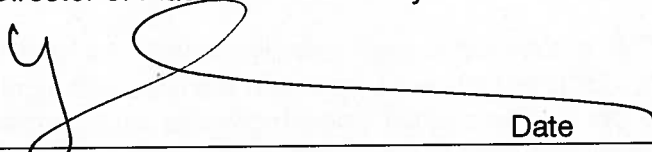




**Haringey** Council

<b>Report for:</b>	<b>Leader of the Council Signing 5 December 2013</b>	<b>Item Number:</b>	
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<b>Title:</b>	<b>Development of Western Road Depot</b>
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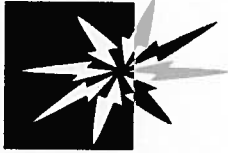
<b>Report Authorised by:</b>	<b>Lyn Garner, Director of Place &amp; Sustainability</b>  Signed _____ Date _____
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<b>Lead Officer:</b>	<b>Tom Hemming, Waste Strategy Manager</b>
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<b>Ward(s) affected:</b> Noel Park	<b>Report for Key/Non Key Decisions:</b> Key Decision
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**1. Describe the issue under consideration**

- 1.1 The Reuse & Recycling Centre on High Street, Hornsey is due to be closed at the point that the sale of the Hornsey Depot site is completed and the site released to the developers (anticipated to be no later than 31 March 2014).
- 1.2 A replacement Reuse & Recycling Centre is being developed at Western Road Depot, N22, in liaison with North London Waste Authority, with the objective of delivering continuity of service in relation to the closure of the Hornsey site.
- 1.3 Authority is sought to call-off from the existing contractual arrangement that the council has in place with its term contractor RingwayJacobs under the London Highways Alliance Contract (LoHAC) framework, for the purposes of designing and delivering the engineering phase of the development. The work will consist of drainage, surfacing, fencing, crossover works, the provision of portable buildings and the installation of services.
- 1.4 The value of the works to be delivered under the LoHAC framework is estimated at £675k, based upon the LoHAC contract schedule of rates, and



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subject to the final design details. As such it is above the £250k threshold and may only be approved by Cabinet or by the Leader.

- 1.5 The re-development project as a whole has an indicative budget of £1 million, to include demolition works, the engineering works in question and associated project costs. This report therefore recommends the establishment of a capital budget of £1 million by means of an addition to the Place & Sustainability capital programme, funded by contribution from NLWA. This constitutes a key decision.

## 2. Leader introduction

- 2.1 This is a critical project associated with the release of the council's land holdings at Hornsey Depot and the resultant significant capital receipt for the council. The council's new highways term contractor has the ability to undertake both the detailed engineering design and construction of the new Reuse & Recycling Centre. The costs of this scheme will be met by the NLWA through their purchase of the site on completion of the works and who are supportive of the proposed design and construction arrangements.

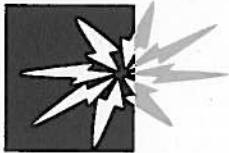
## 3. Recommendations

The Leader of the Council approves:

- 3.1 The use of the Council's existing LoHAC contract for the purposes of delivering the engineering design and construction works required for the replacement Reuse & Recycling Centre at Western Road Depot and to award the call-off contract to Ringway Jacobs.
- 3.2 That authority is delegated to the Director of Place & Sustainability to finalise the contract for these works in a sum not exceeding £675k after consultation with the Cabinet Member for Environment.
- 3.3 The establishment of a capital budget of £1 million for the initial delivery of the Reuse & Recycling Centre, with all costs properly accounted to this project subsequently to be effectively recovered from the North London Waste Authority on the purchase of the site by them.
- 3.4 That any necessary subsequent revision to the capital budget be delegated to the Director of Place & Sustainability in association with the Chief Financial Officer and reported to Cabinet via budget monitoring.

## 4. Alternative options considered

- 4.1 The council could undertake a new procurement for the delivery of the required works. A new procurement would add a period of around 2 months to the timetable.

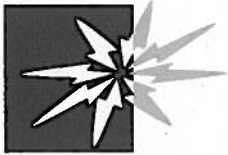


- 4.2 This option therefore carries a very significant risk of extending timescales beyond the target completion date (end-March 2014) and therefore would prejudice the council's disposal of the Hornsey depot site.
- 4.3 In contrast the recently awarded LoHAC contract allows call-offs to be made for engineering design and construction works for all Council services, without the need to tender. Given the very significant timescale pressures for delivery of Western Road Depot and the availability of appropriately procured contract arrangements for the type of works in question, new procurement has not been considered further.
- 4.4 The Cabinet Report which considered the procurement process for the LoHAC contract (18 June 2013 Cabinet, detailed in Section 5) has demonstrated the contract is capable of delivering competitive pricing for a wide range of engineering works. As such, it can be assumed that call-off from the LoHAC contract schedule of rates, with the flexibility to negotiate additional discounts for fixed price work, will deliver competitive pricing. There would in addition be a saving from not having to run a fresh procurement.
- 4.5 As noted in 1.4, the price is subject to the completion of the final design. Due to the timescale pressure, the report recommends authority is delegated to the Director of Place & Sustainability to finalise the contract in a sum not exceeding £675k after consultation with the Cabinet Member for the Environment. In preparation for this stage, a due process will have been followed involving verification of the costing by the appointed Quantity Surveyor.
- 4.6 The use of the LoHAC contract has been agreed with NLWA officers who will ultimately be meeting the design and construction costs as part of their purchase of this site.

## **5. Background information**

### **Background**

- 5.1 Cabinet approved the disposal of Western Road Depot, by means of the sale of the freehold to NLWA, on 15 October 2013. An NLWA decision to approve their purchase of the site was made on 26 September 2013.
- 5.2 NLWA will operate the completed Reuse & Recycling Centre, following the council transferring responsibility for operation of the two existing centres in Haringey to NLWA during 2012, as a result of a change in legislation which left the duty to provide R&R Centres sitting solely with NLWA.
- 5.3 Consequently the Council has worked with NLWA to draw up the design scope for the new site on Western Road. In the interests of delivery of the replacement site in time for closure of Hornsey R&R Centre, it has been agreed



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with NLWA that the Council will put in place the appropriate contractual arrangements for demolition of the existing depot structures on the site and replacement with a new Reuse & Recycling Centre. It has been agreed by NLWA that the costs of works incurred by Haringey will be accounted for in the final sale price to NLWA.

- 5.4 It should be noted that through the levying mechanism in place for the recovery of NLWA's costs from its Constituent Boroughs, the council will pay back the majority of NLWA's borrowing costs for the purchase of Western Road Depot, over a period of decades.

### **Planning**

- 5.5 Western Road Depot received planning consent in 1995 for a change of use to a Reuse & Recycling Centre, and was used as such by the council until 2006, when the facilities were moved to the current Hornsey Depot site.
- 5.6 A planning application was submitted on 16 October 2013 for the reinstatement of the former use of the Western Road site as a Re-use and Recycling Centre. The Council is allowed eight weeks, by law, in which to reach a decision.

### **The LoHAC Contract**

- 5.7 LoHAC framework contracts for London have been procured by Transport for London (TfL). Under the Framework Agreement the Council has an individual contract with RingwayJacobs, the LoHAC contractor for the North East London sector.
- 5.8 Cabinet agreed to enter into the contract with RingwayJacobs through the LoHAC contract arrangements on 18 June 2013. The Cabinet report established that the LoHAC contract was the best of a range of options based on an assessment that considered quality, cost, value for money and flexibility. Evaluation of the bid showed savings of between 10% and 15% could be achieved compared to the previous term maintenance contract.
- 5.9 This contract allows call-offs to be made for engineering works over the 8 year term of the LoHAC Framework. The call-off contract is available for all Council services to use for engineering design and construction works.
- 5.10 In order to call off under the LoHAC Framework the council would need to complete a "call-off" request form which details the elements of the call-off contract which the council wishes to use from the menu of options available. Pricing will be based on the Schedule of Rates agreed with TfL during the procurement process but additional discounts may be available by individual negotiation for fixed price work.



## **6. Comments of the Chief Finance Officer and financial implications**

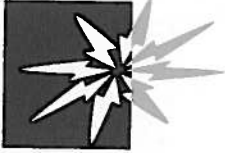
- 6.1 Any costs associated with developing the Western Road Depot site will be recovered from North London Waste Authority on transfer of the site. Ultimately the council will pick up the majority of these costs through the NLWA levy mechanism, as Haringey residents will be the main users of the site, however these charges will be spread across many years and will be allowed for in the Medium Term Financial Strategy.
- 6.2 The projected costs of the RingwayJacobs works is £675k. Although this will be recovered from NLWA, in order to allow effective budget monitoring it is appropriate for an addition to the Place & Sustainability capital programme to be made. This will establish a capital budget of £1 million for the total project costs, against which to monitor spend. Further details are contained in the exempt section of the report. The source of funding will be shown as contribution from North London Waste Authority.
- 6.3 The development of the Western Road site as a Reuse & Recycling Centre will enable the council to realise a significant receipt from the Hornsey Depot site; this receipt will be used to support wider council priorities.

## **7. Head of Legal Services and legal implications**

- 7.1 As stated in the report on the 18 June 2013 Cabinet approved a recommendation to enter into an 8 year contract with RingwayJacobs under the LoHAC framework. The contract commenced on the 1 July 2013. Under the terms of the contract the Council can enter into call-off contracts for highways and streetlighting works including engineering works not on the highway.
- 7.2 For the reasons set out in paragraph 1.5 above this is a key decision and the Directorate have confirmed it has been included in the Forward Plan.
- 7.3 The estimated value of the contract is over £250k and may only be approved by Cabinet or the Leader.
- 7.4 The Leader has power under the Constitution and CSO 16.03 to approve the recommendations set out in this report.
- 7.5 The Head of Legal Services confirms that, there are no legal reasons preventing the Leader from approving the recommendations set out in paragraph 3 of the report.

## **8. Equalities and Community Cohesion Comments**

- 8.1 Equalities and diversity has been considered in the planning application and design of the site - in the provision of appropriate access and consideration of ease of use of the facility - and will be taken into account in the communication of the service, such that the service is available to all residents.



8.2 The planning application involves a statutory consultation period.

## 9. Head of Procurement Comments

9.1 The Head of Procurement supports the recommendation to use the London Highways Alliance Contract (LoHAC) framework for the work included in this project.

9.2 It is noted that a further report will be prepared under delegated authority by the Director of Place & Sustainability to finalise the contract for these works in a sum not exceeding £675k, and to be presented to the Cabinet Member for Environment.

9.3 The Head of Procurement must be offered the opportunity to add comments to this subsequent report regarding the contract sum and value for money.

## 10. Policy Implication

10.1 Planning Policy has indicated that the principle of re-locating the Hornsey R&R Centre to Western Road depot is acceptable from a planning policy perspective.

## 11. Reasons for Decision

11.1 Further to section 4, call-off under the LoHAC contract framework to deliver the required engineering works will provide competitive pricing by virtue of the procurement that was undertaken by TfL to appoint RingwayJacobs, and will provide for the necessary speed and quality of delivery.

## 12. Use of Appendices

12.1 Appendix A – Exempt Information

12.2 Appendix B - Map of area surrounding Western Rd Depot

12.3 Appendix C – Western Road site map

## 13. Local Government (Access to Information) Act 1985

13.1 This report contains exempt and non exempt information. Exempt information is contained in Appendix A of this report and is **NOT FOR PUBLICATION**. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1974): Information relating to the financial or business affairs of any particular person (including the authority holding the information).