
HUNDENS DEPOT RELOCATION

Responsible Cabinet Member - Councillor Stephen Harker
Efficiency and Resources Portfolio
Councillor Chris McEwan, Economy and Regeneration Portfolio

Responsible Directors - Richard Alty, Director of Place,
Paul Wildsmith, Director of Resources

SUMMARY REPORT

Purpose of the Report

1. To request delegation to appropriate officers and release the funding to enable work to commence on relocating the Depot to Hundens Lane.

Summary

2. The Central Park Development is now moving forward and Members agreed the revisions to the master plan at Cabinet on 1 May 2012. Alongside this, the Council has also secured a £1.2 million loan from the Growing Places Fund and can also utilise the contingency of £400,000 from the Housing Growth Point Fund to enable the relocation of the operational aspects of the Depot at Hundens Lane.
3. It will take up to 12 months to relocate the operational aspects of the Depot once approval to proceed has been given. The Central Park is a key regeneration site for the Council and therefore there is a need to relocate the Depot at the earliest opportunity. As funding is now available to achieve the relocation of the Depot, this project can now progress.
4. Council approval would be required to utilise the £1.2 million from the Growing Places Fund in advance of completion of documentation securing the formal agreement for developers to repay this money in three years time.

Recommendation

5. It is recommended that :-
 - (a) Delegated authority is given to the Director of Resources in consultation with the Cabinet Member with Efficiency and Resources Portfolio to either lease or purchase a suitable site or sites for the relocation of the Depot.

- (b) Cabinet agree to release £400,000 of the Housing Growth Point Fund as a contingency to go towards the relocation of the Depot.
- (c) The Director of Place, in consultation with the Cabinet Member with Economy and Regeneration Portfolio, is given delegated authority to decide how the remaining Housing Growth Point Fund should be utilised to accelerate housing development on Central Park.

Reasons

6. The recommendations are supported by the following reasons :-

- (a) To enable the Council to relocate the existing operational aspects of the Depot from Hundens Lane to a suitable site(s) from which to operate operational Services for Place.
- (b) To expedite progress of the Central Park Development.

Richard Alty
Director of Place

Background Papers

- (i) Growing Places Fund Cabinet Report April 2012
- (ii) Central Park – Refreshed Scheme and Consequential Changes to the Development Agreement Cabinet Report May 2012
- (iii) Housing Growth Point Cabinet report July 2009

Ian Thompson: Extension 4447
Philippa Rayner: Extension 2528
LCD

S17 Crime and Disorder	None
Health and Well Being	None
Carbon Impact	It is not envisaged there will e any negative impact on carbon.
Diversity	The proposed arrangements will have a neutral or positive impact on diversity.
Wards Affected	All through services delivered from existing depot.
Groups Affected	All
Budget and Policy Framework	This report does not recommend a change to the Council's Budget or Policy Framework.
Key Decision	Yes
Urgent Decision	No
One Darlington: Perfectly Placed	Central Park is identified as a strategic location for new development, second only to the Town Centre. The Central Park development at the exiting depot site will contribute towards all themes within One Darlington: Perfectly Placed and to the Perfectly Placed priority.
Efficiency	The proposed arrangements will help to ensure the efficient and continued operation of services delivered from the existing depot site.

MAIN REPORT

Information and Analysis

Background

7. At Cabinet on 1 May 2012, Members approved the revisions to the master plan for the Central Park Development. Cabinet in April also approved the release of the £1.2 million Growing Places Fund Loan to the Council to assist with the relocation of the operational aspects of the Depot at Hundens Lane. Once the development agreement is finalised with CKY for Central Park, the Consortia will be legally bound to underwrite and repay the £1.2 million loan from the Growing Places Fund. It is likely that the process to finalise the Legal agreement with the Consortia will take up to the end of September 2012.
8. On 7 July 2009 Cabinet agreed to the release of Housing Growth Point funds to assist in the delivery of Central Park; at the time, this decision was taken in consultation with the funding body (now falling under Homes and Communities Agency), who still expect the funding to be spent on accelerating the delivery of Central Park. Because some of this funding remains unspent and ring fenced for the delivery of Central Park, this report seeks a decision as to how to use the remaining Housing Growth Point funds for the delivery of Central Park. The recent Central Park Cabinet paper (1 May 2012) identified that £400,000 of Housing Growth Point could be used as a contingency for the Depot Relocation fund. This report therefore seeks authorisation to release £400,000 of the remaining Housing Growth Point funds for the Depot Relocation project as a contingency fund, which can also be used in advance of the receipt of the £1.2 million Growing Places Fund loan, as no delegated authority is currently in place to enable this without a Cabinet resolution.
9. In addition to the £400,000 there is £74,000 of Housing Growth Point funds remaining. In line with the requirements placed on the authority from the funding body, this too should be spent on accelerating the housing development on Central Park as the authority considers appropriate. It is considered that a delegated authority of this nature is appropriate as the executive decision to spend the funding on the delivery of Central Park remains unchanged; how this money is spent to achieve this aim is not considered an executive decision requiring a Cabinet resolution. Such a delegated authority would enable more responsive and timely decision making on the use of this money to help achieve the accelerated delivery of Central Park.

Timescale to Relocate the Depot

10. It will take up to 12 months to relocate the operational aspects of the Depot once approval to proceed has been given. This is to enable:
 - (a) Identification of suitable sites
 - (b) Any planning requirements for adaptations of that site
 - (c) Time to carry out any works necessary to the site
 - (d) Legal process to relocate in terms of operator's licence
 - (e) Enable procurement of alternative model for Stores and Joiners Workshop
 - (f) Site clearance and relocation
 - (g) Turnkey solution

11. Work has been ongoing now for a number of months to identify suitable sites within the Borough and there are currently four that could either work individually or depending on the site, the operational aspect of Place services could operate from two or three locations.

Evaluation of Potential Sites

12. It will be necessary to carry out a detailed evaluation of any suitable site(s) prior to entering into detailed negotiations. The analysis used for this evaluation will be on the following basis:
 - (a) Is the site(s) big enough to house the services required for effective operational delivery of Services for Place as per the outcome of the Services for Place Review.
 - (b) Is there adequate funding available to either purchase or lease the site(s) available.
 - (c) Are significant changes needed to the site to make it fit for purpose.
 - (d) Are any planning applications required for the use of the site(s).
 - (e) Does the location(s) build in any additional operational costs to the existing services.
13. Subject to the outcome of the analysis, detailed negotiations will be entered into with site owners to achieve the best deal for the Council.

Purchase of New Site(s) versus Lease of New Site(s)

14. Pending the outcome of the analysis and which sites are available, and whether or not the landowner is prepared to sell the site, will depend on whether the Council either purchases or leases.
15. The desired option would be to purchase the site as the Council will have an asset that it can in future either rent out or sell.
16. The leasing option may provide a greater element of short term flexibility but this will very much depend on the length of the lease required and the terms available to be negotiated. Up front fit out costs may not be cost effective for a short term lease. If the lease were offered on a minimum 5 or 10 year basis, this would not lend itself to the outcome of the Options for Place Review, which currently commits continued service delivery in-house until 2015. If at this point a different approach to service delivery was adopted then any lease the Council had entered into may hinder the ability of the Council to change or cost the Council to buy out of the lease.

Financial Implications

17. The Council have up to £1.6 million to facilitate the relocation of the Depot; £1.2 million from the Growing Places Fund and £400,000 from the contingency within the Housing Growth Point Fund. In addition, the Council currently spends approximately £350,000 a year on operating costs of the existing Depot site. However, as the office accommodation on that site will remain for the foreseeable future, up to £100,000 revenue costs will need to remain for that building. Therefore, there is ongoing revenue of £250,000 available to fund

the running costs of the new site(s).

18. The sites that are currently available, and officers have inspected, range in purchasing price of £650,000 up to £800,000 and to lease, depending upon which site and the size of the site, anywhere from £75,000 up to £150,000 per annum. In addition to lease costs, there will obviously be the operating costs associated with utilities, rates and other associate costs. These figures are without any negotiation taking place with the site owners and it is anticipated they could be improved.
19. The sites that are currently available can be purchased or leased within the funding that has been allocated to the relocation of the Depot.

Central Park Development

20. As discussed earlier in this report, at Cabinet on 1 May 2012, Members approved the revision to the master plan for the Central Park Development and work is now ongoing on finalising the development agreement with a view to that being completed and legally signed by the end of September 2012. Thereafter, once the legal agreements are signed, it could take up to a further 12 months to relocate the operational aspects of the Depot at Hundens Lane.
21. Central Park is a key regeneration site for the Council, which has already seen significant improvement, the building of the new Darlington College and Teesside University campus alongside other facilitating works. The Growing Places Fund Loan of £1.2 million is only available this year and if for any reason, the development agreement takes longer to sign or ultimately the development with CKY did not take place, then the Council would lose that funding. Therefore a further report will be presented to Council in July seeking permission to move forward with the Depot Relocation prior to signing the agreement.

Conclusion

22. With the sites that are currently available on the market, the £1.2 million loan and £400,000 contingency from the Housing Growth Point Fund, alongside the existing revenue cost for the Depot will be adequate to relocate the Depot and operate services from the new site(s) subject to detailed negotiations with premises/landowners.
23. To enable the relocation of operational aspects of the Depot, delegation needs to be given to the Director of Resources in consultation with the Cabinet Member with Resources Portfolio to negotiate a lease or purchase of suitable site or sites. This would enable the Council to start negotiations at an earlier point and move forward quickly to secure an appropriate site or sites without coming back to Cabinet for approval, as this could delay negotiations with the potential of losing out on a particular site. Any final agreement will be subject to Council in July agreeing to allow the scheme to proceed without the variation agreement being signed.