

18 March 2019**Agenda Item: 8**

REPORT OF THE SERVICE DIRECTOR, PLACE AND COMMUNITIES

FUTURE ARRANGEMENTS FOR COUNTY SUPPLIES

Purpose of the Report

1. To seek approval to transfer County Supplies to another local authority traded service on the terms outlined in the Exempt Appendix to this report, subject to the approval of Policy Committee for the terms of the lease for the current County Supplies site at Huthwaite.
2. To provide delegated authority to the Corporate Director for Place, in consultation with the S151 Officer, to approve the details of the terms for the transfer, within the financial parameters set out in the Exempt Appendix.

Information

3. Some information relating to this report is not for publication by virtue of Schedule 12A of the Local Government Act 1972, paragraph 3, due to the confidentiality of information relating to the financial and business affairs of the Council and other parties. Having regard to all the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because the information would add a limited amount to public understanding of the issues but would significantly damage the Council's commercial position. The exempt information is set out in the Exempt Appendix.

Organisational Context

4. In December 2018, Committee approved a proposal to review the future arrangements for County Supplies. This report makes recommendations based upon the outcome of this review work.

Background

5. County Supplies is a traded service providing stationery and office equipment products to around 3,500 customers, including approximately 300 schools, across the county via telephone and online ordering. Products are listed in a catalogue published annually and available online. The service currently employs 28 staff.
6. In summer 2018, the service relocated from a warehouse base in Calverton to a new Council owned site in Huthwaite to reduce rental costs. This was to ensure that the

service did not continue to be tied to an expensive long term external lease and would provide a sound base on which to take forward commercial options.

7. County Supplies has not operated at a net surplus for several years. Net operating losses in 2018/19 are anticipated at being approximately £300,000, against a turnover of £3.8m.
8. A number of options for the business have been explored. These include:
 - Transfer or sale;
 - Continuing to run the service internally;
 - Service closure.

The options have been outlined in the Exempt Appendix. The preferred option for the future of County Supplies is set out in the Exempt Appendix to this report. It sets out that the preferred option is to transfer County Supplies to another traded service entity owned by another local authority.

Reason for Recommendation

9. The preferred option, set out in the attached Exempt Appendix, is proposed as it represents the most cost effective and sustainable option for the Council.

Statutory and Policy Implications

10. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

11. More detail is set out in the Exempt Appendix to this report.

Human resources Implications

12. The proposed new employer will accept the transfer of relevant employees with protection under the Transfer of Undertakings (Protection of Employment) (TUPE) regulations.
13. Full communications and consultation will take place with those employees affected and with the relevant trade unions with respect to the implementation of the proposals contained within the appendix to this report.

RECOMMENDATION/S

It is recommended that:

- 1) That approval is given to transfer County Supplies to another local authority traded service, on the terms outlined in the Exempt Appendix to this report, subject to approval by Policy Committee to the terms of a lease of the current County Supplies site at Huthwaite.
- 2) That approval is given to provide delegated authority to the Corporate Director Place, in consultation with the S151 Officer, to approve the details of the terms for the transfer in accordance with the financial parameters set out in the Exempt Appendix.

Derek Highton
Service Director, Place and Communities

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Constitutional Comments [SSR 7.3.2019]

14. The recommendations set out in the report fall within the scope of decisions which may be approved by the Finance and Major Contracts Management Committee.

Financial Comments [RWK 7.3.2019]

15. The financial implications are outlined in the Exempt Appendix to this report. It is not possible to fully determine the detailed financial implications at the current time as these will be dependent upon the timing of any sale or closure, the detailed terms agreed for any transfer, and the costs of disposing of stock and other assets.
16. Further work is ongoing to ascertain the finalised figures. Based on existing information the option to transfer County Supplies to another local authority traded service represents the most cost effective option for the County Council.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None

Electoral Division(s) and Member(s) Affected

All.