

# APPENDIX O

## WAVERLEY BOROUGH COUNCIL

### EXECUTIVE – 2 OCTOBER 2012

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**Title:**

**LEASES OF DEPOTS  
BOURNE MILL, GUILDFORD ROAD, FARNHAM  
NANHURST, ELMBRIDGE ROAD, CRANLEIGH**

**[Portfolio Holders: Councillors Mike Band & Stephen O'Grady]  
[Wards Affected: Farnham & Cranleigh]**

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**Note pursuant to Section 100B(5) of the Local Government Act 1972**

An annexe to this report contains exempt information by virtue of which the public is likely to be excluded during the item to which the report relates, as specified in Paragraph 3 of Part I of Schedule 12A to the Local Government Act namely:-

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

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**Summary and purpose:**

Authorisation is sought for Waverley to take leases from Surrey County Council (SCC) of the above premises, shown outlined on the plans annexed, for a period of 21 years on terms and conditions in the (Exempt) Annexe.

Authorisation is also sought for Waverley to then sublet the depots to its grounds maintenance contractor (Glendale) and undertake improvement works to the depots on terms and conditions in the (Exempt) Annexe.

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**How this report relates to the Council's Corporate Priorities:**

**Value for Money** - Securing of depot provision through SCC will provide significant rental savings when compared to the current costs of depot provision through the grounds maintenance contract. The negotiated depot costs not only offer value for money when compared to the current depot charges applied to the contract but are also comparable to depots in and around the surrounding areas (Exempt) Annexe. This is ignoring the further 50% saving applied to the rental sum whilst Waverley carries out the highway verge cutting for Surrey.

The provision of these two depots has also led to significant contractual savings being made over the previous grounds maintenance contract due to the efficiencies, through a reduction in mileage and travel time that will be gained by the strategic locations of the SCC depots.

**Environment** – The provision of two depots strategically located within the borough will result in efficiency improvements in the grounds maintenance contract, through reduced travelling times and reduced fuel consumption and carbon emissions. The securing of these depots would allow for closed loop recycling of green waste material produced by the grounds maintenance contract; a first for Waverley.

### **Equality and Diversity Implications:**

Waverley continually seeks to ensure all decisions consider equality and diversity implications.

### **Resource/Value for Money implications:**

Significant lease rental savings provided through negotiation with SCC and contractual savings made through the provision of two strategically located depots have ensured best value is given by the Council's grounds maintenance contract to Waverley's residents.

### **Legal Implications:**

While SCC will draft the leases, there will be legal resource required for the agreement of the wording and to draft the sub-lease under the same terms & conditions to Glendale. Legal costs are to be shared by each party.

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## **Background**

1. Waverley has recently approved the extension of the grounds maintenance contract with its present contractor, Glendale. In order to provide the contract efficiencies, improvements and savings to Waverley, the new contract extension requires the provision of two depots rather than one in strategic locations located within the borough.
2. In the previous contract, the contract depot rental costs have been approximately £73,000/annum (excluding rates/utilities). Through the contract extension Glendale offered two prices, one with depots at rental costs of £53,000 pa and one without the cost of renting depots.
3. To test this potential cost Waverley sought to obtain cheaper accommodation by researching local provision and exploring opportunities to better Glendale's offer in their depot inclusive price. The strategic positioning of the two depots, Bourne Mill and Nanhurst, led to Waverley entering direct negotiations with SCC regarding availability and arrangements. These discussions have led to the negotiation of significantly reduced rental levels as set out in the (Exempt Annexe), in comparison to the current contract depot costs and the local market place. Further saving can be realised provided that Waverley continues to undertake the SCC highway horticultural contract.
4. Under the proposed terms of the leases, Waverley will be able to sub-let to Glendale, who will have the same obligations as Waverley has with SCC. The Council will not incur maintenance costs throughout the term.

5. There will be break clauses every seven years to correspond with the re-tendering of the ground maintenance contract in seven years time. SCC will bring up the sites to a reasonable state of repair and ensure that all health and safety issues are addressed before Waverley will take on the lease.
6. The new grounds maintenance contract is due to start November 1 2012. Waverley's contractor Glendale will want to mobilise for the new contract during October

### **Conclusion**

7. If Waverley enters into these leases with SCC, it will make significant savings on the cost of the ground maintenance contract and secure two depots strategically placed in the Borough which will reduce travel time and mileage for the contractor increasing efficiency for residents. There is little risk to the Council and minimal investment as maintenance responsibilities will be passed to our contractors.
8. The contract extension starts November 1 2012, it is important that the SCC depots are secured prior to the contract extension commencement, in order that the contractual savings negotiated with Glendale are realised from the outset.

### **Recommendation**

It is recommended that:

1. Waverley takes leases of the depots at Guildford Road, Farnham and Nanhurst, Cranleigh, from Surrey County Council on terms and conditions as set out in the (Exempt) Annexe;
2. Waverley sublets the above depots to Glendale on terms and conditions in the (Exempt) Annexe;
3. A maximum of £20,000 towards access improvements and overall site improvement works to the depot sites, be funded by the Council through the urgent unallocated schemes from the capital programme; and
4. Other terms and conditions to be negotiated by the Head of Leisure and the Estates and Valuation Manager subject to the authorisation of the Chief Executive after consultation with the Portfolio Holder.

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### **Background Papers**

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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