area that was surplus after the design elements had been completed. During the design phase the scope of the works has increased and therefore the design now includes a space identified as 'potential development' and 'future parking', but it is not recommended to proceed with selling or committing these areas for other uses until the implications of the changes to the Environment Act are fully understood. As an example of the possible future expansion requirements, should the Council be required to undertake food waste separately under changes in the Act this would require additional vehicles utilising the future parking spaces.

2.19 **Outline Programme and Key Milestones**

A draft programme with milestones is below.

Budget approval timetable

- Cabinet 11th September 2023 (recommendation to Council)
- Council 28th September 2023 (Council approval for budget)

Planning

- Submission of Planning Application early October 2023
- Planning Application determination (13 weeks major application) Feb 2024

Procurement

- Prepare documents for Expressions of Interest via a framework October 2023
- Evaluate Expressions of Interest November 2023
- Tender on design and build contract December 2023 – February 2024
- Approval of contractor March 2024
- Award Contractor April 2024

Construction Process

- Mobilisation on site May – June 2024
- Construction programme (estimated 36 weeks) June 2024 – March 2025
- Handover and operational from 1st April 2025

Costs and Procurement

2.20 As part of RIBA Stage 3, a cost consultant has been working with the design team to provide an initial estimate of what the scheme may cost when the full project is procured. It is worth noting that until the scheme is fully tendered these costs are indicative hence the approval for a budget ceiling of £8m. The cost estimate of £7.9m includes all the fees to complete the site based on a 36-week built out timeline on a design and build contract.

2.21 A copy of the cost estimate is appendix 4 to the report. There was discussion at the Joint Overview and Scrutiny meeting regarding the inflation figure included in cost estimate. The inflation included is based on BCIS All In Tender Price Indices. At the time of drafting in July, this was calculating as 4.2%. Whilst construction inflation was incredibly volatile throughout 2022 and early 2023, we have seen a marked reduction in volatility in recent months which has reflected in BCIS' current forecasts.

2.22 With regards to ensuring best value for delivering the scheme the Council is intending to hold a mini-tender (Expression of Interest) on the Pagabo framework rather than directly appointing one of the contractors on it. The preferred framework has been identified in order to ensure there are a number of competitive bids from reputational and financial robust companies that are able to meet the requirements of the construction specification.

Alexandra Road Options

2.23 The existing site at Alexandra Road will need to remain operational until the new depot is built and handed over (no earlier than April 2025).

2.24 The original business case gave some high-level suggestions with respect to alternative uses for the site once the site has been cleared.

2.25 Given that the high-level options appraisal was completed in 2021 it is recommended that a full options appraisal is undertaken on exploring the full

range of alternative uses for the site and a presentation of the options is provided at a future meeting.

3. Key Considerations

- 3.1 The Council does need to find an alternative provision for delivering its statutory function of this service. The site at Alexandra Road is geographically constrained and therefore cannot accommodate any further service growth to meet future operational needs as identified in the Local Plan.
- 3.2 The site is extremely constrained with poor facilities such as a workshop with multiple entrances and restricted parking.
- 3.3 The welfare facilities do not meet modern standards for our workforce. With a new facility it will provide drying areas, new locker provisions as well as canteen and training facilities. The training room could be used by officers and Members providing a multipurpose space.
- 3.4 The Council does not have a back-up generator in the event of power failures (it was previously in the St Peters Hill offices). Should this occur, the new depot would be the hub for officers to work from should an emergency be declared. An alternative location would need to be agreed (and budget agreed for a generator) should the construction of the new depot not proceed.
- 3.5 Ability to maximise sustainable systems so that the operational cost of the facility is much less showing the Council is being progressive in its approach and as such, working towards its carbon reduction target of 30% by 2030 and zero carbon by 2050.

4. Other Options Considered

- 4.1 Option 1 - To do nothing, not approve the budget for the construction of a new depot and remain at Alexandra Road. This has been discounted due to the growth of the District as identified in the Local Plan and subsequent inability in the existing site to meet the demands on the growth.
- 4.2 Option 2 – See if Alexandra Road that is in the ownership of SKDC can be re-modelled to reconfigure the site.
- 4.3 Option 3 – Sell Turnpike Close site and look for another site to purchase.

5. Reasons for the Recommendations

- 5.1 The need for a replacement depot has been included above and, in the options considered. The site was chosen and purchased as the ideal situation for a replacement depot. The costs for the scheme are volatile but the need of building the site is priority due to potential changes in the Environment Act.

6. Consultation

6.1 A joint overview and scrutiny meeting took place on the 25th July 2023 to consider this item. The minutes of the meeting are available here:-

[Printed minutes 25th-Jul-2023 12.00 Joint Meeting of the Finance Economic Environment Overview.pdf](#)

[http://gra-app-003/documents/g4537/Printed%20minutes%2025th-Jul-2023%2012.00%20Joint%20Meeting%20of%20the%20Finance%20Economic%20Environment%20Overview.pdf?T=1](#)

6.2 The Committee discussed the scheme with great emphasis on the budget and the level of contingency that is included in the draft cost estimate.

6.3 The Committee requested that Officers review the contingency calculation, considering an increase from 4.8% to 15% and the potential impact of that increase on corresponding calculations. It can be confirmed that following the meeting, officers have re-engaged with the external cost consultants and assurance has been provided that the level of contingency is deemed to be sufficient. However, to alleviate any further concerns regarding any further spending pressures a delegation has been recommended to be able to respond to any unforeseen costs that could arise.

6.4 Members supported the replacement depot and were clear that there is a need for new, fit for purpose facilities to meet the needs of our growing population.

6.5 The Leader and the Deputy Leader have discussed recommendation 3 in the report regarding the formation of a working group, the Chairman of the OSC Committee has supported this approach.

6.6 There has been initial consultation regarding the pre- planning application via a design pad meeting in July with a second planned for September to incorporate any questions or points raised.

6.7 There will be formal consultation as part of the planning process.

7. Background Papers

7.1 26 November 2020 Council report
[South Kesteven District Council - Choose agenda document pack - Council 26 November 2020](#)
[https://moderngov.southkesteven.gov.uk/mgChooseDocPack.aspx?ID=4041](#)

7.2 1 December 2020 Cabinet report
[South Kesteven District Council - Agenda for Cabinet on Tuesday, 1st December, 2020, 2.00 pm](#)

<https://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CId=164&MId=3983>

7.3 16 March 2021 Cabinet report

[South Kesteven District Council - Agenda for Cabinet on Tuesday, 16th March, 2021, 2.00 pm](https://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CId=164&MId=3987)

<https://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CId=164&MId=3987>

7.4 Cawardens budget and contract award

[South Kesteven District Council - Agenda for Cabinet on Tuesday, 12th July 2022, 2.00 pm](https://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CId=164&MId=4270&Ver=4)

<https://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CId=164&MId=4270&Ver=4>

8. Appendices

8.1 Appendix 1 – Site plan

Appendix 2 – Business case

Appendix 3 – Proposed site plan

Appendix 4 – Cost plan