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**ARGYLL AND BUTE COUNCIL**

**OBAN, LORN AND THE ISLES AREA  
COMMITTEE**

**DEVELOPMENT AND  
INFRASTRUCTURE SERVICES**

**13 MARCH 2019**

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## **OBAN DEPOT RATIONALISATION**

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### **1.0 EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to advise members of the Oban, Lorn and the Isles area committee of the progress with the Oban Depot Rationalisation Project. The project has reached a significant milestone with the recent appointment of Luddon Construction as the Council's contractor, on a design and build basis.
- 1.2 The first project in a wider depot rationalisation programme across the Council area, this will see the current Roads depot at Jackson's Quarry redeveloped to house all operational services; with the Mill Park site being vacated and made available for development.
- 1.3 The current anticipated completion date for the Jackson's Quarry redevelopment in November 2019.

### **RECOMMENDATIONS**

Members are asked to:

- Note the contents of this report.

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**OBAN DEPOT RATIONALISATION**

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**2.0 INTRODUCTION**

- 2.1 The Oban Depot Rationalisation Project has reached the significant milestone of the award of a works contract valued c. £1.4million for the redevelopment of the current Jackson's Quarry Roads Depot into a single, all services depot from which the Council can provide essential services to the Oban, Lorn and the Isles area.

**3.0 RECOMMENDATIONS**

Members are invited to:

- 3.1 Consider the content of this report.

**4.0 DETAIL****4.1 DEPOT RATIONALISATION – BACKGROUND**

- 4.1.1 Roads and Amenity Services currently operate a number of depots across the Council area. In a number of towns there are multiple depot sites, with Amenity generally operating out of sites formerly part of Argyll and Bute District Council, and Roads generally operating out of sites previously operated by Strathclyde Regional Council. Over time, with reductions in staff, equipment and areas of overall responsibility (trunk roads), there is now the opportunity to co-locate all services as a single site per town.
- 4.1.2 Transformation package TB07 was agreed by the Council at its budget meeting in February 2018.
- 4.1.3 The cashable benefits which have been agreed are:

Savings	2018-19	2019-20	2020-21
	£000	£000	£000
	16.5	115.5	172.5

These are derived from a reduction in operating costs e.g. NDR; utility costs; maintenance. The income which can potentially be realised from any vacated sites is not included in the agreed savings

#### 4.1.4 The non-cashable benefits include:

- Cultural – supporting the ongoing service redesign in developing a single team culture/collaboration which could support, in particular, future fleet savings;
- Operational efficiency/fit for purpose facilities – some of the facilities are increasingly unsuitable for optimum service delivery;
- Economic development – opening up land for potential development, supporting businesses to grow and succeed.

#### 4.1.5 There are obvious cost implications to the upgrade/expansion of the preferred sites to make them operationally suitable. Capital investment is required and the intention is that this be funded through a mix of prudential borrowing against any revenue to be generated from the lease of vacated sites; capital receipts from vacated sites. This funding model was outlined in Transformation Package TB07 agreed by the Council at its Budget meeting of February 2018 and is the same as the model which was previously used to fund the successful rationalisation of sites in Helensburgh/the Helensburgh and Lomond operational district. On that project, teams vacated sites in Renton; Grant Street, Helensburgh; Hermitage Park, Helensburgh; and Garelochhead, and now operate out of a single facility at Blackhill.

## 4.2 OBAN – PROJECT ONE

#### 4.2.1 Following the Mill Park depot fire, a like-for-like replacement for the facilities at Mill Park would have been the simplest and quickest option, however, this was not a realistic option in light of the emerging overall depot rationalisation proposals. A more ambitious review of depot assets in Oban was undertaken, with a view to co-locating all services on a single site. It is for reasons of operational necessity, as well as the timescale for realising funds from the Mill Park depot insurance policy, that Oban is Project One in the overall depot rationalisation programme.

#### 4.2.2 Services continued as normal, with Amenity services continuing to operate from temporary facilities at Mill Park, Roads services operating from Jackson's Quarry, and Fleet services delivered initially from a temporary arrangement at Jackson's Quarry, then laterally from a leased property on the Lochavullin Industrial Estate.

### **4.3 SITE SELECTION**

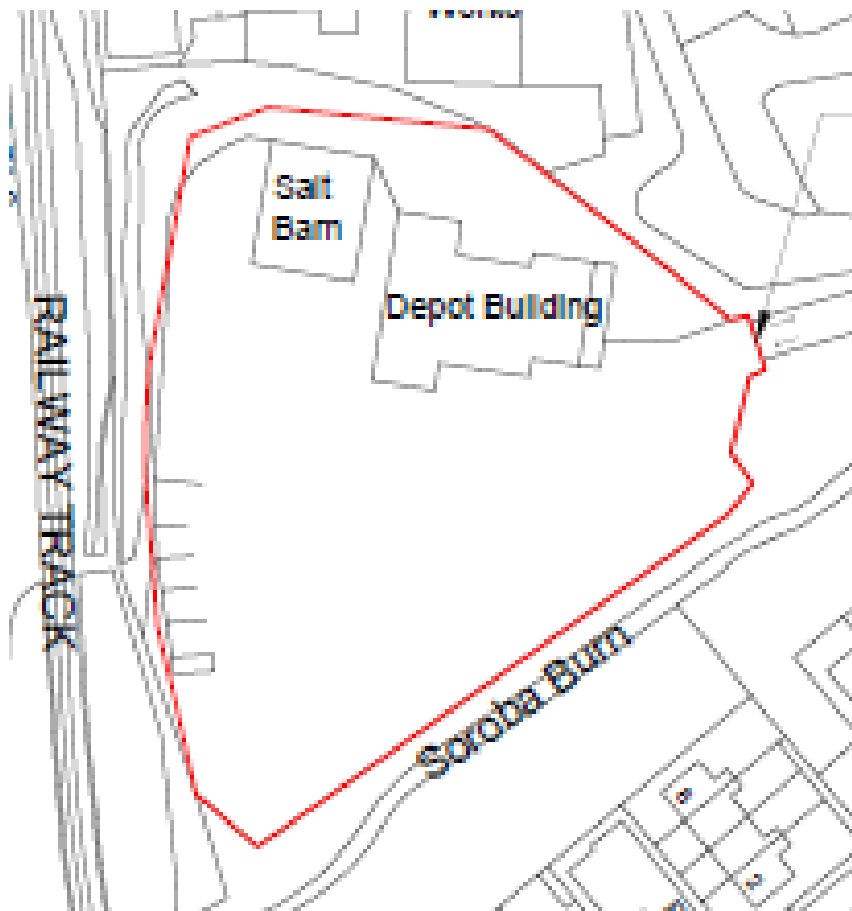
- 4.3.1 A number of sites were considered for the new single depot solution. In considering sites such factors as ownership; deliverability; size; operational viability; cost; economic returns and opportunities were considered.
- 4.3.2 The current Jackson's Quarry Roads Depot site offers the best solution, balancing operational requirements and deliverability against the potential economic returns and opportunities which could be offered by a vacant Mill Park site.
- 4.3.3 The Mill Park Depot site is smaller than Jackson's Quarry, although the total site including areas currently leased to third parties is larger. The total site would have been easier to redevelop, given its relatively uniform shape. Although the more difficult site to redevelop, an initial feasibility study showed that Jackson's Quarry is operationally suitable, with the result that the better or easier to redevelop depot site at Mill Park can be made available to the market.
- 4.3.4 After selecting Jackson's Quarry as the preferred site, a space planning and layout/concept design exercise was undertaken in-house, accommodation schedules and works instructions developed and tender documents prepared.

### **4.4 PROCUREMENT**

- 4.4.1 The competition for the design and build of a single depot solution at Jackson's Quarry went to the market in July 2018. This was a complex exercise which included the additional step of liaising with the Council's insurers in respect of the Mill Park depot, given that that depot's facilities were being reinstated, albeit elsewhere.
- 4.4.2 Luddon Construction were selected as the most economically advantageous bid. A contract has been awarded to Luddon's to the value of £1,339,138.51. The contract length is nine months from award, with completion anticipated in November 2019. This involves an initial design and consents phase which should run until around June, and subject to sign-off and statutory approvals, the construction phase from June to November.
- 4.4.3 Of particular interest to members may be the local benefits of this project. Luddon have confirmed that their staff will be staying within the local area as they undertake the project. A community benefit clause was also included within this tender, and Luddon have provided the following within their community benefit proposal:
- The employment of one unemployed person for the duration of the contract;
  - Work experience placement where they propose to give two pupils from a local school a four week work experience placement working on the contract;
  - A site visit for a class from the local school once the contract is complete.

## 4.5 JACKSON'S QUARRY REDEVELOPMENT

4.5.1 The existing Jackson's Quarry site layout is shown in the following graphics:



4.5.2 The new layout will see:

- the existing portal frame building which currently houses officers, stores and welfare, modernised/upgraded to provide the horticultural mechanic workshop, stores, a modern welfare area including canteen, locker room, showers, drying room;
- the salt barn will be retained as is;
- a new two-storey office and meeting room facility (traditional build) next to the eastern elevation of the current building (this will require scrub/earth removal and the construction of a new retaining wall);
- the fuel store will be moved from its current position in the south-west corner of the site to an area to the south-east, adjacent to but not part of the depot itself. This will allow Council vehicles not based at the depot to safely fuel without the need to go through the working depot itself;
- expansion of the site south towards the burn, and creation of new hard-standing for heavy vehicle parking;
- a new four-bay fleet workshop in the south-west corner of the site;
- secure entry mechanism;
- staff parking will be accommodated off site at the entrance to the current Mill Park site and/or by widening the access road and creating new bays in the current grass verge.

4.5.3 The indicative layout design is appended to this report at Appendix One.

## 4.6 FUNDING

4.6.1 The Council's insurers will pay 100% of the contract value plus internal fees to the value of 6% of the total contract value, giving an insurance ceiling figure of **£1,419,486.82**.

4.6.2 The Council's Legal Services team have confirmed the advice from the Loss Adjustor that any variations to the contract or increases in cost will require to be met by the Council. It is intended that the depot project be delivered within the available insurance budget, with any emerging variance being reported to the appropriate committee.

## 4.7 USE OF THE MILL PARK DEPOT SITE

4.7.1 **Short-term** – at present the southern half of the site continues to be used by Roads and Amenity Services to deliver essential services in the Oban and Lorn area. The northern part of the site is currently being used as an overflow car park for teaching/school staff until such time as the second phase of the exciting new school project is complete, and their dedicated car park is constructed. At present it is expected that the new school car park will be ready towards the end of the Spring. The Council's depot rationalisation contractor has expressed a desire to utilise the site as a site compound and/or materials storage area. The Council is required to provide storage space for its contractor to enable them to undertake the project, and given that the Jackson's Quarry site must remain operational throughout, the northern park of Mill Park site has been identified for this purpose.

- 4.7.2 **Long-term** – there are a number of possible options for the long-term use of the site. Between Roads and Amenity Services and Estates/Property Development these are currently being explored. At present it is too early to say what the future use will be, however, the current intention is to look to come to a view on the best option by the end of the summer, at which point a further report will be provided.

## **5.0 CONCLUSION**

- 5.1 With the award of the design and build contract to Luddon Construction is a major milestone in the Oban Depot Rationalisation Project. This project is the first in a programme of depot rationalisation projects to be taken forward as part of the agreed Transformation Package TB07. This is a significant strategic change programme which will provide financial, cultural, operational and economic benefits over the coming years.

## **6.0 IMPLICATIONS**

- 6.1 Policy – this project is consistent with the policy position the Council set at its Budget meeting of February 2018 in agreeing Transformation Package TB07
- 6.2 Financial – the contract value is covered by the Council's insurance policy for the Mill Park depot.
- 6.3 Legal – the contract type is NEC3: Option A
- 6.4 HR – The Council has existing HR procedures to support the relocation of staff
- 6.5 Equalities/Fairer Scotland Duty – an Equality Impact Assessment has been carried out for the Depot Rationalisation programme.
- 6.6 Risk – the contractor will keep a detailed project risk register
- 6.7 Customer Service – none known

**Executive Director of Development and Infrastructure, Pippa Milne**  
**Policy Lead for Roads and Amenity Services, Councillor Roddy McCuish**

**13/2/19**

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## **APPENDICES**

Appendix One: JQ PROPOSED SITE PLAN