

EXTRAORDINARY CABINET	AGENDA ITEM No. 7
23 MARCH 2023	PUBLIC REPORT

Report of:	Cecilie Booth, Executive Director of Corporate Services	
Cabinet Member(s) responsible:	Councillor Andy Coles, Cabinet Member for Finance and Property	
Contact Officer(s):	Felicity Paddick	Tel. 07801 910971

SALE OF OPTION - NURSERY LANE DEPOT

RECOMMENDATIONS	
FROM: <i>Executive Director of Corporate Services</i>	Deadline date: <i>N/A</i>
<p>It is recommended that Cabinet approve:</p> <ol style="list-style-type: none"> 1. That the Council enters into an Option Agreement with Cambridgeshire and Peterborough Combined Authority for the disposal of the freehold land at Nursery Lane Depot at Market Value but subject to all current constraints being resolved, as detailed below and in the exempt annex. 2. That authority is delegated to the Executive Director of Corporate Services and Director of Law and Governance after consultation with the Cabinet Member for Finance and Corporate Governance to take all necessary steps to negotiate the terms of the option agreement following receipt of satisfactory, legal and property advice on the terms of the option agreement. 	

1. ORIGIN OF REPORT

- 1.1 In September 2022 Cabinet agreed to a disposals plan which identified assets that the council can release for sale over the period 2022-2025 to meet its target for capital receipts to support the Council's budget and capital strategies. Whilst this specific site was not identified in the published document, the report confirmed that the Disposals Plan is dependent on a series of asset category reviews to take place over the coming 12 months which will prioritise assets for retaining for use or for disposal. The Cambridge and Peterborough Combined Authority have approached the Council for the potential purchase of Nursery Lane Depot via an Option Agreement.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to seek approval to enter into an Option Agreement with Cambridgeshire and Peterborough Combined Authority for the sale of Nursery Lane Depot as detailed in this report and exempt annex.

This report is for Cabinet to consider under its Terms of Reference No. 3.2.4, *'To be responsible for budget planning, monitoring and expenditure/savings over £500,000 ...'*

- 2.2 There is an exempt appendix (Appendix 1) attached to this report that is NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because it contains information relating to the financial and business affairs of the Council. The public interest test has been applied to the information contained within this exempt appendix and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.
- 2.3 The general urgency procedure has been invoked to suspend the requirement to publish advance notice of the decision for 28 days. The decision has been published with advanced notice, however, only for 26 days.

This procedure has been invoked because the proposal is time critical with the option agreement required to be completed by 31st March 2023 or there is a risk that grant funding for CPCA for to assist with the sale of the land will be lost.

3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
---	-----------	----------------------------------	------------

4. **BACKGROUND AND KEY ISSUES**

- 4.1 The current bus depot at Lincoln Road is not deemed to be a long-term option due to insufficient electric capacity to enable an all-electrified bus fleet, which is anticipated to be in operation by 2030. Furthermore, the size of the current site prevents any further expansion.

The Cambridge and Peterborough Combined Authority (CPCA) act as the Local Transport Authority for Cambridgeshire and Peterborough. CPCA recently secured grant funding for the relocation of the bus depot, currently located at Lincoln Road. Following discussions with the Council, Nursery Lane Depot has been identified as a potential site. It is proposed that the CPCA and Council will enter in an Option Agreement by the 31st March 2023 for the potential sale of the site to the CPCA. The Option Agreement will enable both parties to undertake all relevant surveys to assess the suitability of the site for the relocation of the bus depot. The surveys will include site capacity, planning, electric capacity etc.

The site at Nursery Lane is currently occupied by Aragon Direct Services providing services to the Local Authority for grounds maintenance, commercial, recycling and waste collection, street care, property and cleaning services, passenger transport and MOT and vehicle workshop. The current feasibility study proposes Aragon Direct Services sharing occupation with the new Bus Depot however Aragon Direct Services and the Council will have the opportunity to agree to any redevelopment proposals and site share options.

Detailed terms are currently being negotiated between the Council and CPCA, and the final purchase price and interim lease post disposal are yet to be agreed. Initial interim lease and sale terms and an indicative purchase price is detailed in the exempt annex. It should be noted that a Red Book valuation is being conducted by Eddison's with the report due mid-March. Aragon Direct Services will continue to operate from the site to existing terms for the period of the Option Agreement.

5. **CORPORATE PRIORITIES**

- 5.1 Consider how the recommendation links to the Council's Corporate Priorities:

1. The Economy & Inclusive Growth
 - A Carbon Impact Assessment form has been completed. It is anticipated that the development of this bus depot will include an all-electrified fleet of buses subject to electric capacity on site.
2. Our Places & Communities
 - To provide an improved transport service to the community
3. Sustainable Future City Council
 - To enable the implementation of an all-electrified bus fleet will significantly improve the city's carbon footprint by 2030.
 -

Further information on the Council's Priorities can be found here - [Link to Corporate Strategy and Priorities Webpage](#)

6. CONSULTATION

- 6.1 This proposal has been considered at both CPF on the 13 March 2023 and CLT on 8 March 2023.

7. ANTICIPATED OUTCOMES OR IMPACT

- 7.1 The disposal of the site at Nursery Lane will materially contribute towards the capital receipts programme that the Council required over the next two-year period as part of the capital programme.

It should be noted that with this proposed disposal, there is a risk that the Council could incur additional costs once the site is in the ownership of CPCA with a possible rent charge for the period that Aragon continue to occupy the site. Clearly, this is not acceptable to the Council, and it will not agree to a rent charge.

There have been no site surveys completed to date and therefore the Council do not yet know if Aragon will need to identify an alternative site in the future. This could have a significant cost implication on the Council. A specialist is currently undertaking a review of the site with the initial proposal to enable both the bus depot and Aragon to site share. It is yet to be confirmed if Nursery Lane has sufficient electric capacity to support the ambition to create the all-electrified bus fleet by 2030 and in the event further capacity is required, the cost is unknown.

8. REASON FOR THE RECOMMENDATION

- 8.1 A new bus depot will enable the Council to achieve a future-proofed, accessible, and sustainable public transport system.

9. ALTERNATIVE OPTIONS CONSIDERED

- 9.1 The Council could decide not to agree to the disposal of the site to CPCA but this could risk the grant funding secured and capital receipt programme.

10. IMPLICATIONS

Financial Implications

- 10.1 Aragon Direct Services only pay a peppercorn rent and therefore there would be no immediate revenue impact. However, terms between the Council and CPCA are yet to be agreed and there

is a risk that CPCA will impose a rent charge on Aragon. A Red Book Valuation is being undertaken which will also include a market rent valuation. However, the Council will not agree to an annual rent being charged.

Legal Implications

- 10.2 The Council has a requirement to achieve best consideration when it disposes of its assets under section 123 of the LGA 1972. Prior to the completion of the sale of the land an independent Red Book valuation will need to be undertaken.

Equalities Implications

- 10.3 No specific implications arising from this report although where necessary Equality Impact assessments will be carried out to support decision making.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 11.1 None

12. APPENDICES

- 12.1 Appendix 1 – EXEMPT Annex
Appendix 2 – Site Plan