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**REPORT FOR: CABINET**

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**Date of Meeting:** 12 July 2018

**Subject:** Redevelopment of the Central Depot

**Key Decision:** Yes, as it is significant in terms of its effects on communities living or working in an area of two or more wards of the Borough

**Responsible Officer:** Paul Walker, Corporate Director of Community

**Portfolio Holder:** Councillor Varsha Parmar, Portfolio Holder for Environment  
Councillor Keith Ferry, Deputy Leader and Portfolio Holder for Regeneration, Planning and Employment

**Exempt:** No, except for Appendix 1 to this report which is exempt under paragraph 3 of Schedule 12a of the Local Government Act 1972 9as amended) in that they include information relating to the financial or business affairs of any particular person (including the Authority holding the information)

**Decision subject to Call-in:** No

**Wards affected:** All

**Enclosures:** Exempt Appendix 1

## **Section 1 – Summary and Recommendations**

This report seeks Cabinet approval to recommend that Council grants an increase in the capital programme to facilitate the redevelopment of the central depot.

### **Recommendations:**

Cabinet is requested to:

1. Agree to recommend to Council the increase in the capital programme as set out in the Exempt Appendix 1;
2. Delegate authority to the Corporate Director of Community, following consultation with the Portfolio Holder Environment and the Portfolio Holder for Regeneration, Planning and Employment, to finalise the associated amendments to the project.

### **Reason: (For recommendations)**

The above recommendations are made to ensure that Council meet the requirements of the Financial regulations (2014) which state that Council is to approve changes to the capital programme.

## **Section 2 – Report**

- 2.1** At its April 2017 meeting, Cabinet agreed the capital funding for the redevelopment of the central Depot at Forward Drive. The Cabinet report was supported by a business case that outlined the benefits of the redevelopment and made it clear that these were not limited to an improved facility for staff operating from the site but incorporated a range of commercial activities including supporting shared operations with two neighbouring boroughs.
- 2.2** The project has advanced and has met the timescales for getting planning permission, the creation of temporary facilities to relocate staff and the selection of the contractor for the construction. Market testing activities as part of the procurement exercise revealed that there are options to further maximise the use of the site. This would deliver additional areas for commercial income generation.
- 2.3** The Authority has sought independent external assessment of the probability of being able to generate revenue income from further intensification of the site. This assessment has concluded that the potential offer would be in high demand and would generate the return on investment required to meet the Authority's Investment Strategy as agreed at Cabinet in December 2015.

### **3 Options considered**

3.1 The following options were considered:

- Maintain the current project – This option was discounted as it does not fully maximise the site and deliver a sustainable revenue income.
- Maximise the site's potential by further intensification. This option is recommended as it creates commercial rental opportunities and provides a revenue return to the Council

### **4.0 Risk Management Implications**

4.1 The risk associated with this procurement is mainly around completing the project to time and on budget. These risks are being managed as part of the build programme.

Risk included on Directorate risk register? No

Separate risk register in place? Yes

### **5.0 Procurement Implications**

5.1 There are no procurement implications as any changes will be managed through contract variations where required.

### **6.0 Legal Implications**

6.1 The Council has a range of powers to enable the proposals in this report, including the general power of competence under Section 1 of the Localism Act 2011 to do anything that individuals can do subject to any specific restrictions contained in legislation, and the power at section 111 of the Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, any of its functions. The Council also has the power to appropriate and dispose of land in accordance with Sections 122-123 of the Local Government Act 1972, subject to obtaining all appropriate consents and approvals and ensuring that any disposals are for a consideration that is the best that can reasonably be obtained. The legal implications of further commercialisation opportunities enabled by the development will require consideration when the business cases for those activities are brought forward.

6.2 The redevelopment of the depot facilities will need to take into account any relevant title matters affecting the property, for example restrictive covenants and third party access rights. Any adverse matters may be dealt with by negotiation with the affected party, or where land has been appropriated for planning purposes, section 203 of the Housing and Planning Act 2016 will operate to override any private rights or covenants that might otherwise impede the implementation of a development for

which planning permission has been obtained. Compensation may become payable to those whose rights are so overridden. In order to appropriate the land to planning purposes and to enable s 203 to take effect the Council will need to be satisfied that the Council could have compulsorily acquired the land under section 226 of the Town and Country Planning Act 1990 and therefore that appropriating the land for planning purposes will contribute to the achievement of the environmental, social and economic well-being of its area. Any disposal of land appropriated for such purposes is effected in reliance on Section 233 Town and Country Planning Act 1990, which is also subject to a duty to obtain best consideration.

- 6.3 Vacant possession of relevant parts of the site will need to be obtained in accordance with the terms of the current leases affecting parts of the property, and approaches made to statutory undertakers agree relocation of any services that are required to enable the development to proceed.
- 6.4 Liaison will be required with the West London Waste Authority in respect of any impact on the operation of the Civic Amenity Site located on part of the Property.
- 6.5 The procurement of the contractor to undertake the redevelopment works will be undertaken in compliance with the Public Contracts Regulations 2015.
- 6.6 The proposals are subject to planning permission being obtained for the redevelopment. Any application that is brought forward will be considered by the Council's planning committee, acting in its separate statutory capacity as Planning Authority

## **7.0 Financial Implications**

- 7.1 The budget for the existing depot scheme was included in the Capital Programme at a total cost of £24.2m phased over the financial years 2017/18 to 2019/20. The scheme is funded through borrowing and the annual capital financing costs are £1.234m by 2019/20. These capital financing costs are to be met by savings associated with the depot redevelopment, so the depot redevelopment was included in the budget on a cost neutral basis.
- 7.2 The addition to the Capital Programme as set out in Appendix 1 is being funded on the same basis. The capital financing costs and any additional running costs will be met through the generation of commercial income. Table 1 in exempt Appendix 1 sets out the capital financing costs associated with the expansion of the existing scheme to include a further 2 floors and a floor for car parking and income to be generated from commercial income. The income in excess of the capital financing costs is £218,600 and this will contribute towards the Medium Term Financial Strategy in 2020/21. There is a one off cost of £65,000 for interest costs in 2019/20 which will be managed through the annual budget setting process.

## 8.0 Equalities implications / Public Sector Equality Duty

There are no equalities Implication to this decision.

## 9.0 Council Priorities

The Council's vision:

### Working Together to Make a Difference for Harrow

The proposals meets the Council's priorities and the Harrow Ambition Plan in terms of being more businesslike as it seeks to provide all possible options to ensure maximizing the financial benefits from the physical asset

## Section 3 - Statutory Officer Clearance

Name: Sharon Daniels	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 9 July 2018		
Name: Matthew Dineen	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 6 July 2018		

## Section 3 - Procurement Officer Clearance

Name: Nimesh Mehta	<input checked="" type="checkbox"/>	Head of Procurement
Date: 10 July 2018		

<b>Ward Councillors notified:</b>	<b>NO, as it impacts on all Wards</b>
<b>EqIA carried out:</b>	<b>NO</b>

**EqIA cleared by:**

Not required as the decision in the report is to make a capital provision only.

## **Section 4 - Contact Details and Background Papers**

**Contact:** Venetia Reid-Baptiste- Divisional Director- Commissioning and Commercial Services.  
Tel: 020 8414 1492 (Int Ext 2492)  
Email: venetia.reid-baptiste@harrow.gov.uk

**Background Papers:** None.

**Call-In Waived by the Chair of Overview and Scrutiny Committee**

**YES**

*[Call-in does not apply]*