

CABINET MEETING – 18 JUNE 2019

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Parsons Depot redevelopment and Electric Vehicle Hub installation

Author:

Executive Director of Neighbourhoods

Purpose: The purpose of the report is to seek approval to:

- i. Procure contractors in respect of the redevelopment of Parsons depot, namely for demolition works required to prepare the site, plus design and construction of the new facility including vehicle workshops, a salt barn and low carbon measures at the site and at Jack Crawford House (JCH); and
- ii. Confirm a total funding commitment of £1.502m over three years commencing 2019/20 from the allocation for Low Carbon Infrastructure within the Council's current capital programme, to match European Regional Development Fund (ERDF) grant for an Electric Vehicle Hub and demonstration facility.

Description of Decision:

- i. Authorise the Executive Director of Neighbourhoods, in consultation with the Portfolio Holder for Environment and Transport, to procure a contractor(s) to demolish the current Parsons depot and, separately, to design and construct a new depot including vehicle workshops and salt barn on the site. This will include low carbon measures, with a smaller provision for low carbon technology at JCH.
- ii. Confirm the match funding commitment of £1.502m over three years commencing 2019/20 from within the approved capital programme and authorise the Executive Director of Corporate Services to execute the ERDF funding agreement and any associated documentation for this project as issued by MHCLG.

Reasons for the Decision:

- i. The procurement process outlined in this report demonstrates compliance with the Council's internal Procurement Procedure Rules and UK and EU procurement legislation, as well as helping to secure the most economically advantageous solution for the City.
- ii. The Council's constitution requires that the procurement of works and services with a value over £250,000 seeks Cabinet approval. The anticipated value of the construction procurement is over £6.0m, with a further £3.0m for low carbon technology.
- iii. In order to secure ERDF grant support for the project, the Council is required to provide an equivalent amount of match funding as well as undertaking an EU compliant procurement process for works and services associated with the project.

Alternative options to be considered and recommended to be rejected:

- i. To not proceed with this project will result in council operational services continuing to be delivered from a depot that is no longer fit for purpose.
- ii. To not proceed with the additional ERDF funded carbon reduction measures would restrict the Council's ability to provide efficient, future-proofed operational services, contributing to carbon emission reductions.

Impacts analysed;

Equality **Privacy** **Sustainability** **Crime and Disorder**

Is the Decision consistent with the Council's co-operative values? Yes

Is this a "Key Decision" as defined in the Constitution? Yes

Is it included in the 28 Day Notice of Decisions? Yes

**PARSONS DEPOT REDEVELOPMENT AND ELECTRIC VEHICLE HUB
INSTALLATION**

REPORT OF THE EXECUTIVE DIRECTOR OF NEIGHBOURHOODS

1. Purpose of the Report

1.1 This report seeks approval to:

- i. Procure contractors in respect of the redevelopment of Parsons depot, namely for demolition works required to prepare the site, plus design and construction of the new facility including vehicle workshops, a salt barn and low carbon measures at the site and at Jack Crawford House (JCH); and
- ii. Confirm a total funding commitment of £1.502m over three years commencing 2019/20 from the allocation for Low Carbon Infrastructure within the Council's current capital programme, to match European Regional Development Fund (ERDF) grant for an Electric Vehicle Hub and demonstration facility.

2.0 Description of Decision (Recommendations)

2.1 Authorise the Executive Director of Neighbourhoods, in consultation with the Portfolio Holder for Environment and Transport, to procure a contractor(s) to demolish the current Parsons depot and, separately, to design and construct a new depot including vehicle workshops and salt barn on the site. This will include low carbon measures, with a smaller provision for low carbon technology at JCH.

2.2 Confirm the match funding commitment of £1.502m over three years commencing 2019/2020 from within the approved capital programme and authorise the Executive Director of Corporate Services to execute the ERDF funding agreement and any associated documentation for this project as issued by MHCLG.

3.0 Background

3.1 A scheme to redevelop Parsons depot into a shared operating centre to ensure the Council can deliver front line services efficiently in future years was included within the capital programme approved by full Council in March 2019. This assumed that an element of match funding would be secured from the ERDF.

3.2 Subsequently, a full application for ERDF funding (£1.502m) was approved by the Ministry of Housing, Communities and Local Government (MHCLG) in March 2019. This funding helps ensure that the low carbon measures for the project can be delivered, ie primarily through the provision of additional low carbon measures at Parsons depot, with a smaller provision of low carbon energy measures at JCH. This will help to ensure that Parsons depot and the Council's fleet remain fit for purpose for future years.

4.0 Project Proposal and Current Position

4.1 The approved the Capital Programme for 2019/2020 includes the following schemes:

- Redevelopment of Parsons depot: £6.854m gross cost; and
- Parsons and JCH depot, Low Carbon Infrastructure: £3.004m gross cost (subject to receipt of ERDF grant funding).

4.2 This new facility will be an operational depot for Highways Operations and Environmental Services and will include the installation of energy saving measures such as rainwater harvesting systems, air source heat pumps and solar vehicle charging technology.

4.3 It is intended that the two projects above will be delivered as one for the purpose of efficient contract management. The ERDF funded low carbon infrastructure, which will be installed over two sites (Parsons and JCH), supports the operation and maintenance of the Council's electric, light commercial vehicle fleet and future proofs investment in large electric specialist vehicles as technology advances allowing this to take place.

4.4 The redevelopment process will commence in June 2019 with the procurement of contracts for demolition of the site, using existing frameworks. Procurement of the design and build contractor will commence October 2019, with the award of the contract anticipated in January 2020 and a planned completion date of December 2021.

4.5 ERDF investment will be used to support the purchase of a range of energy/resource efficiency measures including rainwater harvesting systems, air source heat pumps and battery storage, along with a building and ground mounted smart EV management & logistics system. This will manage and monitor the performance of the depot's renewable energy system to ensure the future EV fleet maximises the uptake of renewable energy.

4.6 The project will benefit from:

- estimated savings of £0.460m pa via reduced operational costs and utility costs;
- reductions in carbon emissions caused by public sector fleet vehicles; and
- positive health benefits to the region as a result of improved air quality.

5.0 Reasons for the Decision

5.1 The reasons for the recommended decisions are:

- i. The procurement process outlined in this report demonstrates compliance with the Council's internal Procurement Procedure Rules and UK and EU procurement legislation, as well as helping to secure the most economically advantageous solution for the City.

- ii. The Council's constitution requires that the procurement of works and services with a value over £250,000 seeks Cabinet approval. The anticipated value of the construction procurement is over £6.0m, with a further £3.0m for low carbon technology.
- iii. In order to secure the ERDF grant support for the project the Council is required to provide an equivalent amount of match funding as well as undertaking an EU compliant procurement process for works and services associated with the project.

6.0 **Alternative Options**

- 6.1 To not proceed with this project will result in council operational services continuing to be delivered from a depot that is no longer fit for purpose.
- 6.2 To not proceed with the additional ERDF funded carbon reduction measures would restrict the Council's ability to provide efficient, future-proofed operational services, contributing to carbon emission reductions.

7.0 **Impact Analysis**

- 7.1 **Equalities Impact Assessment (EIA):** Relevant requirements will be addressed during the D&B procurement process.
- 7.2 **Privacy Impact Assessment (PIA):** This project has no privacy implications.
- 7.3 **Sustainability Impact Assessment (SIA):** This project delivers a significant positive sustainability outcome. The project will reduce carbon emissions from council properties and vehicles through the implementation of Solar PV technology, reduced energy consumption and allow continued future investment in low carbon fleet.

8.0 **Other Relevant Considerations / Consultations**

8.1 Financial Implications

The estimated total cost of the full project is £9.858m and is to be funded by £8.356m Council resource and £1.502m ERDF grant. These capital costs are provided for within the current approved capital programme.

The project will deliver ongoing operational maintenance savings and reduced utility costs upon completion of the capital works of circa £0.460m per year.

8.2 Legal implications

The Head of Law and Governance has been consulted on the content of this report.

Where a delegated approval to award a contract has been sought, the commercial law team will liaise with relevant officers to ensure compliance with procurement regulations and any funding conditions imposed on the Council, in connection with the receipt of ERDF grant.

- 8.3 Co-operative Values: At Annual Council in May 2015, it was resolved that the following statement be included in the Constitution to reflect the values of the 'Co-operative Council'

Sunderland City Council is a co-operative council and in being so, will act ethically in all its actions whilst adhering to and actively promoting its co-operative values of self-help, self-responsibility, democracy, equality, equity and solidarity. These values will underpin its decision making and actions.

- 9.0 Project Management Methodology: The Project will be managed using appropriate construction project management practices and be governed by the Project Board representatives.
- 10.0 Procurement: The corporate procurement process will be followed and an officer from Procurement has been nominated to support the project to help ensure that the process is open, fair and transparent and that it also complies with the requirements and conditions of ERDF funding. Market testing has already been applied as part of contract framework arrangements.
- 11.0 Human Resources: Trades Unions and directly affected employees will be consulted ahead of moving into the new facility. There are no planned post reductions aligned with this proposal.

12.0 **List of Appendices**

None