


**RECORD OF EXERCISE OF DELEGATED AUTHORITY BY OFFICER PURSUANT TO
REGULATION 13 OF THE LOCAL AUTHORITIES (EXECUTIVE ARRANGEMENTS)
(MEETINGS AND ACCESS TO INFORMATION) (ENGLAND) REGULATIONS 2012 &
THE OPENNESS OF LOCAL GOVERNMENT BODIES REGULATIONS 2014**

<u>SUBJECT OF DECISION</u>	
Works necessary to turn units 1 and 2 Gresham Road into Nuneaton and Bedworth Borough Council's new Operational Depot.	
<u>DECISION REFERENCE</u>	<u>SOURCE OF AUTHORITY AND REFERENCE</u> (i.e. Committee/ Constitution/Minute No. etc.)
D08/2016 (AF) 	Use of Managing Director's Emergency Powers under the Budget and Policy Procedure rules contained within the Constitution on the grounds of urgency.
<u>DATE OF DECISION</u>	<u>DECISION MAKER (Name and Job Title)</u>
25 th October 2016	Alan Franks - Managing Director

RECORD OF THE DECISION

a) The issue

1. Over the last 12 months design meetings to identify the exact scope and extent of works necessary to turn units 1 and 2 at Gresham Road into the Borough Council's new operational depot, have taken place involving employees from teams that are currently based at St Mary's Road depot and will be moving to Gresham Road; the Council's central health and safety team and the Council's engaged contractor. The outcome of this design process is a much greater programme of work being necessary than was originally envisaged. Detailed procurement activities need to be undertaken [and given volatility in the economy following the Brexit vote, time is of the essence to get into a contract to fix the price before inflationary pressures bite upon the supply chain]; material orders placed and works on site commenced as a matter of urgency given that we have a housing development option signed with a third party for St Mary's that has identified 1st April 2017 as the date by which we need to have vacated St Mary's Road depot. These urgency pressures preclude a report being presented to the Council meeting scheduled for 7th December 2016 or the calling of an emergency Council meeting.

b) The Decision

- i) That the 2016/17 budget for works to turn the site of units 1 and 2 Gresham Road be increased as detailed in the report to allow the necessary works to be carried out as quickly as possible, thereby allowing the Borough Council to move out of St Mary's Road depot as soon as possible to facilitate its development for housing. That this
- ii) That due to urgency this decision be marked not for call in.
- iii) That this urgent decision to increase the 2016/17 general fund capital programme be reported to Council at its meeting of 7th December 2016.

REASON FOR THE DECISION

In May 2015 the Borough Council became aware that units 1 and 2 Gresham Road on the Bermuda Industrial Estate were available for purchase at an asking price of £1,750,000. Several officers visited the site during week commencing 25th May 2015 and all of them were in agreement that the Units offered an excellent location to relocate our operational services to.

Gresham Road is a much more strategically sound location for the Borough Council to have its operational depot than St Mary's Road as the Gresham Road site is located on an industrial estate in the middle of the Borough with easy access to the A444 and Coventry Road / Nuneaton Road. In contrast as St Mary's Road depot is situated in a mainly residential in Nuneaton to the north of the Borough, travel times to Bedworth, Keresley and Bulkington are relatively high and are often further elongated by traffic flow problems at peak times.

In addition to the operational benefits for the Borough Council that Gresham Road offers over St Mary's Road, relocating our operations away from St Mary's Road depot will significantly improve the quality of life for the residents of St Mary's Road, Bath Road and the immediate area. It will also allow the current depot site to be developed for much needed housing. A development option, with an effective date of 1st April 2017 has been signed for such development.

Arising from the officer site visits in May 2015, and following appropriate further internal liaison, an offer of £1,475,000 was submitted for the two units which was accepted. The selling agents confirmed that their client had accepted the Borough Council's offer that was significantly below the asking price on the basis that the transaction would be completed quickly.

At the time of the purchase and given the need to act quickly a necessarily light touch assessment of the actions required to turn the site into an operational depot identified some £625,000 of works as being required. However, over the last 12 months the detailed design process has identified a much greater programme of work being necessary than was originally envisaged and an increase in the cost of the works from £625,000 to £1,900,000. The significant increase in cost has arisen for a number of reasons but principally due to the need to:

- Construct completely new offices, meeting rooms, showers, toilets and a mess room inside the large front building.
- Construct a vehicle workshop inside the large front building that will allow safe access and egress for vehicles.
- Construct a new parking area on the footprint of the rear building that has been demolished that will withstand the numbers and type of vehicles to be parked on it and which takes account of the poor soil conditions on site.
- Install additional drainage to the above area to deal with any fuel spillage or leaks and prevent them from entering the watercourse at the rear of the site or finding their way, "un-intercepted" into the storm water drainage system.
- Construct a new road for almost the entire length of the site abutting the A444 to allow a one-way vehicle movement system inside the depot for both safety and operational purposes.

- Install lighting to the rear car parking area for both health and safety and security reasons.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED IN MAKING THE DECISION

None given the strategically superior location of Gresham Road compared to St Mary's Road depot; the reduced net annual revenue costs of operating Gresham Road compared to St Mary's Road depot despite the increased conversion costs and the ability to develop the St Mary's Road depot site for housing that the relocation to Gresham Road allows.

WARD RELEVANCE

Gresham Road is located within the Arbury Ward

FINANCIAL AND BUDGET IMPLICATIONS

The original Cabinet report of 17th June 2015 that sought approval to purchase the Gresham Road site, identified that Gresham Road would cost an estimated £71,000 a year less to operate than St Mary's Road depot. However, in addition to this saving work that has now taken place on putting in place a shared service with Coventry [as required by the smaller workshop facility that can be accommodated at Gresham Road] that will commence in early November 2016, for the repair and maintenance of Refuse Collection Vehicles and other large vehicles will definitely lead to an annual saving of £41,000 to be split between the General Fund and HRA. It is further anticipated that the changes in working practices that the shared service with Coventry will lead to around £13,000 of additional savings via a further rationalisation of NBBC's transport and workshop team. These additional savings total £54,000.

The £1,475,000 purchase cost of Gresham Road plus expenditure so far incurred for the demolition of the rear and small front building [£1,584,000 in total] has been funded by using £1,160,000 from general and earmarked capital reserves together with borrowing of £424,000. In terms of this funding approach it should be noted that it has always been the case that borrowing of some extent would be necessary to allow the project to take place.

It is proposed that the increase of the current 2016/17 budget from £610,000 to £2,000,000 is funded in the following way:

Earmarked reserves	£680,000
Capital receipts	£120,000
Borrowing	£1,200,000

Given the historically low levels of interest rates, making it a good time to borrow, the annual revenue cost of the £1,200,000 borrowing would be £24,000, which can be more than met from the £54,000 per year additional revenue savings arising from the new vehicle maintenance shared service with Coventry City Council.

In addition to the revenue savings being able to service the loan necessary to undertake the works in the immediate future, the original Cabinet report identified a capital receipt figure of £600,000 from the disposal of St Mary's Road depot. This is now anticipated to be in the region of £1,100,000 i.e. some £500,000 more so while the costs of the works necessary have increased so has the size of the capital receipt. While the timing of the sale of the St. Marys Road depot [i.e. after the Borough Council has vacated it and moved to its new depot site] has always precluded the capital receipt being directly used to fund any of the programme of works required at Gresham Road, it will give the option of reviewing current debt to potentially reduce debt liability and therefore reduce ongoing revenue charges; reduce the need to borrow for future capital projects or use it to invest in income generating property assets or a combination of all of these.

CONSULTATION UNDERTAKEN WITH MEMBERS/OFFICERS

Discussion and consultation has take place with the following Elected Members and Officers:

Leader of the Council
Cabinet Member for Central Services
Chair of Economic and Corporate Overview and Scrutiny Panel

Director of Finance and Procurement [Section 151] Officer
Director of Governance and Recreation
Audit and Governance Manager
Director – Assets & Street Services

ANY CONFLICT OF INTEREST DECLARED BY ANY MEMBER CONSULTED

No

IN RESPECT OF ANY DECLARED CONFLICT BY A CABINET MEMBER, ANY DISPENSATION GIVEN BY THE HEAD OF PAID SERVICE (Note if the decision is a non-executive decision, no dispensation can be given).

Not Applicable

EQUALITIES IMPLICATIONS

The new offices, meeting rooms, showers, toilets and mess room as well as the outer areas of the Gresham Road site will be fully accessible.

HUMAN RESOURCES IMPLICATIONS

No direct human resources implications.

HEALTH EQUALITIES IMPLICATIONS

No direct health equalities implications

SECTION 17 CRIME & DISORDER IMPLICATIONS

The site security of Gresham Road will be far greater than that of St Mary's Road depot.

RISK MANAGEMENT IMPLICATIONS

No direct risk management implications

ENVIRONMENTAL IMPLICATIONS

Relocating the Borough Council's operational depot to Gresham Road, located as it is in the middle of our two towns and with almost direct access to the A444, will result in reduced vehicle mileage and queuing of vehicles with its associated low mpg and higher emissions.

LEGAL IMPLICATIONS

No direct legal implications.

ANY OTHER COMMENTS

The direct and indirect financial savings arising from the greater operational efficiency of Gresham Road compared to St Mary's Road will more than cover the costs associated with purchasing Gresham Road and carrying out the works needed to turn it into the Borough Council's new depot.

The Borough Council will deliver its frontline operational services from Gresham Road, for many many years to come with around a 50 year life. Over this time period the value of the Gresham Road site will increase during the coming years and it will certainly be worth much more than its purchase and refurbishment/ construction costs. However, even in the short-term, and without it's redevelopment having been completed, the market value of the Gresham Road site has increased above the purchase prices we paid for it and this will increase further once all works have been carried out. Therefore, Gresham Road remains a sound investment from a financial as well as operational perspective.

PLEASE RETURN TO THE DIRECTOR – GOVERNANCE & RECREATION AS SOON AS A DECISION IS MADE OR AS REASONABLY PRACTICABLE THEREAFTER

