

Leicester
City Council

WARDS AFFECTED
ABBEY
BEAUMONT LEYS

CABINET

19 MARCH 2001

RELOCATION OF ABBEY MEADOWS

Report of the Director of Environment, Development and Commercial Services

1. Summary

This report sets out the issues surrounding the proposal to relocate the Abbey Meadows depot to other sites, primarily Leycroft Road, and consider, in more detail, the financial implications for the City Council and to comments of the relevant Scrutiny Committee following the approval, in principle, to the proposal at the Cabinet meeting on 5th March 2001.

2. Recommendations

The Cabinet is asked to:-

- 1) Approve the proposal to relocate the Abbey Meadows depot on the basis set out in this report, including the EMDA contribution.
- 2) Agree, as set out in the report and the addendum report, the costs involved for the City Council to allow this proposal to proceed.
- 3) Delegate authority to the Director of Environment, Development and Commercial Services, in consultation with the Leader, Deputy Leader and the Cabinet Member with the lead on Strategic Planning and Regeneration and the Chief Financial Officer, to agree the details of the terms of the land disposals to EMDA in the knowledge that these need to be concluded before 31 March 2001.
- 4) Authorise the Head of Legal Services to enter into an Agreement with EMDA to secure the EMDA funding of the depot relocation and complete the land disposals in accordance with the terms agreed arising from 3) above.

3. Report

At the Cabinet meeting of 5th March 2001, Members agreed to approve, in principle, the proposal to relocate the Abbey Meadows depot as described in my report (see attachment to this report).

Prior to making any final decision, Members needed to consider the funding aspects in more detail and agree how these would be met and also the comments

of the Strategic Planning and Regeneration and Finance, Resources and Equal Opportunities Scrutiny Committee.

The Chief Financial Officer will set out in an Addendum Report proposals on how this relocation could be funded. This Addendum Report will be available at the Cabinet meeting.

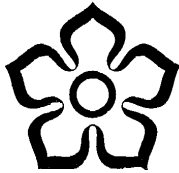
Members are asked to consider these and agree a funding proposal that will allow a land disposal with EMDA to be concluded by 31 March 2001.

Discussions are continuing with EMDA and any additional information regarding the proposal will be conveyed to Members at the meeting.

Members are advised that DETR approval to a direct disposal to EMDA is still being sought.

4. Report Author/Officer to contact:

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Exn: 7295



Leicester
City Council

**WARDS AFFECTED:
ABBEY & BEAUMONT LEYS WARDS**

CABINET	5 MARCH 2001
STRATEGIC PLANNING AND REGENERATION SCRUTINY	8 MARCH 2001
FINANCE, RESOURCES AND EQUAL OPPORTUNITIES SCRUTINY	20 MARCH 2001

RELOCATION OF ABBEY MEADOWS DEPOT

Report of the Director of Environment, Development and Commercial Services

Purpose of Report

This report is seeking consideration of the relocation of the Abbey Meadows Works Depot and to entering into an agreement with the East Midlands Development Agency (EMDA) before 31 March 2001 to secure EMDA funding to assist the relocation.

2. Summary

This report sets out the current position regarding the relocation of the Abbey Meadows Depot, taking on board the East Midlands Development Agency (EMDA) proposals and the implications for the City Council in terms of its land assets, capital programme and its CLABs programme. If the EMDA offer (which has yet to be formally approved by the EMDA Board) is to be accepted a commitment to the relocation of the depot will need to be agreed and the necessary agreements with EMDA be in place by the 31st March 2001. Time is, therefore, of the essence.

3. Recommendations

Cabinet is recommended to: -

- 3.1 Consider the proposals to fund the relocation of the Abbey Meadows depot based on the most recent EMDA (without prejudice) offer and subsequently to proceed with the Depot relocation as referred to in the report.
- 3.2 Note the implications for the City Council as set out in the report.
- 3.3 Should Members agree to the depot relocation, authorise the Head of Legal Services to enter into an Agreement with EMDA to secure the EMDA funding of the depot relocation.

3.4 Should Members agree to the depot relocation, delegate authority to the Director of Environment, Development and Commercial Services, in consultation with the Leader and Deputy Leader, to agree the detailed terms, and any revision to the main terms referred to in this report, subject to such financial parameters that Members agree in consideration of the Council's overall financial position.

4. Financial Implications

The Capital Programme contains the following provisions which could be used to make the Council's contribution:-

	£000's
Sums earmarked for regeneration	583
Sums earmarked for street lighting	280
	<hr/>
	863

Members are aware that the overall Capital Programme provision is under consideration pressure due to slippage in achievement of property receipts (as reported to Cabinet in February). Officers are exploring potential additional and supplementary sources of funding to enable the relocation to be funded, and advice will be given at your meeting.

Legal Implications

A complex agreement needs to be in place covering the disposal and requisition of land, the payment of grant (with conditions) and commitment of capital funding. The Head of Legal Services has advised that in view of the timescale external solicitors be used to draft up any agreements.

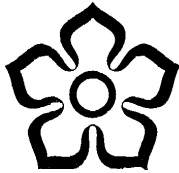
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Director of Environment, Development and Commercial Services



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ABBEY & BEAUMONT LEYS WARDS

CABINET	5 MARCH 2001
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RELOCATION OF ABBEY MEADOWS DEPOT

Report of the Director of Environment, Development and Commercial Services

SUPPORTING INFORMATION

1. Report

1.1 Background

The regeneration of the area around the National Space Centre (NSC) is a major priority for the City Council and EMDA. The opportunity to build on this national attraction must not be lost. The area has been identified as the best location in the East Midlands for a science park, ideally being a focus for space related industries.

The Abbey Meadows depot site is key for the following reasons:-

- The existing uses do not complement the image generated by the NSC.
- It links the NSC site to the Co-op site, which fronts on to Abbey Lane. This site is being marketed by the Co-op for redevelopment.

If the depot can be re-located and the site released for development, it would provide the following benefits:

- Linked to the Co-op site a new more direct access could be provided from Abbey Lane to the NSC.
- The new access road would open up development sites to provide a high profile, high quality Science Park with the NSC as its focus.
- Attract inward investment creating new jobs which will contribute to social inclusion in the adjoining deprived areas.

- The depot site has a significant Riverside frontage, which could provide a quality setting for new development, and act as a catalyst to further regeneration of land on the other side of the river and canal.

1.2 **Relocation of the depot**

The City Council owns land at Leycroft Road and Bradgate Street that could accommodate the relocated depot (with the exception of the SITA operation).

The cost of providing new accommodation for these uses is estimated to be £5.665m (excluding land costs and any additional Centrally Located Administrative Building's (CLAB's) costs, which total £2.15m - as referred to in Appendix 1). It is the inability to meet this cost within its Capital Programme that has proved the major block to moving this matter forward.

Two key factors have emerged in recent weeks, which provide the possibility of covering the costs of the relocation.

- An offer of financial support in terms of grant and land acquisition by EMDA.
- The reduction of the construction costs of offices at Leycroft Road by relocation of some Commercial Services staff to other locations within the City Centre. (These costs are not lost but could be significantly less; however, they would have to be taken on board as part of the CLABs process. They are not included within the estimate of £5.665m identified above).

The level of the EMDA contribution is set out in Appendix 1 and EMDA has delegated authority to approve this level of funding.

The reduced scheme for Leycroft Road is displayed and principally accommodates City Transport, City Highways and City Cleansing. A planning application for this reduced scheme has been submitted and should be determined before 31.03.01.

The relocation is effectively being phased. Phase 1 will ensure the vacation of the northern end of the depot as soon as the construction of the new facility at Leycroft Road is completed. Phase 2, comprising principally the relocation of the Street Lighting and the Festive Decorations store, will be undertaken in the period up to February 2004, the date that the SITA contract expires. It is envisaged that the PFI Waste Management Contract will take over the domestic refuse collection at that time and this will be operated from a new location. SITA's operation will remain at the depot until that time, but arrangements are being made for the vehicles involved to use the access route through the Co-op site from Abbey Lane, rather than along Exploration Drive. (The SITA vehicles currently park on land leased from the Co-op – an agreement reached with the Co-op when the site they previously occupied at the depot was required by the NSC).

1.3 **Timescale**

EMDA has been successful in securing additional funding resources from the DETR for this project. However, the DETR has made the availability of the funding conditional upon it being spent this financial year i.e. before 31.03.01. The key elements would be the purchase of the Leycroft Road site and the Abbey Meadows depot site (for £3.0m) by EMDA and the subsequent sale back of the Leycroft Road sites on completion of the construction works. Independent third party valuations are being obtained.

[One issue currently being addressed is the impact of the Indicative Flood Plain Maps, recently published by the Environment Agency and which came to my attention in the last 2 weeks. The potential impact of the 100 year flood plain is now likely to be assessed in greater depth when the Agency is consulted on planning applications for redevelopment proposals within the flood plain. I am advised that discussions are ongoing with the Environment Agency over the appropriateness of their recent classification. However, at the time of writing no change has been effected.]

The land transfer arrangements forming a feature of the relocation proposals are conditional on the City Council committing itself to the relocation of the depot functions within a specified timescale. **Consequently the City Council will have to agree specific capital/land asset commitments over the next few years before the 31st March 2001.** The agreement with EMDA must be completed before this date and at this stage the detailed terms have not been finalised. Consequently, I am seeking approval that authority be delegated to the Director of Environment, Development and Commercial Services to agree these detailed terms, and any revision to the main terms referred to in this report, in consultation with the Leader and Deputy Leader of the City Council.

1.4 Use of City Council Land Assets

Part of the EMDA offer is the purchase of Leycroft Road. EMDA will require the City Council to buy back this site within a fixed timescale by providing alternative land within the proposed Urban Regeneration Company boundary or by capital funding. During this fixed period they would only charge the City Council a peppercorn rent for Leycroft Road and permit the relocated depot to be constructed on and operated from that site.

1.5 Implications for the City Council

(a) Capital and other Funding

The proposal set out in Appendix 1 would require the City Council to provide £1.565m, in addition to land to the value of £1.65m to EMDA.

We are looking to reduce the costs of accommodating the depot at Leycroft Road by providing the office accommodation as part of the CLABs Review. Figures are still being worked on.

(b) Land Assets

It is assumed that the City Council will use its land assets at Leycroft Road and Bradgate Street (estimated value £1.75m) towards the costs of the relocation.

In addition, as explained at (a) above, the proposal as it stands would mean providing EMDA with land up to £1.65m in value within a specified timescale. The availability of suitable sites to transfer to EMDA is very limited.

c) CLABS

The review of the provision of Client/Consultant/Contractor services as part of Best Value/Revitalising Neighbourhoods exercise means that it might not be sensible at this stage to provide a purpose-built office block at Leycroft Road to accommodate technical/design staff. While a more central location, possibly using existing accommodation, could be a better solution, it will not be possible to resolve this within the short timescale demanded by the EMDA proposals.

Consequently the relocation of consultancy and other staff at Abbey Meadows will be taken on board as an additional factor within the CLABs review. This will, of course, create additional pressures in this area.

Capital costs of adaptation of other premises and also additional revenue costs (rent etc) will be incurred. A capital allowance for this would have to be included in the figures eventually agreed with EMDA.

(d) Pickfords land

Approval has already been given to acquire the rear part of the Pickford's site at Leycroft Road for the sum of £150,000. This allows the land we already own on either side to be linked, and provides a more convenient operation. A planning application for this arrangement has already been submitted. However, Pickfords have only recently advised us that they are withdrawing their offer but may be interested in selling the whole site for £575,000. In view of the reduced pressure for accommodation at Leycroft Road, we propose to pursue the option of not purchasing any of the Pickfords site and operate on a split site i.e. on either side of the Pickfords site.

(e) Planning Consent

A planning application in respect of the 'split' site option has now been submitted. The whole relocation concept is, of course, subject to planning consent being granted.

(f) Private Finance Initiative (PFI)

Consideration has been given to a PFI/private sector solution. However, the conclusion was that it would not obtain Government support – limited funding is available and this is being targeted by the Government at innovative and “leading edge” schemes.

It would still be possible to go down the PFI route without Government support but this would present a number of obstacles, which in the particular circumstances, are considered insurmountable:

- the scheme would have few ongoing revenue costs (and it may be difficult to interest the private sector at prices which could demonstrate value for money).
- The Council would have to justify compliance with Financial Reporting Standards to demonstrate that risks have been transferred to the private sector.
- The scheme cost is relatively small for a PFI scheme.
- Procurement under PFI would take longer than traditional procurement procedures.
- There would be greater revenue costs under PFI for which there is no budgetary provision (it is unlikely that EMDA would be willing to fund long term revenue costs rather than the short term capital costs under traditional procurement).
- A direct lease of accommodation would count as a credit arrangement with significant financial implications for the City Council.

6. Conclusions

There is an opportunity to deliver our key objectives within the Community Plan priorities of Environment, Jobs and Regeneration. The offer from EMDA is considered to be the best that we will receive. While it is yet to be formally ratified by EMDA’s Board, it has the support of their senior officers.

By taking forward the depot relocation now the City Council will be:-

- contributing towards the goals within the Community Plan.
- enabling, in conjunction with the Co-op site, an improved access to the NSC.
- honouring the commitment to relocate the depot given in the Leicester Investment Strategy.
- providing confidence for inward investment into the area for the creation of a Science Park.
- providing the opportunity for a high quality setting for new development adjacent to the river.

However, the Council's funding contribution is significant and a summary of the funding is as follows:-

Total depot relocation cost	£000's <u>8,015</u>
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EMDA contribution:

Grant	1,650	
Purchase of Abbey Meadows Depot	1,400	3,050

City Council Contribution:

Land/capitalised rent	3,800	
Gap funding	1,165	4,965
		<u>8,015</u>

This is a substantial capital commitment if the depot relocation proceeds. Therefore, Members must also be aware, before taking the decision, of the risks and uncertainties which remain subsequent to a decision to relocate the depot. These are:-

- the overall costs.
- the benefits arising from the comprehensive regeneration of the area, referred to in this report, are not guaranteed; the Abbey Meadows Depot site will be sold to EMDA, will be under EMDA's control and no specific redevelopment proposals are yet in place.
- the current national review of development within flood plains may impact on the form and extent of the development of the area.

If EMDA's current funding offer is to be accepted then the City Council needs to make a commitment to the relocation of Abbey Meadows in the next few weeks and secure the sale of the depot land and the Leycroft Road sites to EMDA before the 31st March 2001. Significant implications flow from this arrangement which are set out in this report.

Negotiations are continuing with senior EMDA officers and any updates will be provided orally at the meeting.

7. Report Author:

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FINANCIAL, LEGAL AND OTHER IMPLICATIONS

1. Financial Implications

These are considered in the summary report.

2. Legal Implications

A complex agreement needs to be in place covering the disposal and requisition of land, the payment of grant (with conditions) and commitment of capital funding. The Head of Legal Services has advised that in view of the timescale external solicitors be used to draft up any agreements.

3. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph Within report	References
Equal Opportunities	NO		
Policy	YES	1.1	
Sustainable and Environmental	NO		
Crime and Disorder	NO		
Human Rights Act	NO		

4. Background Papers – Local Government Act (Access to Information) 1985

Correspondence with EMDA since 1.12.00

5. Consultations

All departments have been consulted on this proposal through Directors' Board and also through the multi-disciplinary working group established to progress this depot relocation.

6. Report Author

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Financial Implications:
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Chief Financial Officer
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Peter Connolly
Director of Environment, Development and Commercial Services

APPENDIX 1

RELOCATION OF ABBEY MEADOWS

A. <u>COSTS</u>		<u>£(000's)</u>
1.	Costs of physical relocation of operations at Leycroft Road and Bradgate Street (excluding value of land we already own)	5,665
2.	Value of land accommodating relocation (Leycroft Road, Bradgate Street)	1,750
3.	Loss of BCA through RTIA	200
4.	Capitalisation of rental of Commercial Services Accommodation	400
say..	
	TOTAL	<u>8,015</u>
B. <u>CONTRIBUTIONS FROM EMDA</u>		
5.	Grant	1,650
6.	Purchase of Abbey Meadows	1,400
7.	Purchase of Leycroft Road sites	1,650
		<u>4,700</u>
C. Deficit (A-B)	<u>3,315</u>
D. Write off ex'g LCC investment in land (A2 above)	1,750
E. <u>Additional funding to find (now)</u>	<u>1,565</u>
		<u>1,650</u>
Value of further land to transfer to EMDA (i.e. B.7)	<u>1,650</u>
	TOTAL FURTHER COST TO COUNCIL	<u>3,215</u>

Note: These figures are estimates only and are subject to completing the agreement with EMDA and may be subject to revision.