



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 5.3

Property Acquisition for Peterborough Bus Depot

To: Cambridgeshire and Peterborough Combined Authority Board

Meeting Date: 22 March 2023

Exempt report: Appendices to this report are exempt from publication under Part 1 of Schedule 12A of the Local Government Act 1972, as amended, in that it would not be in the public interest for this information to be disclosed (information relating to the financial or business affairs of any particular person (including the authority holding that information)). The public interest in maintaining the exemption outweighs the public interest in publishing the report.

Lead Member: Mayor Dr Nik Johnson

From: Steve Cox, Interim Executive Director, Place and Connectivity

Key decision: Yes

Forward Plan ref: KD2023/001

Recommendations: The Combined Authority Board is recommended to:

- a) Identify a site at Nursery Lane, Peterborough, as a potential option to serve as a depot for electric buses.
- b) Authorise the acquisition of an option to acquire freehold property and delegate authority to the Interim Chief Executive in consultation with the Mayor or Deputy Mayor to finalise any further terms necessary to enable completion.

Voting arrangements: A simple majority of all Members present and voting.

To be carried, the vote must include the vote of the Mayor, or the Deputy Mayor when acting in place of the Mayor.

1 Purpose

- 1.1 To authorise the acquisition of an option to acquire freehold property at Nursery Lane, Peterborough, to serve jointly as a depot for electric buses and as a depot for vehicles that provide services for Peterborough City Council.

2 Background

- 2.1 The Combined Authority's (CA) Transport team recently learned that an application for funding from DLUHC to provide a depot for electric buses in Peterborough had been successful. The award was subject to a requirement to commit the funding by the end of the 2022/23 financial year.
- 2.2 Prior to submitting the funding application, a preliminary option appraisal had been commissioned by the Transport team to identify potential site locations for a bus depot, but this did not include a site specification or identify a suitably defined site.
- 2.3 Officers then undertook a further option appraisal to identify potentially suitable sites that could be acquired within the short timeframe to secure the funding.
- 2.4 A site owned by Peterborough City Council (PCC) at Nursery Lane, Peterborough, was identified as potentially suitable. The site is currently occupied by Peterborough Limited by way of a Tenancy at Will and used as a depot for vehicles that provide council services. Peterborough Limited is wholly owned by Peterborough City Council and has contracted to provide council services. A plan of the site can be found at Exempt Appendix 1.
- 2.5 Peterborough Limited (P-Ltd) aspire to obtain a new fleet of electric vehicles to continue providing services to the council beyond 2028. Officers considered that a shared depot facility would avoid unnecessary duplication of expensive infrastructure and facilities that were common to the care and maintenance of electric vehicles.
- 2.6 A depot for electric vehicles will require a significant electrical supply to charge large batteries and the cost of providing this site infrastructure has yet to be determined. However, it has been confirmed that a funding requirement was identified to provide electricity infrastructure to charge refuse collection vehicles at Waterbeach, so this cost and any associated implications have potential to generate significant viability issues for the project.
- 2.7 A transport consultant was commissioned to determine suitability of the site to serve as a joint depot and a copy of the consultant's report is provided at Exempt Appendix 2. The report highlights significant issues to address before the site could be effectively utilised as joint operational depot.
- 2.8 A pre-application report was obtained from the Local Planning Authority and a copy of this report can be found at Exempt Appendix 3. Whilst the report does not highlight insurmountable issues further research and feasibility studies would be necessary before an application could be submitted to secure planning consent for the proposed use.

3 Options considered

- 3.1 The option of acquiring the freehold of the site and granting P-Ltd interim tenancies to facilitate continued operational occupation was considered. This was not the preferred option, at this stage, because a considerable amount of further feasibility work is necessary to determine whether the proposal would be financially viable.

- 3.1.1 An initial risk register was produced to consider the implications of acquiring the site without further feasibility work and this can be found at Exempt Appendix 4.
- 3.1.2 A SWOT analysis was undertaken to consider the implications of acquiring the site without further feasibility work and this can be found at Exempt Appendix 5.
- 3.2 The option of doing no further work and returning the funding was considered and rejected because it would not be in the interests of the local area to lose the investment.

4 Preferred Option

- 4.1 The option of securing an option to acquire the site in the future is preferred as this demonstrates to DLUHC that the Combined Authority had secured the contractual ability to invest the funding. However, this would allow further time to undertake feasibility work to determine whether the proposal is financially viable. This work would also indicate the extent of any further funding required to implement the proposal effectively.
- 4.2 If the proposal is not viable then the Combined Authority can consider alternative options of investing the capital to deliver the electric bus depot objective. It is apparent that a significant amount of further funding is likely to be required to implement the proposal. The preferred option allows for the costs to be measured responsibly before committing to acquire a site that may not be fit for purpose.
- 4.3 This proposal was discussed with DLUHC in early March 2023 and deemed to be a sensible approach. It was also confirmed that there were no stringent clawback conditions attached to the funding but there is still an expectation to deliver on the bid commitments. There is no requirement for the CA to exercise the option to acquire the site at Nursery Lane, so the CA can consider alternative methods of delivery.

Significant Implications

5 Financial Implications

- 5.1 As mentioned at 2.1, funding has been made available by DLUHC to provide the depot facility in Peterborough.
- 5.2 An independent valuation of the site was jointly commissioned by the Combined Authority and PCC and a copy of the report can be found at Exempt Appendix 6.
- 5.3 The cost of redeveloping the site to serve as a joint depot has not yet been determined, and further funding to enable redevelopment has not yet been secured. A capital allowance could be allocated from the funding to meet further design costs, and alternative revenue budget could be identified to meet further feasibility work.
- 5.4 A land assembly exercise could improve site functionality and increase design options; but the willingness of the current landowners and associated costs have yet to be determined.
- 5.5 As mentioned at 2.7 above the costs of providing the electricity infrastructure can be significant, but these costs have yet to be determined.

6 Legal Implications

- 6.1 The site is occupied by P-Ltd that will need to be accommodated to provide operational services for the foreseeable future. This requirement is to be stipulated as a condition of the option to acquire the freehold interest in the site.
- 6.2 The subsequent freehold transfer shall include a condition that P-Ltd, or PCC's equivalent contractor shall be accommodated within the redeveloped site. This would be subject to the parties agreeing a suitable form of occupation agreement, and PCC's service provider paying a proportionate and appropriate contribution for continued operational occupation.
- 6.3 Terms for the option to acquire the freehold have been provisionally agreed by officers from the Combined Authority and PCC, but the recommendation allows for the Interim Chief Executive to finalise these terms if necessary. A copy of the Heads of Terms can be found at Exempt Appendix 7.
- 6.4 A title report on the property was obtained and the property is not free from encumbrances that would need to be considered and addressed. A copy of the title report can be found at Exempt Appendix 8.

7 Public Health Implications

- 7.1 The initiative to provide a bespoke facility to accommodate electric vehicles to provide council services and public transport will reduce harmful emissions and contribute towards improving public health.

8 Environmental and Climate Change Implications

- 8.1 The initiative to provide a bespoke facility to accommodate electric vehicles to provide council services and public transport will reduce harmful emissions, and contribute towards improving air quality and reducing global warming.

9 Appendices

Exempt Appendix 1 - Site plan
Exempt Appendix 2 - Transport consultancy report
Exempt Appendix 3 - Planning pre-application report
Exempt Appendix 4 - Risk register
Exempt Appendix 5 - SWOT analysis
Exempt Appendix 6 - Valuation report
Exempt Appendix 7 - Heads of Terms to acquire option
Exempt Appendix 8 - Title report