

SURREY COUNTY COUNCIL**CABINET****DATE: 31 JANUARY 2023****REPORT OF CABINET MEMBER: NATALIE BRAMHALL, CABINET MEMBER FOR PROPERTY AND WASTE****LEAD OFFICER: LEIGH WHITEHOUSE, DEPUTY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR FOR RESOURCES****SUBJECT: GODSTONE AND MERROW HIGHWAYS DEPOTS - REPLACEMENT SALT BARN****ORGANISATION STRATEGY PRIORITY AREA: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT****Purpose of the Report:**

This report seeks Cabinet approval for capital funding to design and build two new salt barns, one at Godstone Depot and one at Merrow Depot. The existing structures are both beyond economic repair and neither has sufficient capacity to provide the required volume of covered storage of salt.

New salt barns are required to ensure that Surrey County Council's (the Council) Highways and Transport Service has fit for purpose, year-round facilities with long-term operational lifespans to deliver its critical service maintaining Surrey's roads for safer travel across the county for residents, businesses and visitors.

Recommendations:

It is recommended that Cabinet:

1. Approves capital funding from the Highways Depot Strategy budget and pipeline (total £16.5m) for the development and construction of two new salt barns, one at Godstone and one at Merrow. The design and build costs are commercially sensitive at this time and are set out in the Part 2 report.
2. Approves procurement of appropriate supply chain partners to deliver the design, build and fit out of the two new structures in accordance with the Council's Procurement and Contract Standing Orders.
3. Notes that, regarding the procurement of supply chain partners, the Executive Director for Resources and the Director of Land and Property are authorised to award such contracts, up to +5% of the budgetary tolerance level.

Reason for Recommendations:

It is essential to provide salt barns at both Merrow and Godstone Depots in order to:

- Provide fit for purpose, long-term facilities for the Council's Highways department to provide its critical services, and statutory Health and Safety requirement of gritting highways in winter weather.
- The services provided by Highways are essential for enabling safer travel across the county for residents, businesses and visitors.
- Ensures the Service has the right facilities in the optimum locations to deliver its services, within agreed response times.

Executive Summary:

1. Eight Highways sites provide county-wide services, including winter maintenance (gritting and snow clearance), highways repairs and maintenance, materials and vehicle storage, and provide accommodation for staff and contractors. Godstone and Merrow are both strategically critical to the Highways Service, particularly for road gritting during the winter.
2. The existing salt barns are in poor condition, and it is not economically viable to carry out the substantial repairs needed to bring them up to standard, neither would repairs address the fundamental issue of the structures not having enough capacity to store salt under cover. Typical structural defects are illustrated in Annex 1.
3. The recommended proposal is to build two new 4,000 tonne salt barns to increase covered salt storage capacity on the existing sites, provide fit for purpose buildings with a long-term lifespan, and improve the facilities which support the Service and its operational staff. The Godstone site will also include a new salt saturator (essential for loading gritter vehicles) and a new vehicle washdown facility which will aid prolonging the life of gritter vehicles.
4. The construction period for both sites is expected to be six months (October 2023 – April 2024) during which time the Highways service will continue to operate from the existing salt barns to ensure continuity of its service. The new salt barns are located on a different part of the sites in order to facilitate this.
5. Replacing the salt barns also presents an opportunity to significantly reduce the Council's carbon footprint as the new buildings will be more energy efficient, which in turn will also result in a more affordable solution over their long-term economic life.

Consultation:

6. The following have been consulted and had input into this proposal:
 - Cabinet Member for Property and Waste
 - Cabinet Member for Highways
 - Ward councillors for Merrow and Godstone
 - Surrey County Council Land and Property officers, including the Director and Assistant Directors for Capital Projects and Property Strategy and Management,
 - Surrey County Council Legal and Finance teams
 - Surrey County Council Highways and Transport Service
7. A public consultation has been undertaken as part of the planning applications.

Risk Management and Implications:

8. Key risks associated with the schemes have been identified and are being actively managed, as outlined below.

	Risk description	Mitigation action/strategy
i.	Planning Permission: Planning imposes unachievable draft planning conditions	<ul style="list-style-type: none"> • Engagement with Reg 3 team • Monitoring responses • Regular Case Officer liaison
i.	Cost Increases: Construction costs exceed budget leading to delays for more budget approval or value engineering, compromising project objectives	<ul style="list-style-type: none"> • Early procurement of contractor in single stage D&B to ensure supply chain savings are captured; Mid Stage 3 design and cost update to identify clarity on risk actions/mitigations to add to project programme.
i.	Delay to project End of RIBA Stage 3 tender action does not provide sufficient quality return and procurement has to be re-tendered	<ul style="list-style-type: none"> • Soft market testing carried out to establish markets appetite to tender
v.	Delay to project: Delays to timescales from approval, planning or construction will impact costs	<ul style="list-style-type: none"> • Cost estimates include provision for inflation but any delays to the project will result in significant cost increase
v.	Net-zero carbon target	<ul style="list-style-type: none"> • Designs and construction have factored in opportunities to deliver the sites at the least carbon impact and enable minimal operational carbon footprint going forwards • Undertake sustainability workshops to explore opportunities available to reduce carbon emissions.
i.	Reputational	<ul style="list-style-type: none"> • A robust public engagement campaign is planned, including engaging with local ward councillors, to inform residents of the plans and give them an opportunity to respond, via the planning application process.

Financial and Value for Money Implications:

9. Replacing the existing old and outdated salt barns at Merrow and Godstone with new, modern and fit for purpose buildings will save on high future maintenance costs. The buildings will be designed to be more energy efficient, so contributing the Council's net-zero ambitions. The new facilities will also allow Highways Services to store sufficient quantities of gritting salt to ensure it can meet its statutory requirement to grit the highway network, improving the road safety for residents and visitors to the county.

10. The capital investment to deliver the new salt barns is allocated within the Medium Term Financial Strategy (MTFS). This information is commercially sensitive at this time and is set out in the Part 2 report.

Section 151 Officer Commentary:

11. Although significant progress has been made to improve the Council's financial position, the financial environment remains challenging. The UK is experiencing the highest levels of inflation for decades, putting significant pressure on the cost of delivering our services. Coupled with continued increasing demand and fixed Government funding this requires an increased focus on financial management to ensure we can continue to deliver services within available funding. In addition to these immediate challenges, the medium term financial outlook beyond 2022/23 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
12. There is sufficient capital funding in the Highways Depot Strategy budget and pipeline in the current MTFs for the two salt barns. The revenue cost of the borrowing is also included in the MTFs. As such the Section 151 Officer supports the recommendations in this report.

Legal Implications – Monitoring Officer:

13. The Council is the freeholder owner of both sites and is empowered by legislation to take forward the recommendations set out in this paper. Under Section 2(1) of the Local Authorities (Land) Act 1963 a local authority has extensive development powers and may, for the benefit or improvement of its area, erect, extend, alter or re-erect any building and construct or carry out works on land.
14. If a decision is made to progress with the development and construction of two new salt barns, one at Godstone and one at Merrow, site specific advice should be sought to ensure that the required consents and approvals are obtained.
15. Cabinet is under fiduciary duties to residents in utilising public monies and in considering this business case Cabinet Members will want to satisfy themselves that it represents an appropriate use of the Council's resources.
16. When applicable, Legal Services will support with the procurement process to ensure compliance to the Council's Procurement and Contract Standing Orders and any other relevant legislation.

Equalities and Diversity:

17. Not required for this project.

Other Implications:

18. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No direct implications arising from this report.

Area assessed:	Direct Implications:
Safeguarding responsibilities for vulnerable children and adults	No direct implications arising from this report.
Environmental sustainability	The developments will be designed and built to a high sustainability standard in relation to the council's commitments on net zero emissions, waste minimisation, supporting biodiversity and 'urban greening,' resilience to future heat stress and flood risk and sustainable transport/ accessibility.
Compliance against net-zero emissions target and future climate compatibility/resilience	Consistent with the Council's net zero target, the buildings will be designed with the ambition to deliver the sites at the least carbon impact and enable operational minimal carbon footprint moving forwards by led lighting, potentially solar panels. Materials and construction emissions will be reduced where feasible. The next design stages will address the Green Agenda within the budget allowance for the project and will design solutions to address the Green Agenda, e.g., Sustainability Application of Sustainable Drainage Systems (SuDs); opportunities for rainwater harvesting; irrigation solutions; biodiversity net gain, landscape boundary treatments etc.
Public Health	No direct implications arising from this report.

What Happens Next:

19. Should Cabinet approve this proposal to provide new salt barns at Godstone and Merrow Depots, the high-level timescales are as set out below:

Key milestone	Timescale
Planning decision	Feb 2023
Tender Process	Apr 2023 – May 2023
Award contract to construction partner(s)	Jun 2023
Construction period	Oct 2023 – Apr 2024

Report Author:

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Consulted:

- Cabinet Member for Property and Waste
- Cabinet Member for Highways
- Ward councillors for Merrow and Godstone
- Director for Land and Property, Surrey County Council
- Assistant Director for Capital Projects, Land and Property, Surrey County Council
- Assistant Director for Property Strategy and Management, Land and Property, Surrey County Council
- Finance and Legal teams, Surrey County Council
- Highways and Transport Service, Surrey County Council

Annexes:

Annex 1: Typical structural defects with the existing salt barns

Part 2 report.

Sources/background papers:

None
