

Finance and Resources Committee

10.00a.m, Thursday, 4 March 2021

Depot Strategy – Phase 2

Executive/routine Wards Council Commitments	Routine All 2 , 10 , 18 , 23 , 25
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1. Recommendations

- 1.1 That Committee approves the updated Depot Strategy which continues with the concept of multi-service hubs complemented by local delivery depots.
- 1.2 That Committee approves a reduced scope storage and access facility for City Archives, with the remainder of storage associated with the Museums and Galleries venues being reported separately through the Cultural Service Review.
- 1.3 That Committee approves a Memorandum of Understanding with Russell Road Edinburgh Ltd (RREL), an adjoining landowner who seeks to work in partnership with the City of Edinburgh Council in order to explore a wider regeneration of Russell Road.
- 1.4 Notes the proposed next steps at paragraph 5 and requests further reports as progress is made.

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Depot Strategy – Phase 2

2. Executive Summary

- 2.1 The Depot Strategy was approved by the Finance and Resources Committee on 2 February 2016, followed by a Gateway Review on 4 December 2018. Due to the continuing evolution of service strategy, the Depot Strategy has been split into two phases, with Phase 1 (primarily relating to waste services) now successfully concluded.
- 2.2 The timing and phasing of Phase 2 has required an overall reassessment based on the major risks which have emerged over the last year. The strategy has moved away from the consolidation of the remaining South East sites in a single super hub, to one which is based around smaller, more localised depots which will deliver multiple services more efficiently.
- 2.3 The consolidation of the City Archives and storage associated with Museum and Galleries venues in a single Collections Hub based at Russell Road has not proven viable. Alternative solutions are being developed. The Museum and Galleries element (Culture Services Review) is exploring partnership arrangements with the National Museums Scotland as part of the Granton Masterplan.
- 2.4 There is new potential to release the Russell Road depot. This will generate an additional capital receipt and in doing so, contribute to a wider regeneration proposal for the Russell Road and Gorgie/Dalry area.

3. Background

- 3.1 The Council's Depot Strategy forms part of the Asset Management Strategy, which sits within the wider Adaptation and Renewal Portfolio and is aimed at achieving a balanced, effective and efficient use of the depot assets and associated service delivery.
- 3.2 On 2 February 2016 and 4 December 2018, the Finance and Resources Committee approved the investment strategy for the Council's depots estate. Good progress has been made towards a phased implementation programme, with phase 1 now complete.
- 3.3 Under Phase 1, Seafield Depot has benefited from investment of £9.8m in a new operational building, an eastern waste bulking/ transfer station, public recycling facilities, together with an additional fleet maintenance facility, which has allowed vehicles to be serviced on site and is already bringing additional service efficiencies and supporting improvements in the reliability of waste and recycling collections.

- 3.4 Delivery of the new western waste transfer station at Bankhead Depot was completed in July 2019 at a value of £10.3m. Refurbishment of Bankhead Roads Operations offices have also improved facilities, accommodating additional staff from other Place Management services relocated from across the wider Council estate.
- 3.5 The Print, Mail and Scanning service have been consolidated at the Clocktower industrial unit at the Gyle estate, bringing these operations together in a single production unit. This has facilitated a partial exit from Murrayburn depot, together with the release of the Woods Centre for affordable housing.
- 3.6 Several depots have now been operationally closed, including Barnton (2018), Powderhall (2017) and Longstone (2017), although the latter is providing a temporary salt store; together with West Shore Road (2016) and Stanley Street (2016). Earlier site closures include Balcarres Street, Baileyfield and Duddingston depots.
- 3.7 Peffer Place, Murrayburn and Cowan's Close are currently operational depots which have transferred to HRA and are scheduled for closure. The release of Tower Street depot, for incorporation within a wider housing development, will contribute £1.35m towards the Depot Strategy.

4. Main report

- 4.1 The overarching objectives of the Council's Depot Strategy remain relevant - long term savings; fit for purpose facilities; and service improvement. However, as a consequence of the coronavirus pandemic, there is a renewed emphasis on building resilience focusing on a new steady state for operations and reducing risk for the future.
- 4.2 Previously, it was the wider Depot Strategy's intention to create a super-depot in the South East of the City. However, while various service configurations and locations were considered, other factors increasingly came into play such as ease of access to facilities, reaction times, extreme weather situations, the Local Development Plan and growth of the city, the current condition of buildings, infrastructure costs, reducing the Council's carbon footprint and reducing travel time. This is being further influenced by a trend towards more localised sites, home-start, Electric Vehicle Charging (EVC) roll out and significantly improved technology.
- 4.3 While the central strategy of two major depot sites, primarily for Waste Services, Cleansing and Fleet, still holds for Seafield and Bankhead depots, the strategy is being updated to support the concept of multi-service hubs complemented by local delivery depots/satellite sites. These sites could be contained within existing buildings or assets depending on what service is being delivered and the associated vehicle/plant that is needed to support that service.
- 4.4 Services based at depots have continued to operate throughout the coronavirus pandemic, ensuring business continuity while, at the same time, testing new working practices. Service recovery offers an opportunity to embed such positive changes and to test new operating models.
- 4.5 Therefore, the timing and phasing of Phase 2 of the Depot Strategy requires an overall reassessment based on the major issues which have emerged over the last year, together with due regard for the opportunities presented by longer term

service reform. Recasting the strategy also needs to take account of the risks associated with the remaining sites, minimising abortive costs, whether a project is already in design and how best the strategy can keep evolving, capturing associated service change and impact.

- 4.6 Hence, the approach recommended is that the Depot Strategy continues to take projects to certain stages, such as planning or tender, or when the effects of Covid-19 become clearer. Gateway Reviews are addressing any unforeseen service impact arising from future organisational change and the following provides an update on the current proposals for the remaining sites:-

Sites to be retained: Seafield, Craigmillar, Bankhead, Blackford, Braehead

- 4.7 There is scope to unlock further opportunities at **Seafield** depot, with work to re-purpose a large area previously occupied by Fire and Rescue safety training operations. Works to refurbish existing welfare, together with a possible new unit, will facilitate the relocation of staff from Cowan's Close during 2021. Work on site is also exploring the options for grounds maintenance storage, thus linking more efficiently green and clean teams.
- 4.8 At **Craigmillar** depot, a survey is being undertaken to determine the capacity for improvements to the existing building on site and/ or whether an additional unit can be accommodated within the site footprint providing welfare for the remainder of Cowan's Close staff. This depot also accommodates a Household Waste Recycling centre (HWRC) and any opportunities for improvements to the HWRC will be considered as part of this brief if at all possible.
- 4.9 There may be opportunities for cleansing barrow-routes to operate from Waverley Court underground parking. The Covid-19 related closure of Waverley Court has delayed this proposal. Access to the garage is restricted in terms of height and vehicle-based routes (e.g. mechanical sweepers) may be better served from the Council's parking and storage area on the Cowgate and this is being explored.
- 4.10 Considerable progress has been made to re-design **Bankhead** depot as a multi-use, western hub for services such as Roads Operations, salt distribution, fleet maintenance, flood prevention and grounds maintenance. This project, valued at over £3m, is currently at RIBA Stage 2 and will facilitate the closure of Russell Road depot during 2023.
- 4.11 As part of the updated strategy, it is the intention to retain and invest in **Blackford** depot. Whilst primarily functioning as an ERS depot, capacity is being created to ensure other services benefit from its remodelling and as part of the drive to create more localised sites. This will ensure that a strategic salt store is maintained in the South East of the city to support our winter weather operations.
- 4.12 **Braehead** depot, mothballed as part of the Depot Strategy 2016, is now scheduled for additional investment and will re-open as a Household Waste Recycling centre (HWRC) as soon as revenue funding can be identified to allow this.

Sites released: Cowan's Close, Russell Road, Murrayburn

- 4.13 The closure of **Cowan's Close** has been delayed by Covid-19. As detailed in paras 4.7 and 4.8, work is now underway to develop an implementation programme during 2021.

- 4.14 On 10 October 2019, the Finance and Resources Committee approved the Business Case for the retention of the **Russell Road** site for a mixed-use development once Fleet had exited the site.
- 4.15 However, as a consequence of Covid-19, the general economic position has had a negative impact on speculative development. The assumptions made in the financial business model have been updated, making the proposed development of business space at Russell Road unviable.
- 4.16 The creation of a new combined facility for the City Archives and storage associated with Museum and Galleries (Collections Hub) is also not affordable. The Stage 2 Feasibility Study, while demonstrated to be both comparable and competitive, has directly impacted the viability of the proposal at this site. In the study, Collective Architects identified potential additional site costs raising the total development significantly beyond the £3.9m budget allocation.
- 4.17 In a further development, the Council has been approached by a neighbouring developer, Russell Road Edinburgh Ltd (RREL) to pursue jointly the redevelopment and regeneration objectives for the wider Gorgie/Dalry area, and encompassing the parties' individual landholdings.
- 4.18 The Council land and ownership of the adjacent site is shown on the attached plan. To progress master planning and jointly promote the wider regeneration opportunities of the area, it is proposed to enter into a Memorandum of Understanding with RREL, thereby facilitating joint objectives that may result in the other property owners, fronting Russell Road, to get involved.
- 4.19 Given the expression of interest in Russell Road, together with the challenges of delivering a Collections Hub at this site, it is recommended that the project is split into two elements for delivery at alternative site (s). Phase 1 would deliver a reduced scope storage and access facility for City Archives, while phase 2 would encompass the remainder of storage associated with the Museums and Galleries venues. Phase 2 will be reported and budgeted separately through the Cultural Service Review.
- 4.20 On 6 December 2019, Finance and Resources Committee approved the transfer of **Murrayburn** depot to Housing Revenue Account (HRA), assisting with the delivery of the Council-led housing and regeneration programme.
- 4.21 Solutions are now being assessed for relocating the majority of the remaining services currently operating on this site. The transfer of the Council's records storage to a third-party provider is expected to be concluded by the end of 2021. A design scope is also underway to relocate the Taxi Examination Centre (TEC) as reported at Regulatory Committee on 2 November 2020. The TEC will consolidate with the Licensing service and taxi driver training, to create a new Centre of Excellence during 2022.

Sites under review: Peffer Place, Inch, Inverleith, Burgess Road

- 4.22 On 23 March 2017, the Finance and Resources Committee agreed the transfer of the **Peffer Place** depot from the General Fund to the Housing Revenue Account (HRA) as part of a package of transfers to assist with delivery of the housing programme. Options are still under consideration as to the most appropriate use of the site in the context of wider regeneration objectives for Craigmillar.
- 4.23 There are innovations to be learnt from as a result of the pandemic, with the potential to be more strategically efficient and collegiate in approach. This includes a solution for Passenger Operations, which is being addressed as part of the

Adaptation and Renewal Transport and Logistics Project; and for the Integrated Learning Resource (ILR) which is being reviewed as part of the Libraries/ Wellbeing Review. Both these services are located at the current Peffer Place depot.

- 4.24 The Council's Inch Park Nursery is located at the **Inch** depot, which also provides an operational base for Park and Greenspace teams, adhoc services and storage. The Inch depot site forms part of the longer term, strategic LDP2. A redevelopment plan for the plant nursery will be brought forward in the near future.
- 4.25 **Inverleith** depot currently provides an operational base for grounds maintenance and forestry teams. This site, and its future as an operational depot, is under review. If the site is not needed, then officers are aware of the wider constraints on the site and the sensitivities that needed to be managed in establishing a future use of this site.
- 4.26 Options for **Burgess Road** depot in South Queensferry, linking with other co-location opportunities in the area, are to be explored in due course.

5. Next Steps

- 5.1 The next steps are to undertake further detailed planning, development and service engagement associated with:
 - 5.1.1 Delivery of Phase 2 projects;
 - 5.1.2 Proposals for sites under review; and,
 - 5.1.3 Identification of opportunities presented by longer term service reform.

6. Financial impact

- 6.1 The Depot Strategy continues to be self-funding. The total cost of the strategy will continue to be met from within the capital receipts achieved and previously approved prudential borrowing of £20.85m associated with revenue savings.
- 6.2 Capital expenditure of £30.049m is offset by capital receipts of £23.356m, resulting in a requirement of £6.693m in loans fund advances. The loans charges associated with this over a 20-year period would be a principal amount of £6.693m and interest of £3.689m, resulting in a total cost of £10.382m based on an assumed loans fund interest rate of 4.386%. This represents an annual cost of £0.519m which can be accommodated by identified revenue savings. Borrowing will be carried out in accordance with the Council's Treasury Management Strategy.

7. Stakeholder/Community Impact

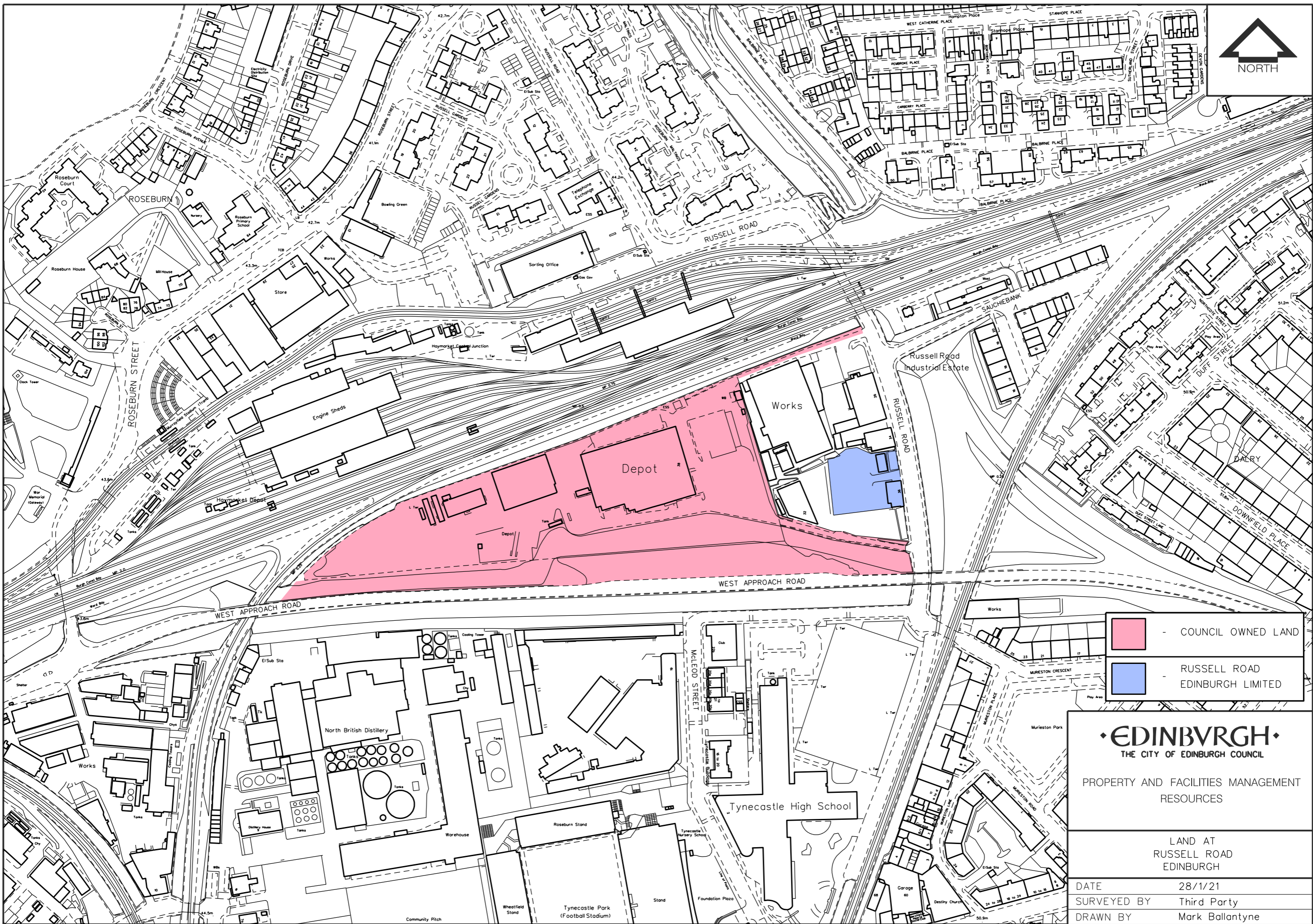
- 7.1 Ward members have been made aware of the recommendations of the report.
- 7.2 Communications have been established with the Trade Unions and regular meetings are held in relation to the Depot Strategy.



8. Background reading/external references

- 8.1 Depot Strategy: Collections for the Future report, Finance and Resources dated 10 October 2019.
<https://democracy.edinburgh.gov.uk/documents/s9493/depots%20strategy>
- 8.2 Depot Gateway Review report, Finance and Resources dated 4 December 2018 - https://democracy.edinburgh.gov.uk/Data/Finance%20and%20Resources%20Committee/20181204/Agenda/item_72_-_depots_gateway_review.
- 8.3 Review of Council Depot Estate – Investment Strategy report, Finance and Resources, dated 2 February 2016. Referred to City of Edinburgh Council dated 4 February 2016.
[https://democracy.edinburgh.gov.uk/Data/Finance%20and%20Resources%20Committee/20160202/Agenda/\\$item_711_-_review_of_council_s_depot_estate_-_investment_strategy](https://democracy.edinburgh.gov.uk/Data/Finance%20and%20Resources%20Committee/20160202/Agenda/$item_711_-_review_of_council_s_depot_estate_-_investment_strategy).

9. Appendices

- 9.1 Russell Road, Land Ownership Plan



	- COUNCIL OWNED LAND
	- RUSSELL ROAD EDINBURGH LIMITED

EDINBURGH
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

LAND AT
RUSSELL ROAD
EDINBURGH

DATE	28/1/21
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:2500 @ A3 SIZE
NEG. NO.	A3/2313

LOCATION PLAN

SCALE 1:2500

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