

MAYOR'S EXECUTIVE DECISION MAKING

Wednesday, 17 September 2014

Mayor's Decision Log No. 71


1. **INTERIM DEPOT STRATEGY (Pages 1 - 24)**

If you require any further information relating to this meeting, would like to request a large print, Braille or audio version of this document, or would like to discuss access arrangements or any other special requirements, please contact: John S. Williams, Service Head, Democratic Services

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Agenda Item 1

Individual Mayoral Decision Decision Log No: 71	 TOWER HAMLETS
Report of: Corporate Director, CLC (Stephen Halsey) Corporate Director, D&R (Aman Dalvi)	Classification: Unrestricted
Interim Depot Strategy	

Is this a Key Decision?	Yes
Decision Notice Publication Date:	11 th August 2014
General Exception or Urgency Notice published?	Not required
Restrictions:	Unrestricted

EXECUTIVE SUMMARY

This report provides the Executive Mayor with proposals regarding the interim depot strategy, which potentially facilitates the release of Watts Grove Depot.

The report presents an analysis of the arguments for and against the options and asks the Executive Mayor to decide on which option best supports the delivery of Corporate objectives.

The report includes details of costs associated with the release of Watts Grove, with regard to the continuation of service delivery being provided on the network of retained depot sites or through additional third party facilities. The report sets out a proposal for the Executive Mayor to consider for the relocation of the services from Watts Grove, alongside the consequential sets of moves required within the retained depots as well as the financial impact.

The report also outlines the proposed timelines for the development of the overarching depot strategy and the procurement of a new waste, recycling and street cleansing service provider from 2017.

Full details of the decision sought, including setting out the reasons for the recommendations and/or all the options put forward; other options considered; background information; the comments of the Chief Finance Officer; the concurrent report of the Head of Legal Services; implications for One Tower

Hamlets; Risk Assessment; Background Documents; and other relevant matters are set out in the attached report.

DECISION

Recommendations:

The Mayor is recommended to:

1. Decide whether to proceed with option 1 or option 2 as an Interim Depot Strategy, both of which are described in paragraph 3.10 of the report;
2. Agree a capital estimate for the selected option for the Interim Depot Strategy as follows –
 - £1.75m in the case of option 1 including fees and on costs;
 - £1m in the case of option 2.
3. Note that £0.489m of expenditure, from a £1m earmarked reserve, has previously been approved as set out in the report;
4. If option 1 is the preferred option, agree to the virement of £0.75million from general reserves to fund delivery of the Interim Depot Strategy;
5. Authorise the Corporate Director of Communities Localities and Culture and the Corporate Director of Development and Renewal, after consultation with the Service Head – Legal Services, to enter into all relevant agreements necessary to give effect to the Interim Depot Strategy.

APPROVALS

1. **Corporate Director (Communities, Localities and Culture) proposing the decision or his/her deputy**

I approve the attached report and proposed decision above for submission to the Mayor.

Signed  Date 17/9/14

2 Corporate Director (Development and Renewal) proposing the decision or his/her deputy

I approve the attached report and proposed decision above for submission to the Mayor.

Signed *[Signature]* Date 16/9/2014.

3. Chief Finance Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

Signed *[Signature]* Date 16/9/14

4. Monitoring Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

(For Key Decision only – delete as applicable)

I confirm that this decision:-

- (a) has been published in advance on the Council's Forward Plan OR
- ~~(b) is urgent and subject to the 'General Exception' or 'Special Urgency' provision at paragraph 18 or 19 respectively of the Access to Information Procedure Rules.~~

Signed *[Signature]* Date 16/09/2014.

4. Mayor

I agree to the delivery of an Interim Depot Strategy in accordance with option 2 under recommendation 1, for the reasons set out in the attached report. I agree to recommendations 2 to 5 as they relate to the report. I have chosen option 2 as I consider it to be the best route to deliver the Interim Depot Strategy, whilst supporting the construction of 149 homes as part of my key pledge for housing. I have taken full account of officer's advice

4) AT PRESENT FINAL COSTS ARE UNCLEAR AS THIS OPTION HAS TO GO THROUGH PLANNING ALTHOUGH IT IS UNDERSTOOD

Signed *[Signature]* Date 17/09/14 THAT THIS WILL BE SIGNIFICANTLY LOWER

THAN OPTION 2

5) FINAL COSTS TO BE APPROVED BY THE CORPORATE DIRECTOR OF COMMUNITIES LOCALITIES + CULTURE + THE MAYOR.

$$e^{2i\theta} = \cos 2\theta + i \sin 2\theta$$




$$e^{i\theta} = \cos \theta + i \sin \theta$$

The complex number $e^{i\theta}$ is represented by the point $(\cos \theta, \sin \theta)$ on the unit circle in the complex plane. The real part is $\cos \theta$ and the imaginary part is $\sin \theta$. This is known as Euler's formula.

For example, if $\theta = \frac{\pi}{2}$, then $e^{i\frac{\pi}{2}} = \cos \frac{\pi}{2} + i \sin \frac{\pi}{2} = 0 + i \cdot 1 = i$.

Similarly, if $\theta = \pi$, then $e^{i\pi} = \cos \pi + i \sin \pi = -1 + i \cdot 0 = -1$.

The magnitude of $e^{i\theta}$ is always 1, since $\cos^2 \theta + \sin^2 \theta = 1$.

Individual Mayoral Decision 16 September 2014	 TOWER HAMLETS
Report of: Corporate Director, CLC (Stephen Halsey) Corporate Director, D&R (Aman Dalvi)	Classification: Unrestricted
Interim Depot Strategy – Release of Watts Grove	

Lead Member	Cabinet Member for Clean and Green (Councillor Shahed Ali)
Originating Officer(s)	Service Head, Public Realm (Jamie Blake) Service Head, Corporate Property & Capital Delivery (Ann Sutcliffe)
Wards affected	Bromley South Blackwall & Cubitt Town Limehouse Lansbury St Dunstan's
Community Plan Theme	Great Place to Live
Key Decision?	Yes

Executive Summary

This report provides the Executive Mayor with proposals regarding the interim depot strategy, which potentially facilitates the release of Watts Grove Depot.

The report presents an analysis of the arguments for and against the options and asks the Executive Mayor to decide on which option best supports the delivery of Corporate objectives.

The report includes details of costs associated with the release of Watts Grove, with regard to the continuation of service delivery being provided on the network of retained depot sites or through additional third party facilities. The report sets out a proposal for the Executive Mayor to consider for the relocation of the services from Watts Grove, alongside the consequential sets of moves required within the retained depots as well as the financial impact.

The report also outlines the proposed timelines for the development of the overarching depot strategy and the procurement of a new waste, recycling and street cleansing service provider from 2017.

Recommendations:

The Mayor is recommended to:

1. Decide whether to proceed with option 1 or option 2 as an Interim Depot Strategy, both of which are described in paragraph 3.10 of the report;
2. Agree a capital estimate for the selected option for the Interim Depot Strategy as follows –
 - £1.75m in the case of option 1 including fees and on costs;
 - £1m in the case of option 2.
3. Note that £0.489m of expenditure, from a £1m earmarked reserve, has previously been approved as set out in the report;
4. If option 1 is the preferred option, agree to the virement of £0.75million from general reserves to fund delivery of the Interim Depot Strategy;
5. Authorise the Corporate Director of Communities Localities and Culture and the Corporate Director of Development and Renewal, after consultation with the Service Head – Legal Services, to enter into all relevant agreements necessary to give effect to the Interim Depot Strategy.

1. REASONS FOR THE DECISIONS

- 1.1 The decision to proceed with the Interim Depot Strategy and the associated release of the Watts Grove Depot, would deliver:
 - 149 council homes;
 - Better utilisation of the retained council depots; and
 - Support to the procurement process of a new waste service provider from 2017.

2. ALTERNATIVE OPTIONS

- 2.1 Consideration has been given to consolidation of depot options in a single site, as set out in paragraph 3.4 below.
- 2.2 The option of relocating the Watts Grove uses and services to another single site within the borough has also been considered as set out below. The only sites that have been identified as potentially viable are Silvertown and Leven Road. It should be noted that moving to any alternative site would require capital funding to ensure it would be fit for purpose and revenue funding associated with additional lease and commercial rates expenditure. Such

costs are unavoidable.

- 2.3 For completeness consideration has been given to a “do nothing” option, cancelling the Watts Grove housing development and informing the GLA that we will not be in a position to spend the £6.9 million grant in the current financial year. This option has been discounted because the Council would not realise the benefits identified in paragraph 3.13 of the report.
- 2.4 The possibility of utilising a National Power site at The Oval has also been considered. Unfortunately the gas infrastructure is still on site and so parking areas are limited. A further difficulty is that access to the site is largely through residential streets.
- 2.5 A number of other council owned sites were considered and discounted due to site constraints, such as land at Tent Street and the Southern Grove site.

3. DETAILS OF REPORT

- 3.1 This report sets out an Interim Depot Strategy for the council, pending the full depot strategy which will be developed, concurrently, alongside the procurement of the waste disposal, recycling, refuse collection, and street cleaning contracts (collectively referred to as Project 17)
- 3.2 The council delivers a range of front line services across a number of depot sites, which include the following sites with the stated existing uses:
- Blackwall Depot – includes passenger services, transport vehicles, bins storage and maintenance, MOT and servicing workshop
 - Commercial Road – includes the civil protection store, car pound, parking services, trading standards, environmental health & FM
 - Toby Lane Depot – catering and passenger services
 - Watts Grove Depot – Veolia waste and street cleaning vehicles, clean and green team, Veolia waste team office
- 3.3 Cabinet in September 2012 considered a report titled ‘Update on Council development projects & Proposal to dispose of surplus properties. It was agreed that officers should be instructed to consolidate the Council’s depot operations in order to release a site, namely Watts Grove, for the provision of council homes.
- 3.4 Officers have explored a number of options for the consolidation of the depot operations onto a single site. The opportunities explored included the use of two industrial sites at TwelveTrees Crescent in Bow. This would have provided the council with the main opportunity of bringing all of its depot

activities onto one site. However, the costs associated with these sites would have included a revenue demand and were estimated to have a net present value (NPV) in the range of £33.m to £37m over a 25 year period compared with a NPV of £4.5m for remaining in situ. In any event, these opportunities have now been lost to the council with the sites being secured by Sainsbury's and Amazon for East London depots.

- 3.5 The immediate focus is to find a way to free up the Watts Grove site whilst not endangering the critical universal services currently operating from it. An interim Depot Strategy has been attempted that centres on temporary relocation of the services and uses currently operating from the site. If an adequate temporary solution can be achieved, it will provide some additional time to establish the permanent depot strategy which would be needed by 2017. The detail of each required move is set out in paragraph 3.9 below.
- 3.6 It should be noted that there is a long-term ambition to release, as part of the medium to long term depot strategy, Blackwall depot and Commercial Road depot sites for residential development into council/affordable homes.
- 3.7 The longer term depot strategy is still to be written and consulted upon in the context of the following:
- need and projected growth;
 - available funding; and
 - Procurement of critical universal public realm related services, the contract for which is due to expire in 2017.
- 3.8 Short term solutions may represent higher levels of financial risk to these services as the recently conducted soft market testing indicated that the majority of interested companies would expect the Council to supply a depot facility. In the event that this was not possible, the contractors asked for clarity at an early stage to enable them to adequately evaluate the risk to the contract and costs associated with supplying a site themselves. It is possible that some contractors will choose not to bid for the contracts, on the basis of increased tendering costs and future financial risk. This could lead to decreased competition within the procurement process.

Short/medium term strategy

- 3.9 As part of the original business case associated with the Watts Grove housing scheme, the indicative budget identified was about £1m which was for the resurfacing of part of Blackwall Depot to accommodate the refuse and recycling fleet. This was an estimate only and this figure has been adversely impacted by contamination works, Health and Safety costs and additional

costs resulting from constraints limiting the original operational specification for Commercial Road, the latter never being included in the assumptions for the Watts Grove decant. These costs were initially revised to £3.2m but following an intensive period of value engineering these costs have been brought back down to £1.75million.

- 3.10 Below are two options for securing an interim solution sufficient to free up Watts Grove for development. Option 1 is estimated to cost up to £1.75m and has the advantage of being based on sites we own and results in no impact on revenue costs. Option 2, albeit not yet fully costed, is likely to have a lower capital cost but includes uncertainties around planning permission and lease hold costs and tenure risks. The lease term for option is fixed to December 2015, with a rolling 6 month break notice period thereafter. It should be noted however, that at this stage National Grid have not formally commenced any pre application meetings on their sites and so the minimum lease term should be sufficient to deliver the current waste related contracts to 2017.

Option 1 – Development of Blackwall, Commercial Road and Toby Lane Depots

Depot Site (in sequence)	Move/relocation to Depot	Impact	Comment
1. Commercial Road – pest control	Toby Lane Depot	Provision of welfare facilities, offices and secure poison store for pest control.	This is proposed to be a medium to long term solution as part of the depot strategy
2. Blackwall Depot - Workshop	Blackwall Depot	Create a new office for staff, provide new lockers and refurbish canteen	There is a long-term ambition to release this site for housing development.
3. Blackwall Depot – transport services and associated office space	Commercial Road	Relocation of TS vehicles, relocation on site of car pound, creation of additional office space required for staff, provision of temporary welfare accommodation; adapting the existing buildings to allow vehicle parking	This is proposed to be an interim use and therefore the costs have been limited. Expected life is 2-3 years.
4. Watts Grove – waste vehicles and Clean & Green team	Blackwall Depot	Additional welfare facilities for front line staff, additional office space for Veolia staff, additional office space for some Clean & Green members	This is proposed to be a medium to long term solution, which will also provide part of the offer in the council's proposed procurement for a new partner when the existing contract ends in 2017. See alternate options above for further comment.
5. All (excluding Watts Grove)	All (excluding Watts Grove)	Space standard compliant furniture, ICT and removals	The proposed use of space standard compliant furniture is part of the smarter working

Depot Site (In sequence)	Move/relocation to Depot	Impact	Comment
		costs	programme in terms of driving more efficient utilisation of council assets.

Option 2 - Short term Lease and Development of Leven Road

Depot Site (In sequence)	Move/relocation to Depot	Impact	Comment
1. Commercial Road – pest control	Toby Lane Depot	Provision of welfare facilities, offices and secure poison store for pest control.	This is proposed to be a medium to long term solution as part of the depot strategy
2. Blackwall Depot - Workshop	Blackwall Depot	Create a new office for staff, provide new lockers and refurbish canteen.	There is a long-term ambition to release this site for housing development.
3. Watts Grove – waste vehicles and Clean and Green Team	Leven Road	Whilst the site is largely hard surface, there are no facilities / utilities on site. The costs of implementation are still to be defined but are likely to be within the original £1 million allocation. This option would not require the work to be undertaken at the Commercial Road or Blackwall sites, thus reducing those costs alongside the many proposed decants and physical moves.	The short term nature of the lease is seen as a high risk in the context of delivering front line environmental services
4. All (excluding Watts Grove)	All (excluding Watts Grove)	Non Space standard compliant furniture, ICT and removals costs	As the proposal is only for the short term, it is intended to reuse the current furniture from Watts Grove to reduce costs.

3.11 Set out below is an analysis of the impacts of each of the two options proposed for the Interim Depot Strategy.

Option 1 – Impacts

Option 1	For	Against
Planning	<ul style="list-style-type: none"> • Planning Applications for both Commercial Road and Blackwall have been submitted • Initial comments received from 	<ul style="list-style-type: none"> • Three complaints have been received so far for the Commercial Road site •

Option 1	For	Against
	highways on the proposals for Commercial Road.	
Environmental Impacts - Site Access / Vehicle Movements	<ul style="list-style-type: none"> All sites have been assessed and it is the Council's view that access and egress from the sites will not adversely affect local residents The Blackwall site is remote from residential properties and can be accessed 24/7 	<ul style="list-style-type: none"> The Commercial Road site is close to residential properties – however the site use is largely within office hours and so any impact should be minimal
Procurement	<ul style="list-style-type: none"> The procurement for Toby Lane has been completed and contractors are on site. The Commercial Road tender has been issued and officers are looking to procure the Blackwall works within current framework contracts. 	<ul style="list-style-type: none"> The delay in issuing tenders has pushed back the timeline for occupying the Commercial Road site Confirmation required on the use of the existing framework contracts for the works at Blackwall and being able to undertake and demonstrate VFM.
Project Costs	<ul style="list-style-type: none"> The overall cost of the projects has decreased from early estimates, but is still valued at approximately £1.75 million 	<ul style="list-style-type: none"> The Commercial Road site is not a long term facility as it has been earmarked for disposal as part of the Civic Hub project
Service Delivery	<ul style="list-style-type: none"> The Blackwall site already has significant infrastructure including offices and the salt barn that will assist in winter maintenance logistics All sites are within the Borough boundary and transport services can be rescheduled to take into account the change of location 	<ul style="list-style-type: none"> Potential short term disruption to services as new arrangements "bed down". These will be largely mitigated through a detailed plan to decant the current sites and by revising vehicles routes to take into account the new starting points
Site Development	<ul style="list-style-type: none"> All of the sites are owned by the Council 	<ul style="list-style-type: none"> The Blackwall site has contaminated land which represents a risk both to the delivery of the project and to the overall costs
Revenue Implications	<ul style="list-style-type: none"> The concentration of activities on fewer sites may result in savings to the Authority 	<ul style="list-style-type: none"> Any savings will have to be offset against budget pressure that currently exist

Option 2 - Impacts

Option 2	For	Against
Planning	<ul style="list-style-type: none"> Due to the nature of the site officers do not expect there to be any significant planning issues 	<ul style="list-style-type: none"> If planning permission is required and the application is refused, then it may be too late to implement Option 1

	<ul style="list-style-type: none"> The site may not require planning permission (to be confirmed) 	
Environmental Impacts - Site Access / Vehicle Movements	<ul style="list-style-type: none"> The site is largely hard surface and will not require significant investment 	<ul style="list-style-type: none"> The 24/7 nature of the various cleaning operations must be managed carefully to ensure that it is seen as a “good neighbour” within a highly urbanised environment. The site is a recognised industrial area of the borough and is still operating as one.
Procurement	<ul style="list-style-type: none"> The procurement of portacabins, fuel facilities and lighting should not adversely impact on the deliverable timescales of the project 	<ul style="list-style-type: none"> The procurement of temporary buildings and other infrastructure has not been specified as officers have concentrated on Option 1. Though the some temporary facilities have already been procured for Commercial Road which could be relocated, as well as the temporary facilities identified by Veolia.
Project Costs	<ul style="list-style-type: none"> It is envisaged that overall costs will be below the approved £1 million 	<ul style="list-style-type: none"> The costs have not yet been fully explored. Whilst the capital costs are low, the ongoing revenue costs involved in leasing a private site will need to be met corporately. These are approximately £200k per annum. Provided the interim arrangement does not go on for too long, it will still represent a saving against the £1.75m cost of option 1.
Service Delivery	<ul style="list-style-type: none"> The depot site is within the Borough Boundary and allows for access to the TfL road network The move will not affect other CLC front line services so minimise the danger of changing sites 	<ul style="list-style-type: none"> Close proximity to Housing may lead to complaints due to the nature of the service The short term nature of the lease represents a high risk in relation to the provision of key front line services (though should be available for the procurement period). Potential short term disruption to services as new arrangements “bed down”. These will be largely mitigated through a detailed plan to decant the current sites and by revising vehicles routes to take into account the new starting points
Site Development	<ul style="list-style-type: none"> The site is largely hard surface and other uses on the site are similar in nature to the vehicle 	<ul style="list-style-type: none"> There are no utilities or It links – this could increase costs both in terms of capital set up costs

	depot that is proposed	and on-going revenue
Revenue Implications	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> Additional costs will be incurred due to lease charges – these will be met in the short term via a re-alignment of the resources identified in 4.1 below.”

3.12 Of the estimated cost, approval was secured for £0.1m in professional fees in the Watts Grove decision taken by the Mayor in February 2014 (Mayoral decision log no. 50). An additional £0.389m has been approved through a range of Corporate Director actions, £140,000 of which has been committed. The Mayor, if so minded to progress option 1, would be required to agree a virement of £750k to fund the balance of the project and approve a capital estimate of £1.3m

3.13 The area of most significant cost increase relates to Blackwall Depot in respect of option 1. In order for the cost of £1.75m to be considered value for money, and in the context of the previous revenue assumptions for a depot relocation, it will be necessary for the depot to form part of the medium to long term depot solution for the Council. If the site is only to be considered for the next 2-3 years, the capital investment sum may still be considered value for money when weighed against the following:

- the significant community benefit of the new housing to be delivered on the Watts Grove site;
- the £6.7m of external funding for social housing;
- the new housing units set against local need for social housing within the borough; and
- the need to continue to deliver the services currently associated with the site's use as a depot.

INTERDEPENDENCIES

Long Term Depot and Procurement Strategy

3.14 The procurement process for the waste disposal, refuse collection and street cleansing contracts has already started and soft market testing supports a view that the council should provide its own depot facility for the operation of the contract. A notice will be placed in the Official Journal of the European Union in January 2015 and it is proposed that the contract is procured via the competitive dialogue process

3.15 In the event that the depot strategy concludes that the authority no longer wishes to supply a depot facility for the services outlined above and is prepared to accept the associated risks and additional costs of such a conclusion, the Council could at this point ask tenderers to come forward with plans to supply their own site, which would more than likely be outside of the borough boundary. The cost of the site would be passed back to the authority via the tendered sums, with risk of non-provision and disruption to services

being priced into the contract accordingly. Revenue impact on the cost of the contract is likely to be significant.

- 3.16 It should be noted that, while the contractor may be comfortable with operating their own facility, it is unlikely to be willing to provide additional space for council-owned vehicles or operations (such as a workshop or salt barn). Depot provision for these vehicles and services would need to be procured separately at significant extra cost.
- 3.17 In addition, any move of the service external to the borough boundary could also have the following implications to the council's wider aspirational targets outside of the risks already identified to service delivery and performance:
- Reduction in "local spend" by approx. £26 million per annum (Note: All of the current expenditure through Veolia is classified as "local spend" as they have an office within the Borough)
 - Reduction in local employment targets
 - Increased revenue costs due to vehicle use and fuel
 - Increased revenue cost of additional resources due to "lost time"
- Any depot strategy would not only have to establish VFM at a level sufficient to successfully address the above major adverse impacts on the Council's revenue budgets for the next 14 years and beyond (establishing borough depot sites in borough will be virtually impossible once they are removed) but must also factor in the substantial increase in service demand (and costs) generated by significant increases in the Borough's population. This will be difficult to establish as the obvious approach to addressing the VFM challenge of increasing housing density on the depot sites simply increases demand (and cost of provision) for the displaced services that once used them.

Watts Grove – housing proposals

- 3.18 The Watts Grove site has been earmarked as a council housing site, for which funding has been secured from the GLA as well as from the HRA budget. The condition of funding from the GLA is that the contract has to be let and works commenced on site by March 2015. This therefore requires a vacant site by the end of February 2015, in order not to compromise the funding.
- 3.19 The procurement for the homes is being undertaken as required through the GLA Developers Panel. Expressions of Interest were received and the sifting brief was issued with returns received from 7 bidders. The shortlisting of the bidders was completed in the week commencing 14th July 2014. The invitation to tender was issued to the 4 shortlisted bidders on the 4th August 2014.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1. A specific reserve of £1m was set aside during the closure of the 2013/14 accounts in order to meet the original capital commitment.

4.2. The accounts also showed that general fund reserves are higher than originally anticipated. The balance of funding for the scheme (£0.75m) will be met from general reserves.

4.3. The level of general fund reserves will still be within the boundaries identified in the approved MTFP after the funding has been utilised.

5. LEGAL COMMENTS

5.1 The Mayor is asked to select an Interim Depot Strategy which involves discontinuing use of the Watts Grove depot and accommodating the associated Council functions either on the remaining depots (option 1) or on the remaining depots and the Leven Road site (option2).

5.2 The Council functions affected by the Interim Depot Strategy are as follows –

- Pest control services. The Council has a duty under the Prevention of Damage by Pests Act 1949 to take such steps as may be necessary to secure as far as practicable that Tower Hamlets is kept free from rats and mice. This requires the carrying out of inspections, the destruction of rats and mice on council land and enforcement of the duties of owners and occupiers.
- Transport services. The Council has a range of transport functions related to the work of its Education, Social Care and Wellbeing directorate. In particular, the Council has a duty under section 508B of the Education Act 1996 to make and provide suitable home to school travel arrangements for eligible children in Tower Hamlets to facilitate the attendance of each such child at the relevant educational establishment.
- Waste and cleansing services. The Council has a duty under section 89 of the Environmental Protection Act 1990 (EPA) to keep clean the highways and roads for which it is responsible and land under its direct control to which the public have access. The Council is a waste collection authority and a waste disposal authority within the meaning of Part 2 of the Environmental Protection Act 1990 and as such has the duty to collect and dispose of controlled waste collected in Tower Hamlets and to comply with the targets for reduction of waste to landfill established under the Waste and Emissions Trading Act 2003.

5.3 As the Council is obliged to carry out most of the functions, it must ensure there are adequate depot arrangements in place to enable the functions to be delivered.

5.4 The Financial Regulations set a threshold of £250,000, above which Executive approval is required for a capital estimate. The Financial Procedures supplement this requirement. In accordance with Financial Procedure FP 3.3, senior managers are required to proceed with projects only when there is a capital estimate adopted and adequate capital resources have been identified. Where the estimate is over £250,000 the approval of the adoption of that capital estimate must be sought from the Executive.

- 5.5 Additional funding is required for the proposed option 1 for the Interim Depot Strategy above that which is currently budgeted. The Council's Constitution permits the Executive to vire resources between components of the budget, but specifies that virements exceeding £1million require the approval of full Council. Virements for the same budget or project or for a similar purpose should not cumulatively exceed the £1million limit without the approval of full Council. The Mayor may agree the Interim Depot Strategy and the associated capital estimate, providing any required virements do not exceed these limits.
- 5.6 It is proposed that the Council will tender for the works required to deliver the Interim Depot Strategy, except to the extent that urgent works were required to be purchased and have been authorised by the corporate director. Procurement will need to be carried out in accordance with the Council's Procurement Procedures and the Public Contract Regulations 2006. The relevant internal procedure in accordance with the Council's Procurement Procedures and the Financial Regulations will be dependent upon the value of each individual contract.
- 5.7 Compliance with the procurement procedures should assist the Council to comply with its duty as a best value authority under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". There are some issues concerning the value for money of the Interim Depot Strategy, due in part to its short-term nature, but these are addressed in the report and must be judged by reference to the inter-dependent housing project and the statutory functions outlined above.
- 5.8 The report indicates that the Blackwall depot contains contaminated land, although detail is not provided regarding that contamination. If option 1 is pursued, then that contamination will have to be addressed in connection with the application for planning permission. It will likely be a material planning permission and the Council as planning authority will have to be satisfied that the land is or will be made suitable for the proposed use. It is not known whether the contamination is such as to give rise to any issue under Part 2A of the Environmental Protection Act 1990 which establishes a legal framework requiring remediation of land which is relevantly contaminated within the meaning of that legislation.
- 5.9 When considering whether or not to adopt the Interim Depot Strategy and the associated capital estimate, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector equality duty). Information is set out in the report relevant to these considerations.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1. There are no immediate One Tower Hamlets considerations arising from this report. The release of Watts Grove depot for housing will allow the delivery of 149 council homes, including family sized homes, helping to alleviate overcrowding and homelessness.
- 6.2. The report will require the re-location of staff to work from depots other than the Watts Grove site. As the depots are all located in the borough there is no contractual impediment to the strategy and no resulting redundancies. The transition has been the subject of consultation with staff and will be managed in accordance with the Council's policies. It is not considered there will be any adverse equality impacts on staff and this has been confirmed by consultation to date.
- 6.3. As set out earlier in the report, it is not proposed to change any service delivery and, accordingly, the strategy will not have any adverse equality impacts on service users. This is confirmed in the equality checklist at Appendix A to the report.
- 6.4. Whilst there may be some potential short term disruption to services as new arrangements "bed down" these are likely to be of an intermittent nature and will not adversely affect any single group within the community. Any negative impacts will be largely mitigated through a detailed plan to decant the current sites and by revising vehicles routes to take into account the new starting points. In the event of moving ahead with option 2, these potential impacts will be further reduced as the Transport Service operation will be largely unaffected.
- 6.5. The intensification of operations within both options will need to be carefully managed to ensure that local residents are not adversely affected. The nature of the local housing within the immediate areas is thought to be sufficiently diverse that no single group within the community will be disproportionately affected.

7. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 7.1 There are no immediate sustainable actions for a greener environment implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 The capital estimate for option 1 has been determined with the intention of keeping costs as low as possible. The works at Blackwall Depot present a particular challenge as it will be necessary to:

- address the contaminated ground issues (low risk contamination that will be dealt with on site)
- provide additional drainage, additional lighting and security works; and
- remodel the office building and associated workshop to provide enough workstations and showering facilities.

The estimate has been based on the lowest acceptable level of work considered necessary to achieve option 1, which seems reasonable given the waste contract should be re-procured in 2 years' time. There is a risk, however, that the estimate may be exceeded, which officers will need to manage.

- 8.2 The development of Leven Road allows for the re-use of current temporary accommodation that can be moved from Watts Grove and so reduce costs. An assessment has been carried out of the works required and it appears that the development costs will be significantly less than the other depot projects. However, a definitive assessment has not yet been made of the overall cost of developing Leven Road there is a risk that the estimates provided in option 2 may be exceeded.
- 8.3 There is a risk of objection to the suitability or fitness of the depot accommodation under whichever option is pursued as the Interim Depot Strategy. It is proposed to engage actively with the contractor, Veolia, and with staff in order to meet the required minimum criteria and avoid disputation.
- 8.4 It is understood that National Power are keen to enter into a temporary lease of Leven Road. However, the timescale for drawing up the required agreement is presently unclear and could delay the start of any agreed implementation project. In addition, the temporary nature of the lease (12 months with a rolling 6 month extension) could put future service provision at considerable risk and negate any perceived savings within the original depot move. If option 2 is chosen, then it is proposed to engage quickly with National Power so that an agreement can be entered into as soon as possible. It is also proposed to move forward as quickly as possible with the longer-term depot strategy, incorporating the future procurement of the waste related contracts and the future development of Commercial Road into the plans.
- 8.5 There is a risk of objection from residents to the suitability of the depot site and associated traffic movements whichever option is pursued. It is proposed to engage with the contractor, Veolia, to minimise any local disruption.
- 8.6 Any delay in vacation of the Watts Grove depot puts the provision of council homes and GLA funding at risk. Any further delay in selecting a suitable Interim Depot Strategy could potentially incur additional costs and could adversely affect the Council's ability to meet the target of starting the housing development by March 2015. A contingency plan is to be prepared for consideration which incorporates a phased start on site, in case this should be required and if it may provide a possible way forward.

8.7 Under option 2, the use of Leven Road plan is expected to reduce the capital development costs associated with the Interim Depot Strategy, but will increase the ongoing revenue costs due to the need to take out a private lease for a fixed period. It is expected that this revenue cost can be met from identified underspend prior to the new waste related contracts coming into place in 2017. However, whether or not option 2 is value for money may be tested if it should take longer than expected to put those new contracts in place.

9. CRIME AND DISORDER REDUCTION IMPLICATIONS

9.1 There are no immediate crime and disorder implications arising from this report.

10. EFFICIENCY STATEMENT

10.1 The interim depot strategy puts in place a series of moves that will see one site vacated and intensification of use on the remaining depot sites. More detailed consideration of issues such as value for money will be contained within the final Depot Strategy.

Linked Reports, Appendices and Background Documents

Linked Report

- Mayoral Executive Decision – 28 Feb 2014 – Watts Grove Development

Appendices

- Appendix A – Equality Checklist

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None
- Officer contact details for documents: N/A

APPENDIX 4: EQUALITY ANALYSIS QUALITY ASSURANCE CHECKLIST

Name of 'proposal' and how has it been implemented (proposal can be a policy, service, function, strategy, project, procedure, restructure/savings proposal)	Interim Depot Strategy – Release of Watts Grove	
Directorate / Service	CLC D&R	
Lead Officer	Jamie Blake, Service Head, Public Realm Ann Sutcliffe, Service Head, Corporate Property and Capital Delivery	
Signed Off By (inc date)	Stephen Halsey, Head of Paid Services/ Corporate Director of CLC Aman Dalvi, Corporate Director of D&R	
Summary – to be completed at the end of completing the QA (using Appendix A) (Please provide a summary of the findings of the Quality Assurance checklist. What has happened as a result of the QA? For example, based on the QA a Full EA will be undertaken or, based on the QA a Full EA will not be undertaken as due regard to the nine protected groups is embedded in the proposal and the proposal has low relevance to equalities)	<p><input checked="" type="checkbox"/> Proceed with implementation</p> <p>As a result of performing the QA checklist, this proposal does not appear to have any adverse effects on people who share <i>Protected Characteristics</i> and no further actions are recommended at this stage.</p> <p>If this proposal is agreed and a consultation is undertaken, further equalities analysis will be submitted.</p>	

Stage	Checklist Area / Question	Yes / No / Unsure	Comment (If the answer is no/unsure, please ask the question to the SPP Service Manager or nominated equality lead to clarify)
1	Overview of Proposal		
a	Are the outcomes of the proposals clear?	Yes	This report provides the Executive Mayor with a proposal

			<p>regarding the interim depot strategy, which facilitates the release of Watts Grove Depot.</p> <p>The report also presents the costs associated with the release of Watts Grove with regard to the continuation of service delivery being provided on the retained depot sites. The report provides two options for the Executive Mayor to consider for the relocation of the services from Watts Grove, alongside the consequential sets of moves required within the retained depots as well as the financial impact.</p>
b	<p>Is it clear who will be or is likely to be affected by what is being proposed (inc service users and staff)? Is there information about the equality profile of those affected?</p>	Yes	<p>It is recommended that the Mayor approve the maximum total costs for the Interim Depot Strategy at £1.75 m, which facilitates the release of Watts Grove Depot.</p> <p>The proposal ensures that the services currently delivered through the use of Watts Grove Depot will be provided on the retained depot sites. Whilst there may be some potential short term disruption to services as new arrangements "bed down" these are likely to be of an intermittent nature and will not adversely affect any single group within the community. Any negative impacts will be largely mitigated through a detailed plan to decant the current sites and by revising vehicles routes to take into account the new starting points. In the event of moving ahead with option 2, these potential impacts will be further reduced as the Transport Service operation will be largely unaffected.</p> <p>The report has identified measures to commence the release of Watts Grove Depot and the consolidation exercise. Those measures include provision of welfare facilities for staff. In Watts Grove Depot, the Council's contractor, Veolia, and the Clean Green team currently operate. The contractor and the Council staff/unions that will be affected by the release of Watts Grove Depot and the depot consolidation have been informed about the change and consulted on new</p>

			arrangements. The release of Watts Grove Depot would provide 149 Council homes, which will help address the acute lack of the affordable housing in the Borough.
2			
a	Is there reliable qualitative and quantitative data to support claims made about impacts?	Yes	The proposal ensures that the services currently delivered through the use of Watts Grove Depot will be provided on the retained depot sites. The risk of Veolia and Unions' objection to the proposal has been identified and the mitigation to this risk (i.e. undertaking the scoping of the work and the minimum criteria required in consultation with the contractor and the staff/unions) has also be identified.
	Is there sufficient evidence of local/regional/national research that can inform the analysis?	Yes	A number of options for the consolidation of the depot operations have been explored to ensure service delivery without disruption. The contractor and the Council staff/unions that will be affected by the release of watts Grove Depot and the depot consolidation have been informed about the change and consulted on new arrangements.
b	Has a reasonable attempt been made to ensure relevant knowledge and expertise (people, teams and partners) have been involved in the analysis?	Yes	See above.
c	Is there clear evidence of consultation with stakeholders and users from groups affected by the proposal?	Yes	The contractor and the Council staff/unions that will be affected by the release of watts Grove Depot and the depot consolidation have been informed about the change and consulted on new arrangements.
3	Assessing Impact and Analysis		
a	Are there clear links between the sources of evidence (information, data etc) and the interpretation of impact amongst the nine protected characteristics?	Yes	The report includes risk analysis. The consultation will identify the impact on the nine protected characteristics.
b	Is there a clear understanding of the way in which proposals applied in the same way can have unequal impact on different groups?	Yes	The consultation will identify the impact on different groups.
4	Mitigation and Improvement Action Plan		

a	Is there an agreed action plan?	n/a	Action plan will be developed after this proposal is agreed.
b	Have alternative options been explored	Yes	A number of options for the consolidation of the depot operation have been explored.
5			
a	Are there arrangements in place to review or audit the implementation of the proposal?	Yes	The consultation will inform the implementation. Also, a long term depot and procurement strategy will be developed.
b	Is it clear how the progress will be monitored to track impact across the protected characteristics??	Yes	Consultation will be held prior to the implementation of the proposal.
6	Reporting Outcomes and Action Plan		
a	Does the executive summary contain sufficient information on the key findings arising from the assessment?	Yes	The main body of the proposal contains the information.