



**18 June 2012**

**Agenda Item: 6**

**REPORT OF SERVICE DIRECTOR - TRANSPORT, PROPERTY &  
ENVIRONMENT**

**REVISED LATEST ESTIMATED COST: COUNTY SUPPLIES  
(ROLLESTON DRIVE)**

**Purpose of the Report**

1. The purpose of this report is to approve the latest estimated cost for the above project including a variation to the Capital Programme.

**Information and Advice**

**Project details**

2. County Supplies are the internal ordering, warehousing and distribution service for consumable items within the County Council, schools and other external customers. The service employs 43 FTE staff, has a turnover of £5.8 million (70% of this is external) and continues to trade strongly contributing an annual surplus of £76,000. The warehouse holds some 6,000 lines of stock at any one time as part of a total portfolio of 12,000 items. The average stock turnover for the service is 8 times per annum.
3. County Supplies are currently the only remaining user on the campus at Rolleston Drive in Arnold. It is the intention of the County Council for all users to vacate the campus such that it can then be placed upon the market for sale by auction.
4. This project was therefore commissioned to fully investigate the future of County Supplies. The three options considered were to retain County Supplies on the existing Rolleston Drive campus, to close the facility and no longer operate an internal service provider and to investigate relocation opportunities and retain the current service.
5. The initial business case concluded the ongoing need to retain County Supplies. An internal review of available premises within the County Council concluded that there were no suitable premises available. An external review of premises available for sale or lease within the county boundary was therefore commissioned. This review concluded with two potential premises that fitted the requirements for the service, both of these are business units that are available for rent and are at Calverton and Bilsthorpe respectively.

6. The two potential sites were then evaluated against the on-going operational cost and the cost of conversion of the business unit to the requirements of the County Supplies operation. Though Bilsthorpe proved to be the cheaper capital option for conversion, the ongoing operation cost variance, following rent negotiations, concluded with Calverton being the cheapest option over the considered 10 year lease period (with appropriate release clauses). The Calverton site is also better located for the distribution function and better shaped for an efficient warehousing operation.
7. The building and fit out works include the addition of internal office space, warehouse operations facilities, pallet racking, a two floor mezzanine based minor materials storage system, the creation of order picking facilities, the creation of bulk pallet stacking facilities, external security fencing and external security CCTV. The requirement for the external security fencing will require the submission of a Planning Application, making the completion of this project therefore subject to Planning approval.
8. The project will be managed using best practice project management methodology (Prince 2) with project reviews and sign-off at key milestones with all key stakeholders which meet the Gateway Review standards.
9. The works element of the proposed scheme will be design and build by Interserve Construction Limited of Leicester, appointed through the East Midlands Property Alliance framework. The project will be managed by a Project Manager from NCC Property.
10. It is anticipated that the building works will start on site in October 2012 and be completed in April 2013. This completion date is critical to the phased workload of County Supplies and relates to a period of minimum disruption to the ongoing operation.
11. The latest estimated cost of the building works is set out below and the fees shown are for all professions involved in the project.
12. The professions involved in this project are:-
  - § Architect
  - § Landscape Architect
  - § Mechanical Engineer
  - § Electrical Engineer
  - § Quantity Surveyor
  - § Structural Engineer
  - § CDM Co-ordinator
  - § Project Manager

Only the CDM Co-ordinator and the Project Manager will be NCC Officers.

### **Capital budget implications**

13. This project is being funded as follows: £
- |                                |         |
|--------------------------------|---------|
| Capital Allocation (variation) | 630,499 |
|                                | <hr/>   |
| Total                          | 630,499 |
|                                | <hr/>   |
14. The business case has been submitted to the Corporate Asset Management Group and has been approved for submission. The funding requirement of £630,499 is a variation to the Capital Programme.
15. The latest estimated costs are as follows:

	<u>Latest Estimated Cost</u> <u>(Outturn Prices)</u> £	
Building Works	470,909	
	Professional fees	36,940
Furniture and Equipment	122,650	
	<hr/>	
Total	630,499	
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### Anticipated cash flow

Capital Payments	2012/13 £	2013/14 £	Totals £
Building Works	409,737	61,172	470,909
Professional Fees	32,184	4,756	36,940
Furniture & Equipment	106,578	16,072	122,650
	<hr/>	<hr/>	<hr/>
Totals	548,499	82,000	630,499
	<hr/>	<hr/>	<hr/>

16. The subsequent sale of the Rolleston Drive Campus will realise an estimated capital receipt of £2 million.

### Revenue budget implications

17. Any additional premises cost arising from these proposals will be met from the County Supplies Revenue budget.

## **Other Options Considered**

18. As previously noted options were considered as follows:

To retain County Supplies on the Rolleston Drive campus.

A thorough survey concluded that the cost to modernise the premises and make them fit for purpose (including fire damage to part of the offices) would be £1.2 million. It was also estimated that the capital receipt from any sale of the remaining parts of the Rolleston Drive campus would be £485,000 lower if County Supplies were not to move.

To close the facility.

The estimated redundancy cost associated with closure is £520,000 and the stock loss is estimated as £300,000. On an ongoing basis the service would not be contributing a surplus of £76,000 and would not be contributing £120,000 towards other County Council overheads (finance, ICT and HR type costs). The County Council might also not be able to achieve the procurement savings that County Supplies is able to leverage.

## **Reason/s for Recommendation/s**

19. The existing County Supplies building should be vacated to release the Rolleston Drive campus for sale. Of the options investigated the best value for money option is to relocate to the Calverton Business Park.

## **Statutory and Policy Implications**

20. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **Implications for Service Users**

21. The new building will provide purpose built storage and distribution facilities to benefit all users of the service across the whole of the County Council including Schools.

## **Financial Implications**

22. These are set out in the report.

## **Equalities Implications**

23. In accordance with the County Council policy, the design of this building incorporates access and facilities for people with disabilities.

## **Crime and Disorder Implications**

24. The proposed site is relatively straightforward to secure by the addition of exterior security fencing and associated CCTV. As a result, risk of crime from theft or vandalism will be minimised. Additional measures which will be considered to further minimise risk of crime will include the provision of overnight security systems during fit-out.

25. Consultation with local residents and other interested parties will be undertaken as part of the planning process and this should effectively negate risk of disruption through protest or the like.

## **RECOMMENDATION/S**

1. That the latest estimated cost report for the building works as set out in the report be approved.

**Jas Hundal**  
**Service Director - Transport, Property & Environment**

**For any enquiries about this report please contact: Patrick Robinson 0115 9772086**

### **Constitutional Comments (CEH 23.05.12)**

26. The recommendations in the report are within the remit of Finance and Property Committee. The Committee has the authority to approve additional schemes or variations to additional schemes in the capital programme of over £250,000 and up to £2 million.

### **Financial Comments (PB 24.5.12)**

27. The financial implications are as outlined in the report.

### **Background Papers**

28. Business case data sheet summary.

### **Electoral Division(s) and Member(s) Affected**

29. Ward(s) Arnold North  
Member(s): Cllr Ged Clarke, Cllr Carol Pepper

However, County Supplies provide a service that affects all Electoral Divisions.

File ref.: CH/SB/00027

SP: 2243

Properties affected: 00027 - Rolleston Drive Campus