

Birmingham City Council

Report to Cabinet

13 October 2020



Subject: Relocation of Montague Street and Redfern Road Depots – Outline Business Case

Report of: Director Neighbourhoods

Relevant Cabinet Member: Councillor Ian Ward, Leader of the Council
Councillor Tristian Chatfield Cabinet Member Finance and Resources
Councillor John O'Shea Cabinet Member Street Scene and Parks

Relevant O &S Chair(s): Councillor Sir Albert Bore, Resources

Report author: Lesley Steele, Operational Programme Manager,
Telephone No: 0121 303 8857
Email Address: lesley.steele@birmingham.gov.uk

Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
Bordesley and Highgate Ward and Tyseley and Hay Mills Ward		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	No
Forward Plan Reference: 007740/2020		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Exempt information Appendix 3. Exempt information 12A of the Local Government Act 1972 (as amended). Paragraph 3. Information relating to the financial or business affairs of any particular person (including the council). Appendix 3 contains sensitive, commercial information on the budgetary and estimated delivery costs of the project.		

1 Executive Summary

- 1.1 The sale and leaseback of Montague Street Depot was completed on the 31st March 2020 to Homes England (HE); following this on the 23rd June 2020 Cabinet approval was given to progress the purchase of a new site on Redfern Road (as shown on Appendix 1) (the proposed new site) to facilitate the build of a new

depot to relocate the services delivered from Montague Street and also the existing Redfern Road Waste Depot to provide one new purpose built 'super' facility which will consist of a vehicle workshop and 2 storey office/ablution accommodation with external parking (the project).

- 1.2 This report seeks Cabinet to note the future intention to declare the existing Redfern Road Depot site (Appendix 2) surplus and to seek permission to sell the freehold. Also, to earmark (a proportion) of the anticipated capital receipt to contribute towards funding the construction and internal fit out of the new facility.
- 1.3 The report seeks approval to the Outline Business Case (OBC) (Appendix 4). It also seeks approval, subject to completion of the Council's acquisition of the proposed new site; to progress remediation works and the development of the new waste depot proposal to RIBA (Royal Institute of British Architect) Stage 4 Technical Design thereafter a Full Business Case and Contract Award will be presented to Cabinet to deliver the project.
- 1.4 The report seeks approval for the strategy and commencement of the procurement activity for the remediation of the site and construction of the new facility using Acivico Ltd's Constructing West Midlands 2 (CWM2) Framework Agreement that is due to be awarded in late October 2020.
- 1.5 The financial commercially sensitive information relating to the project funding and delivery costs is set out in Exempt Appendix 3. This information was not included in the Notification of Intention to Consider Matters in private due to an oversight leading to the deadline being missed. The inflexible programme to deliver the new facility means it would be impracticable to defer the decision to the next Cabinet meeting in November 2020.

2 Recommendations

- 2.1 Approve the OBC(Appendix 4) subject to completion of the Council's acquisition of the proposed new site to facilitate the relocation of the existing Montague St Depot and Redfern Road Depots inclusive of fit out at an estimated capital cost detailed in Exempt Appendix 3.
- 2.2 Approve the City Council's submission of bids for grant funding to other external organisations and funding bodies to support the capital infrastructure costs to deliver a sustainable project asset.
- 2.3 To note the future intention to declare Redfern Road Depot site surplus together with the proposed future sale of the site and the earmarking of the capital receipt from the sale to be used as a contribution towards the project proposal.
- 2.4 Authorise the Director, Neighbourhoods to instruct Acivico Ltd to progress the project proposal to RIBA Plan of Work to stage 4 (Technical Design) at a cost not to exceed £740,400.
- 2.5 Approve the strategy and commencement of the procurement activities by Acivico Ltd to award a contract for the remediation of the site and construction of

the new facility using Constructing West Midlands 2 (CWM2) Framework Agreement, noting that the award of the main construction contract will be reported in the Full Business Case to be presented to Cabinet in July 2021.

- 2.6 Authorise the Director, Neighbourhoods to instruct Acivico Ltd to place an order for the remediation works following a further competition exercise using the CWM2 framework agreement for a cost not exceeding £350,000.
- 2.7 Authorises the City Solicitor to negotiate, execute and complete all necessary documents to give effect to the above recommendations.

3 Background

- 3.1 A report was presented to Cabinet on the 11th February 2020 which approved the freehold sale of Montague Street Depot, B9 4BA to Homes England (HE). The sale was completed on the 31st March 2020 with a 2-year lease back to the Council at nil cost with an option to extend. The lease commenced on the 1st April 2020. A further report was presented to Cabinet on the 23rd June 2020 to approve the purchase of a freehold site on Redfern Road and Kings Road to facilitate the build of a new depot to relocate the services delivered from the Montague Street and also the existing Redfern Road Depots to provide one new purpose built 'super' facility.
- 3.2 Montague Street Depot houses the Waste Management Services (WMS) main garage. It carries out repairs, maintenance and MOT servicing on the Council's fleet of vehicles which range from cars, minibuses to refuse lorries. It also carries out MOTs on vehicles belonging to the general public.
- 3.3 Redfern Road Depot provides ablutions, welfare and office facilities for operational and administration staff and is also used to park the WMS fleet which operate in East Birmingham and collects and transfers waste to the Energy Recovery Facility (ERF) at Tyseley. It is also the Council's Driver Training Centre (DTC). It facilitates driving courses accredited by the Driving Standards Agency (DSA), Minibus Driver Awareness Scheme (MIDAS), and Joint Approvals Unit for Periodic Training (JAUP) institutes for Large Goods Vehicle (LGV) and Passenger Carrying Vehicle (PCV) as well as taxi driver assessments. All these functions will be re-provided at the new facility.
- 3.4 The proposed new super facility will include for the re-provision of modern workshop/garage facility together with the relocation of the facilities at the existing Redfern Road Depot. The 2 existing depots will be amalgamated to make the best use of space sharing welfare, ablutions, offices and meeting spaces and to promote efficiency savings by operating one sustainable site rather than two older uneconomical buildings that are in a poor condition and in need of investment to modernise them.
- 3.5 There is an aspiration that the new super facility will be a showcase for sustainability both in the construction design and materials used but also in the energy supply to operate the building but also to power the WMS vehicles used

to deliver Council services. The proposed new site is set to be developed in close proximity to its own waste incinerator at Tyseley ERF. This opportunity enables a minimum of a 2MW power capacity, as well as future-proofing the delivery capacity of clean energy to power ultra-strength charge points, enabling early transition to electric refuse trucks.

- 3.6 An expression of interest has been submitted to the European Regional Development Fund(ERDF) to work towards securing grant funding to install smart integration of renewable energy, via electric wire connection & infrastructure linking to an initial 40 rapid & ultra-rapid (50kw +) charge points, with future proofing power supply capability to incorporate other electric Heavy Goods Vehicles (HGV) when they come onto the market. The project will act as a catalyst to enable both Council & commercial HGV operators to move to electric vehicles and act as a market charging initiative where there is currently little, or no HGV charging points. This will connect 'energy from waste' to decarbonise public & commercial refuse collection vehicles (RCVs), that service daily multiple waste collections within the heart of the city for businesses, residential areas, and local communities.
- 3.7 There will also be an opportunity to investigate the use of this energy to provide electricity to heat, light and power the new building. This sustainable source of energy would reduce running costs considerably.
- 3.8 The new super facility will require a full fit out of both office furniture as the furniture used at both the existing Montague Street and Redfern Road depots has exceeded its useful life and is no longer fit for purpose. It is proposed that this is replaced with furniture mirroring the Corporate Administration Building (CAB) branding. The ablutions will also require new fixtures and fitting e.g. wet and dry locker storage and benches. The new garage will require new industrial equipment. The equipment currently in situ at Montague Street is in a poor condition and outdated. It would pose a high risk to attempt to re-locate it with no guarantee that it would function effectively in the new facility. Therefore, the equipment is to be replaced as part of the proposal.
- 3.9 It is estimated that a final cost and developed design will be ready to facilitate a Full Business Case and Contract Award being presented to Cabinet in July 2021, with a start on site in September 2021. The construction period will be approximately 46 weeks on site.

4 Options considered and Recommended Proposal

- 4.3 Alternative options for the re-provision of Montague St Depot garage were considered as part of the property strategy; however the options were driven by HE approaching the Council to acquire the Montague Depot site to facilitate a nationally significant development, in order to deliver a substantial amount of new homes and jobs. The priority of the relocation of Montague Street Depot was to be sited outside of the Clean Air Zone (CAZ) and to identify an alternative site

which has the capacity to accommodate the new super facility and be accessible by vehicles located at the other Waste Management Depots across the city.

- To do nothing and close the depot – this option would have a serious impact on WMS operating a fit for purpose operational fleet and other Council services who use the depot to maintain their own fleet of vehicles. An exercise has been carried out to test the external market to see if an external provider could service and repair the city's fleet, but no suitable supplier was identified.
- To extend one of the other depots to include the garage facility – none of the other depots have the spatial capacity to build a garage facility to accommodate the project requirement together with the external space required to house the equipment to carry out the servicing requirement plus the space to park the vehicles.
- To purchase a building that could be refurbished and converted to address the project requirements – an intensive search was carried out and no suitable properties were identified.
- The preferred option was to identify a site and construct a purpose built super facility – a site has been identified on Redfern Road which is close to the existing Redfern Road Depot which has the advantage of being able to consolidate the depot and relocate Redfern Road Depot with Montague Street Depot on to one new site and building a 'super' depot, allowing the city to release another asset.

5 Consultation

- 5.1 Local elected members have all been consulted on this proposal and support it going forward. The report was presented to members of the Capital Board on the 2nd September 2020 who supported it going forward.
- 5.2 Consultation has commenced with Waste Management Services staff with meetings with Trade Union representatives to be arranged imminently. This will be ongoing throughout the development of the project proposal.
- 5.3 Consultation was carried out with other organisations to gauge whether they would be interested in delivering a new facility in partnership; however, there was no firm commitment to progress this option any further.

6 Risk Management

- 6.1 A risk register is appended to the Outline Business Case Appendix 4.
- 6.2 The main risk identified is ensuring the proposal can be delivered within the programme to meet the deadline to vacate the current premises at Montague Street, in line with the lease back agreement with HE.

7 Compliance Issues:

- 7.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

- 7.1.1 The proposal supports the Birmingham City Council Plan 2018-2022 (as updated in 2019) by contributing to the Council's Key Priorities, specifically Outcome 1; Birmingham is an entrepreneurial city to learn, work and live in and outcome 4; Birmingham is a great city to live in. The proposals support the additional climate change commitments agreed by Cabinet on 30th July 2019 following the motion on Climate Emergency passed at the full City Council meeting of 11th June 2019, including the aspiration for the City Council to be net zero-carbon by 2030.
- 7.1.2 The proposal supports the Waste Strategy 2019 – 2034 specifically by supporting the issue of improved air quality by locating new facilities within the Tyseley Environmental Enterprise Zone footprint and investigating the opportunity of linking to the Tyseley Incinerator site for the provision of energy converted from waste products.
- 7.1.3 The acquisition of Montague St Depot site and the proposed new site on Redfern Road are consistent with the aims set out in both the Birmingham Property Strategy 2018/19 – 2023/24 specifically 3 of the 4 themes; Investment, Growth and Development and Operational.
- 7.1.4 The proposal assists in the facilitation of the Birmingham Development Plan 2031 and working towards achieving the outcome of providing 51,100 new homes and 100,000 jobs between 2011- 2031.
- 7.1.5 Birmingham Business Charter for Social Responsibility (BBC4SR): The BBC4SR is a mandatory requirement that will form part of the conditions of the construction contract with the successful contractor appointed via the CWM2 framework agreement. The contractor will submit an action plan that will be actioned and monitored during the contract period.

7.2 Legal Implications

- 7.2.1 Section 120 -123 of the Local Government Act 1972 authorises the City Council hold, appropriate and dispose of land for the purpose of any of its functions or for the benefit, improvement or development of its area.
- 7.2.2 S1 of the Localism Act 2011 contains the Council's general power of competence and S111 of the Local Government Act 1972 contains the Council's ancillary financial powers to expend and borrow money required for the discharge of its functions
- 7.2.2 7.2.3 Exempt information 12A of the Local Government Act 1972 (as amended) paragraph 3. Information relating to the financial or business affairs of any particular person (including the Council). Exempt Appendix 3 is considered to be in the public interest as they contain commercially sensitive information of a financial or business nature, which if disclosed to the public could be prejudicial to a named person, individual or company.
- 7.2.3 The Council has a best value duty under the Local Government Act 1999 to improve the efficiency, economy and effectiveness of the services it delivers.

7.3 Financial Implications

- 7.3.1 The funding and estimated cost to deliver the proposal is detailed in the Exempt Appendix 3.
- 7.3.2 A delegated authority was approved on the 21st May 2020 which released capital funding to develop the proposal to RIBA Stage 2 in the sum of £109,245 (CA-01941-05) sourced from the capital receipt generated from the sale of Montague St Depot. This commitment has been included within the overall cost of the project.
- 7.3.3 Current revenue budgets for Montague Street and Redfern Road Depot will be amalgamated to provide the revenue budget for the new facility. Combined Premises budgets equate to £399k in 2020/21. The new facility will be required to operate within this budget envelope. Estimated ongoing running costs will be determined as part of the Full Business Case. Previous years have seen pressures on these budgets due to the level of repair and maintenance spend. This will not be an issue with the new facility and opportunities for ongoing savings and efficiencies will be explored.

7.4 Procurement Implications (if required)

- 7.4.1 The proposed procurement route is to use Acivico Ltd's CWM2 Framework Agreement that is due to be awarded in late October 2020. The Council is entitled to access this Framework Agreement. The Council, in collaboration with Acivico Ltd, will be involved in selecting the most appropriate contractor for the project based on a price, quality and social value matrix as provided for in the Framework Agreement. The Council will be able to amend clauses or add clauses to the call off contract specific to the project. Alternative frameworks agreements were considered. However, they tend to be single contractor led which does not provide the competitiveness required to evidence best value.
- 7.4.2 The following options for the construction of the new facility were considered:
- To tender the remediation contract and construction contract as two separate contracts. Separate warranties would be given by the respective contractors for the contracts. However, this option was discounted as it would result in two tender exercises that could delay the tight programme. Additionally any issues with the remediation works during and on completion could also delay the programme for the construction works.
 - The preferred option is to tender as one contract but in two stages which allows some flexibility if the CWM2 Framework Agreement commencement date marginally slips. This means that the remediation works can be commenced as stage 1 whilst the design of the construction works are produced to a cost estimate for the Council's approval. If the cost is within the budget, approval to award the second stage will be presented to Cabinet for approval in July 2021. This option will allow the proposal to be delivered within the programme.

- 7.4.3 The procurement strategy for the garage fit out, furniture and fittings and ICT requirements will be reported as part of the Full Business Case to Cabinet in July 2021.

7.5 Human Resources Implications (if required)

- 7.5.1 Professional services to support the project will be provided by Property, Finance, Procurement and Legal Officers who will be engaged to deliver this proposal with technical support from Acivico Ltd.

7.6 Public Sector Equality Duty

- 7.6.1 A copy of the Equality Act 2010 – Public Sector Duty statement together with the initial equality assessment screening are appended – Appendix 5 ref EQUA549. The initial equality assessment discloses that the report recommendations will not have a negative impact on the characteristics and groups protected under the Equality Act 2010 and therefore it is considered that a full assessment is not required for this report.

8 Appendices

- 8.1 Appendix 1 - Site plan of proposed new depot site
8.2 Appendix 2 - Site plan of existing Redfern Road Depot
8.3 Appendix 3 - Exempt – private information
8.4 Appendix 4 - Outline Business Case
8.5 Appendix 5– EINA

9 Background Documents

- 9.1 Cabinet Report 11th February 2020; Land at Montague Street, Bordesley B9 4BA Disposal
9.2 Delegated Authority 21st May 2020; Relocation of Montague St Workshop/Garage and Redfern Road Depot
9.3 Cabinet Report 23rd June 2020; Purchase of freehold of land at North side of Redfern Road, Tyseley, Birmingham B6 4AE and 170 -172 Kings Road Tyseley B1 2AS