

HAMPSHIRE COUNTY COUNCIL**Report**

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| Committee/Panel: | Buildings, Land and Procurement Panel |
| Date: | 25 June 2013 |
| Title: | Business Services Group – 2012/13 Annual Report and Accounts |
| Reference: | 4908 |
| Report From: | Director of Culture, Communities and Business Services |

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1. Executive Summary

- 1.1. The purpose of this annual report is to provide a summary of the financial performance of the principal self-funding units within the Culture, Communities and Business Services department (CCBS) for 2012/13. The report also includes an overview of the aggregate accumulated surpluses of these services.
- 1.2. The report also recommends that funds previously earmarked within the accumulated surplus be released to support the renovation and improvement of the Council's vehicle workshop at the Micheldever depot.

2. Contextual Information

2.1. The business units covered in this report are:

- Hampshire County Council Catering Services
- Hampshire Transport Management
- Hampshire Printing Services
- Corporate Procurement and County Supplies.

2.2. The report describes an annual trading surplus for the group as a whole of £737,000 and an increase in the overall accumulated surpluses retained by the businesses. These results represent an improved outturn position for each of the units against the revised forecasts that were reported to the Panel in March 2013 in conjunction with the new business plans for 2013/14. The report identifies the key factors in these results and sets out several important notes to the accounts. 2012/13 was another successful year for these services and these results provide a solid foundation for a positive outcome in 2013/14.

- 2.3. The main aims of the business units are to provide good quality, value-for-money services to a wide range of stakeholders and to make a significant contribution to the County Council's corporate agenda. These links are set out in the business plans of each service and this report only seeks to provide Members with summary information on the financial and business performance of these units.

3. Financial Performance

- 3.1. The accounts for each business are shown in Appendix C together with a summary for all four self-funding units. Total income over recent years has been:

| 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 |
|---------|---------|---------|---------|---------|
| £38.5m | £40.8m | £40.6m | £40.0m | £42.6m |

The increase in income was largely driven by catering services (HC3S) through higher take-up in primary schools to around 7.4 million meals and the full year effect of additional sites gained during 2011.

- 3.2. A trading surplus of £737,000 (1.7% of turnover) is reported for 2012/13 against a revised projection of £283,000. The reporting position is again more complicated than usual this year and the key issues for each business are highlighted in Section 4 of the report. As in 2011/12, these results no longer include the former School Lunch Grant. The most significant variation against the revised forecasts is for Printing Services. Members will recall that this unit has been substantially reorganised with 2012/13 being the first trading period in the new format.
- 3.3. Improvement at HC3S was responsible for an increase in surplus of £181,000. Cash paybacks (excluding investment) from HC3S amounted to £142,500 including payments to the Sir Harold Hillier Gardens, the Lepe Beach Café, Titchfield Haven and the Winchester Discovery Centre. County Supplies was able to return a surplus of £204,000 while reversing the planned draw down from the Procurement Improvement Reserve. The results of all the individual businesses are summarised in the table below:

Table 1: Summary Financial Performance (£000s)

| Business Unit Surplus/(Deficit) | Actual 2007/8 | Actual 2008/9 | Actual 2009/10 | Actual * 2010/11 | Actual # 2011/12 | Plan 2012/13 | Actual + 2012/13 |
|-------------------------------------|------------------|------------------|-------------------|---------------------|---------------------|-----------------|---------------------|
| Catering | (28) | 284 | 517 | 705 | 220 | 128 | 309 |
| Transport | 209 | 78 | 73 | 114 | 51 | 15 | 25 |
| Printing | 61 | 73 | 90 | (171) | (167) | 51 | 199 |
| Supplies | 174 | 205 | 251 | 297 | 110 | 89 | 204 |
| Total | 416 | 640 | 931 | 944 | 214 | 283 | 737 |
| Surplus as a % of income | - | 1.7% | 2.3% | 2.3% | 0.6% | - | 1.7% |

* Results shown after redundancy costs and pension scheme charges of some £0.5million have been incurred; includes School Lunch Grant and transactions relating to the Procurement Improvement Programme (PIP).

Results exclude transactions relating to exceptional employee costs, but include financial support for the PIP (£120,000) and costs relating to the reorganisation of Printing Services.

+ Includes transfer of some £112,000 from County Supplies to the Procurement Reserve

3.4. The impact on the accumulated surpluses of the businesses is shown in Table 2 below:

Table 2: Accumulated Surpluses (£000's)

| | |
|------------------------------------|--------------|
| Surplus at 31/3/12 | 5,463 |
| Results 2012/13 | 737 |
| Spending from surpluses | 0 |
| Depreciation, interest and finance | 33 |
| Closing balance at 31/3/13 | 6,233 |

3.5. The accumulated surpluses of the businesses provide a strategic reserve that will protect the County Council from financial risk in the event of adverse trading conditions or unforeseen events and make it possible for the businesses to invest in new activities and improving services. Specific sums earmarked within the overall surplus as at April 2013 include:

- A contingency provision of 1.25% of income - £0.53 million
- Potential refurbishment/replacement of the vehicle workshops at Micheldever and Petersfield and roof repairs at Bar End - £1.5 million
- Contribution to corporate Strategic Change and Business Development workstream – £0.6 million
- Support for corporate procurement activities – up to £0.38 million
- Other investment identified by the businesses - £0.16 million

3.6. There was no spending from the accumulated surpluses in 2012/13. This follows expenditure of £354,000 in 2011/12, NIL spending in 2010/11 and £511,000 in 2009/10 (largely the re-development of the vehicle workshop at Bishops Waltham). Expenditure in 2011/12 was driven by the refurbishment of the Scientific Services building at Southsea to support the shared services arrangement with Hampshire Constabulary (£254,000 on equipment) and by the relocation of Printing Services (a contribution of £100,000).

3.7. The value of interest, depreciation and other finance charges returned to the accumulated surplus was £33,000. This is sharply down on previous years following the release of the building at Winnall. Finance charges that were recycled to the accumulated surplus have fallen by around £73,000 on 2011/12.

3.8. HC3S manages delegated catering budgets on behalf of schools through a Service Level Agreement (SLA). The SLA provides a commitment that any surpluses on these budgets will be used for the benefit of the service in the

form of improvement projects and new equipment. The surplus in hand on these budgets at the end of the 2011/12 financial year was £631,299 (after the funds managed on behalf of schools increased substantially as a result of changes to the former School Lunch Grant). The aggregate balance on those funds increased to £772,616 at the end of March 2013. An extensive programme to modernise kitchen equipment in schools is planned for 2013/14 at sites where the current facilities are under the greatest pressure as a result of increasing meal numbers.

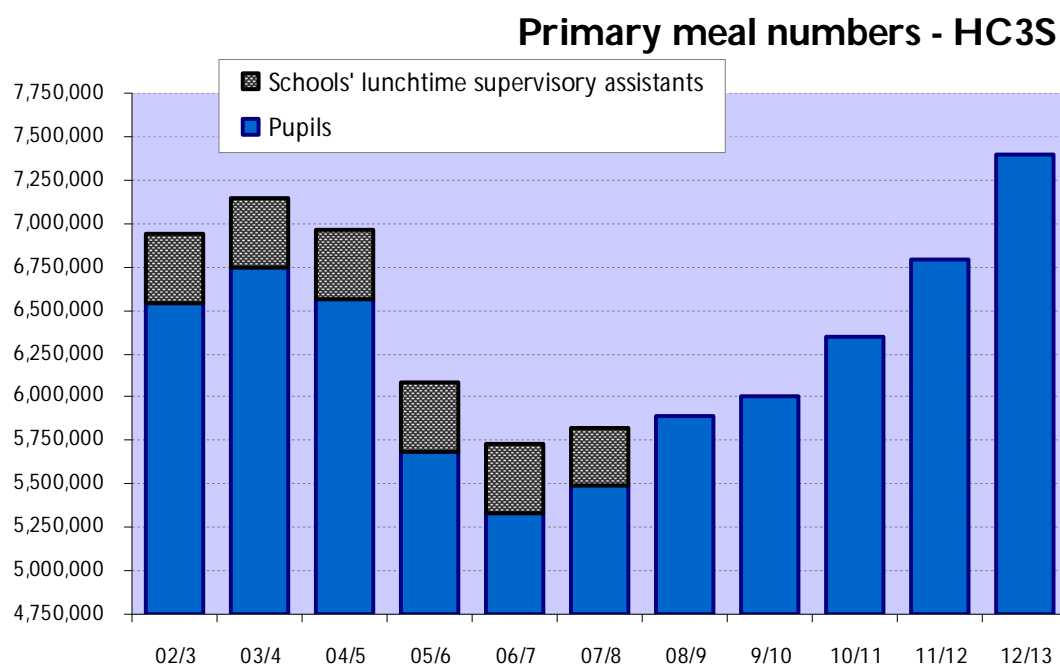
- 3.9. Included within the final trading account figures for County Supplies is a total cost of £23,715 relating to scrapped or written off stock. Stock to the value of £6,171 was left unsaleable due to water, chemical or accidental damage. The cost of writing off a batch of exercise books of insufficient quality valued at £8,462 was partially offset by a credit from the supplier during the year, and an adjustment of £9,083 was required following physical stock counts.
- 3.10. It was reported to Members in May 2010 that Corporate Procurement and County Supplies (CPCS) had established a new financial reserve of £0.5 million to support a corporate programme of procurement improvement (a programme which has been largely funded through the trading account of CPCS). At the end of March 2013, the balance on this reserve was some £392,000 and it is proposed to commit additional funds to these activities.

4. Risk & Impact Issues

4.1. Key issues and detailed Business Plans for 2013/14 were reviewed by the Panel in March and only the most significant items are described in the paragraphs below.

4.2. Catering Services (HC3S)

- 4.2.1. As was reported to the Panel in March, considerable further progress has been achieved by HC3S. Preliminary statistics for 2012/13 indicate that around 7.4 million meals were served in the County Council's primary schools – an increase of 0.6 million or more the 8% on the previous year. Total income for HC3S was some £22 million and this was £0.57 million higher than the revised forecast. The final results for HC3S were some £180,000 better than planned at £309,000. This is lower than the average surplus achieved during the years when the Government's School Lunch Grant was included directly in the trading accounts of HC3S. In the final year of this period, 2010/11, the grant was worth £1.24 million.
- 4.2.2. As already indicated, the take-up of meal numbers in primary schools was again very positive. Total volume has increased by more than 25% over the last five years and this progress on meal numbers is illustrated in the diagram below:



Take up in 2012/13 was around 40.6% in primary schools and this is the highest figure recorded by HC3S.

- 4.2.3. During the year, HC3S ran a scheme where all reception children in primary schools were offered lunches “free” for two weeks using funds from Catering Support budgets. This project attracted strong support from schools and students and it is anticipated that this will be repeated in September/October 2013. In terms of other business development, HC3S has established new relationships with several schools, including Eggars School, Osborne School, Somerford Primary in Dorset and Ludlow Academy in Southampton.
- 4.2.4. Funding from the former grant was accounted for separately and during 2012/13, the principal areas of expenditure were facilities and equipment improvements (approximately £322,000), additional funding to offset schools’ costs (£312,000), front of house improvements (£75,000), health and safety related upgrade to staff uniforms (£85,000), and uptake and administration (£37,000). In 2013/14, further ‘in year’ funding will be put towards catering facility and equipment improvement (£390,000), school administration (£50,000), completion of the front of house improvements (£100,000) and schools will receive £370,000 towards their costs.
- 4.2.5. Income at non-schools sites amounted to £2.76 million in 2012/13, which was very close to the revised target and around 25% higher than in the previous year. Manor Farm, Titchfield Haven and Staunton and Queen Elizabeth Country parks were added to the portfolio during 2011 and these sites contributed income of £0.85 million during the course of 2012/13. However, costs and paybacks (including costs absorbed on behalf of the customer) at sites managed by the Countryside service were higher than forecast and the planned contribution to overheads was not achieved. At other sites, direct investment of around £90,000 was made through the trading account.

4.2.6. Food costs for meals in primary schools have increased as a result of meal improvements and inflation. The outturn for 2012/13 was in line with expectations at around 70 pence per primary meal. As in previous years, HC3S has worked closely with County Supplies to support the use of local produce. A recent estimate of the County Council's food purchases from 'local' producers and suppliers indicated that these had a value of some £2 million annually. Specific examples for 2012 include: 847,000 beef meatballs and 473,000 beef burgers from Laverstoke Park, 840,000 eggs from Fluffets Farm and 91,000 litres of New Forest Ice Cream. HC3S places a high priority on healthy eating and food safety and in a further innovation the primary school menu has been reviewed and is now complexly nut-free (and free of any item that cannot be described as being made in a nut-free environment).

4.2.7. With the decision to hold the meal price at £2.00 for a further 12 months, uptake has been very strong in both April and May and the volume targets in the current business plan already look achievable.

4.3. Hampshire Transport Management (HTM)

4.3.1. Total income for HTM was well above the revised target at £7.26 million. This is an increase of £177,000 on 2011/12, but total costs were also up (to £7.24 million). This produced a trading surplus of £25,000, which is in line with the revised forecast.

4.3.2. As expected, income from contract hire was lower than in 2011/12. In part this reflects the reduction of 3.5% that was applied to the charges made to internal customers for existing vehicles in 2012/13. However, other income was buoyant with increases in the value of fuel issued (+£260,000), greater demand for short term/spot hire, and an expansion of the remit of the courier service (taking in the team formerly managed within the Library service). As was reported to the Panel in March, extensive remedial action was required at the Micheldever depot to deal with a spill of diesel, which followed damage to the storage tank during an incident of theft. The total cost of the work was in excess of £50,000 and as a result a deficit of around £20,000 was recorded against fuel issues worth £1.96 million. In line with the switch from vehicle leasing to outright purchase, leasing charges fell by a further £191,000 to £0.96 million while capital charges increased from £0.4 million to £0.6 million.

4.3.3. Of total contract hire income of £3.3 million, around 79% is typically with internal customers, 11% with schools and 10% is external income. External customers also account for a substantial proportion of fuel issues and ad-hoc maintenance. Business development initiatives include a range of projects with both internal teams and external customers. These include: vehicle maintenance for Youth Options and Radian Community Housing, the provision of drivers to Adults Services and the expansion of pool car-type arrangements.

4.3.4. The good performance of HTM over many years has afforded funds for improvements that will help to secure the future of the business. However, minor projects are resourced through the trading account and no spending from the accumulated surpluses was made in either 2011/12 or 2012/13.

- 4.3.5. The facilities at the Micheldever workshop, in particular, are in need of improvement. Plans have been developed with colleagues in Property Services and an initial provision of £1.5 million has been set aside within the accumulated surplus to address this requirement together with potential works at Petersfield depot and a contribution to the repair/replacement of the roofing of buildings at Bar End. The workshop at Micheldever undertakes the maintenance of 150 County Council vehicles, plant and equipment and around 100 vehicles for external customers, such as the highways maintenance contractor and schools. The current facilities are poor and are in poor condition. In order to meet modern standards and business requirements, it is proposed that the steel frame be re-clad and insulated, the electrics and lighting be replaced and the office and welfare facilities (currently located in portacabins adjacent to the workshop) be integrated into the main building. This will create a modern facility of an equivalent standard to HTM workshops at the Totton and Bishops Waltham depots. The estimate for the work including fees is £524,500 and it is proposed that this is funded from the business units accumulated surpluses. Further information about the proposal is included in Appendix D.
- 4.3.6. The Courier service has continued to expand its operations and is well placed to extend the support it provides to the Hampshire Fire and Rescue Service into a shared service with Hampshire Constabulary. It is hoped that the discussions undertaken in 2012/13 will bear fruit in the new financial year.
- 4.3.7. As reported previously, the business units show strong support for the County Council's initiative on apprentices. Two former apprentices have recently gained permanent positions within HTM and the business has made a commitment to take on four new apprentices and to provide work experience for two young people.

4.4. Hampshire Printing Services (HPS)

- 4.4.1. The new unit is focused on a design and print management service (DPMS) and production using digital equipment. In 2011/12, HPS recorded an overall deficit of £167,000 (including one-off costs of restructuring), but this was reversed in 2012/13 with HPS reporting a surplus of £199,000. These results were significantly better than the revised forecast previously reported to the Panel. Total income was lower than in 2011/12 (down 7.3% to £1.79 million), but turnover in the closing months of the financial year was much higher than projected and finished some 18% ahead of the revised target. External customers (including schools and colleges) accounted for around 20% of work managed through the DPMS in 2012.
- 4.4.2. The building at Winnall vacated by HPS last year has not yet been sold and remains on the market. A capital receipt of around £1 million is anticipated from the disposal and, in the intervening period, Business Services has absorbed the ongoing costs associated with the building (some £40,000).
- 4.4.3. HPS's share of the overall accumulated surplus was some £668,000 at the end of March 2013. The main business development initiatives explored by HPS during 2012/13 have been closer integration with the Council's post-room (outgoing mail) and joint working with Hampshire Constabulary

on print services. The former will require the upgrading of HPS's job control and production systems and some new equipment. It is anticipated that this work will be taken forward in 2013/14. Outline agreement to merge HPS with the Constabulary's Printing Services unit under the leadership of the Council's Printing Manager was obtained in February this year and joint working based at the Council's headquarters is expected to commence in an interim form in August/September 2013.

4.5. County Supplies and Corporate Procurement (CPCS)

- 4.5.1. Total income was slightly above the revised forecast at £11.55 million with the increase being mainly driven by retrospective rebates. These amounted to £1.88 million and were £0.25 million ahead of plan. Rebate income continues to include substantial expenditure by external customers. The overall surplus was £204,000, but instead of making the planned draw down of £160,000 from the Procurement Improvement reserve, it was possible to inject a further £112,000 into this reserve from the trading account (an improvement of £272,000). Advertising income achieved for the County Supplies catalogue was ahead of target forecast at £398,400, and this was exactly in line with the amount sold in 2011/12.
- 4.5.2. Turnover through the warehouse was £8.44 million. Some 70% of these issues are made to schools and other education customers. Inflationary pressure on stock items was lower than had been anticipated in 2012/13 and it was possible to provide schools with 'money off' discounts worth some £0.2 million against the published prices. This initiative was extremely well received and reinforced the team's reputation for working in the interests of schools. The trading activity of CPCS continues to provide considerable financial support for corporate procurement and the overall improvement agenda. As previously reported, it is also proposed to earmark further funds from the accumulated surplus to 'top-up' the Procurement reserve to support activities not funded through trading.
- 4.5.3. Work with departments to support the delivery of ongoing efficiency savings continued in 2012/13 and the team has also been closely involved in the procurement-related workstreams for the Transforming the Council strategy. County Supplies has continued to take part in a wide range of collaborative arrangements for procurement with local, regional and national partners and directs over £40 million annually through these arrangements. While the benefits of this collaboration are significant, it has not been without risk. The key issue has been linked to unofficial 'commission' obtained on energy contracts by a former employee of Kent County Council. This matter has been subject to court proceedings and it is expected that the sums involved will be reimbursed to affected councils. Joint working with the Government Procurement Service and other local government purchasing bodies has also raised a number of challenges in respect of the commercial arrangements for retrospective rebates paid by suppliers.
- 4.5.4. Work to develop a shared procurement service for the County Council, Hampshire Constabulary and Hampshire Fire and Rescue progressed well throughout 2012/13. The shared service came into being at the beginning of April 2013 as planned and procurement staff from the partner

organisations are now co-located at the Council's headquarters. Recruitment to several vacancies within the team is currently underway and initial engagement sessions with the senior leadership teams in the Police and HFRS have taken place.

4.5.5. The Contracting Direct website maintained by County Supplies is now populated with 40 contracts that are available for other public bodies to use. CPCS also supports the Council's Sold Services initiatives and has established new links with schools on the Isle of Wight. Purchases by these schools have been modest so far (equivalent to a large secondary school), but it is expected that this initiative and a similar approach to schools in Bournemouth and Poole will show growth in 2013/14.

4.5.6. Price comparisons with a range of public and private sector organisations show that the warehouse continues to offer customers good overall value-for-money. The warehouse operation has been able to maintain strong support at a time when expenditure by schools in Hampshire with several key brands of Findel plc has fallen sharply over recent years. Issues to academy schools were around £0.7 million in 2012/13 up from £0.4 million in 2011/12.

4.6. Sickness Absence and Staff Turnover

4.6.1. Absence levels within the businesses have shown an improving trend over recent years. The average for the 1,670 staff (805 FTE) remains higher than in the CCBS department as a whole, but was lower than the average for the County Council. Over recent years, the percentage of time lost due to absence within the business units as a whole is as follows:

2005/06 – 4.6%

2006/07 – 3.7%

2007/08 – 3.9%

2008/09 – 3.9%

2009/10 – 4.2%

2010/11 – 3.2%

2011/12 – 2.9%

2012/13 – 3.0%

4.6.2. The overall improvement continues to be supported by action taken at HC3S where close co-operation with the Occupational Health Unit and the Employee Practice Centre resulted in an absence level of around 3.6% or some 8.9 days per employee. The average for the CCBS department as a whole was 2.6%.

5. **Conclusions**

5.1. The businesses achieved an overall surplus of £737,000 against a plan of £283,000 and, at the end of March 2013, the accumulated surplus was £6.23 million. In aggregate, the results are well ahead (£454,000) of the forecasts reported to the Panel at its meeting in March 2013. The financial position

gives confidence that the businesses will be well placed to self-fund further investment and retain the support of customers in 2013/14 and beyond.

- 5.2. The outlook is positive and the business units continue to fulfil successfully the requirements of the County Council and key customer groups.

6. Recommendations

That the Panel advises the Executive Member for Policy and Resources that:

- 6.1. The 2012/13 annual report and accounts for the Business Services Group be approved.
- 6.2. The proposal to undertake renovation and improvement works at the Micheldever vehicle workshop be approved at an estimated cost of £524,500 (including fees); the funding to be drawn from the accumulated surpluses of the CCBS business units.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision to enable the business units to demonstrate appropriate reporting mechanisms and operate on a self-funding basis within the County Council's financial regulations.

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. An Equalities Impact Assessment has been completed in the development of this report and no adverse impact has been identified.

2. Impact on Crime and Disorder:

- 2.1. The County Council has a legal obligation under Section 17 of the Crime and Disorder Act 1998 to consider the impact of all the decisions it makes on the prevention of crime. The proposals in this report have no impact on the prevention of crime.

3. Climate Change:

- 3.1. The contents of this report will have no adverse impact on the County Council's strategy to tackle climate change.

CCBS Business Services Group

Final Accounts 2012/13

| | Target | Actual | Difference |
|--|--------|--------|------------|
| | £'000 | £'000 | £'000 |
| Income | 41,025 | 42,636 | 1,611 |
| Direct Costs | 35,229 | 36,212 | 983 |
| Contribution | 5,796 | 6,424 | 628 |
| Overheads | 5,672 | 5,575 | -98 |
| Surplus/(Deficit) | 123 | 849 | 726 |
| Transfer from Corporate Procurement Reserve | 160 | -112 | -272 |
| Surplus/(Deficit) | 283 | 737 | 454 |

| Hampshire County Council Catering Services (HC3S) | | | |
|--|---------------|---------------|------------|
| 2012/13 Final Accounts | Target | Actual | Difference |
| | £'000 | £'000 | £'000 |
| Income | | | |
| Sale of meals | 20,945 | 21,604 | 659 |
| Other | 518 | 430 | -88 |
| Total Income | 21,462 | 22,033 | 571 |
| Direct Costs | 19,870 | 20,323 | 453 |
| Contribution to overheads | 1,593 | 1,710 | 117 |
| Overheads | 1,464 | 1,401 | -63 |
| Surplus/(Deficit) | 128 | 309 | 180 |

Surplus as a % of income 1.4% (1.1% in 2011/12)

| Corporate Procurement & County Supplies | | | |
|--|---------------|---------------|-------------------|
| 2012/13 Final Accounts | Target | Actual | Difference |
| | £'000 | £'000 | £'000 |
| Income | | | |
| Stores turnover | 8,524 | 8,444 | -80 |
| Retrospective rebates | 1,632 | 1,883 | 251 |
| Other | 1,168 | 1,221 | 53 |
| Total Income | 11,324 | 11,548 | 224 |
| Direct Costs | 8,601 | 8,484 | -117 |
| Contribution to overheads | 2,723 | 3,064 | 341 |
| Overheads | 2,794 | 2,748 | -46 |
| Trading Surplus/(Deficit) | -71 | 316 | 387 |
| Transfer to/from Corporate Procurement Reserve | 160 | -112 | -272 |
| Net Surplus/(Deficit) | 89 | 204 | 115 |

Surplus as a % of income 1.8% (1% in 2010/11)

| Hampshire Transport Management (HTM) | | | |
|---|---------------|---------------|-------------------|
| 2012/13 Final Accounts | Target | Actual | Difference |
| | £'000 | £'000 | £'000 |
| Income | | | |
| Contract Hire | 3,364 | 3,354 | -10 |
| Other | 3,358 | 3,911 | 553 |
| Total Income | 6,722 | 7,265 | 543 |
| Direct Costs | 5,782 | 6,321 | 539 |
| Contribution to overheads | 940 | 944 | 4 |
| Overheads | 925 | 919 | -6 |
| Surplus/(Deficit) | 15 | 25 | 10 |

Surplus as a % of income 0.3% (0.7% in 2010/11)

| Hampshire Printing Services (HPS) | | | |
|--|---------------|---------------|-------------------|
| 2012/13 Final Accounts | Target | Actual | Difference |
| | £'000 | £'000 | £'000 |
| Income | | | |
| DPMS | 886 | 1,216 | 330 |
| HantsPrint | 560 | 502 | -58 |
| Other | 70 | 72 | 2 |
| Total Income | 1,516 | 1,790 | 274 |
| Direct Costs | 976 | 1,084 | 108 |
| Contribution to overheads | 540 | 706 | 166 |
| Overheads | 489 | 507 | 18 |
| Surplus/(Deficit) | 51 | 199 | 148 |

Surplus as a % of income 11.1% (8.7% deficit in 2011/12)

Recladding, Extension of and Associated Internal Upgrading Works at Hampshire Transport Workshop Micheldever Road, Micheldever, Hampshire

1. Project Outline.

The existing workshop dates from 1980 and comprises a steel portal frame over clad with asbestos cement sheeting which has been underlined to stop fragmentation and possibly to improve the thermal performance. Masonry walls comprising both block and brick form the perimeter of the building with associated services attached serving machinery. The workshop has access both ends via a roller shutter door and sliding pair of doors to the rear. An existing block wall store is annexed from the workshop. Both task lighting and small power is provided with main sodium pendant lighting to the main areas. The existing concrete floor has two vehicle pits. Natural daylight is provided by clear Perspex bands along the roof slope.

- Building elements are at the end of their serviceable lives and working conditions are poor
- Proposal to provide a new thermally efficient, low maintenance, wind and weather tight skins will be provided to both roof and wall elements. Upgrades internally will provide safe and compliant working areas. Removal of asbestos sheeting eliminating risks posed to occupants. Compliant electrical infrastructure. Extensions providing both office and welfare accommodation, replacing old and out dated temporary accommodation
- A building condition project with a total project cost of £524,483 incl. fees.

2. Outputs to be achieved.

The scheme will improve the business outcomes and working environment by

- Reducing heat loss and solar gain thus providing better thermal comfort conditions
- Remove Health & Safety risks posed by asbestos and outdated electrical systems
- Improved working conditions
- Modern safe working environment

In addition the works will

- Reduce energy costs
- Negate the potential health and safety risks
- Reduce future repair costs by utilising a low maintenance self finished products
- Remove the risks associated with asbestos
- Improve heating

- Improve lighting
- Compliant electrical wiring

3. Value for money.

Our designers are currently procuring a programme of works for similar schemes. We will therefore benefit from the reduced costs resulting from economies scale together with a simpler design and procurement exercise.

The costs indicated in section 5.0 have been assessed using recent competitive tender and framework rates for similar work.

4. Deliverability.

The proposal is to use the existing procurement & design arrangements of the local authority who have contractor frameworks and specifications in place. This will reduce the lead-in time required to commence works on site.

In order to meet the timescales required, the following strategies will be adopted;

- Phasing the refurbishment to allow continued business use. The workshop will be divided with the erection of a temporary screen handing over one half to the main contractor. Electrical systems will need to be reconfigured. One half of the roof will be stripped and reroofed with new masonry walls built. New electrical infrastructure to be installed. Access is available both ends of workshop to allow this to happen.
- Early Contractor involvement to provide supply chain & build ability advice and reduce site time.

5. Costs.

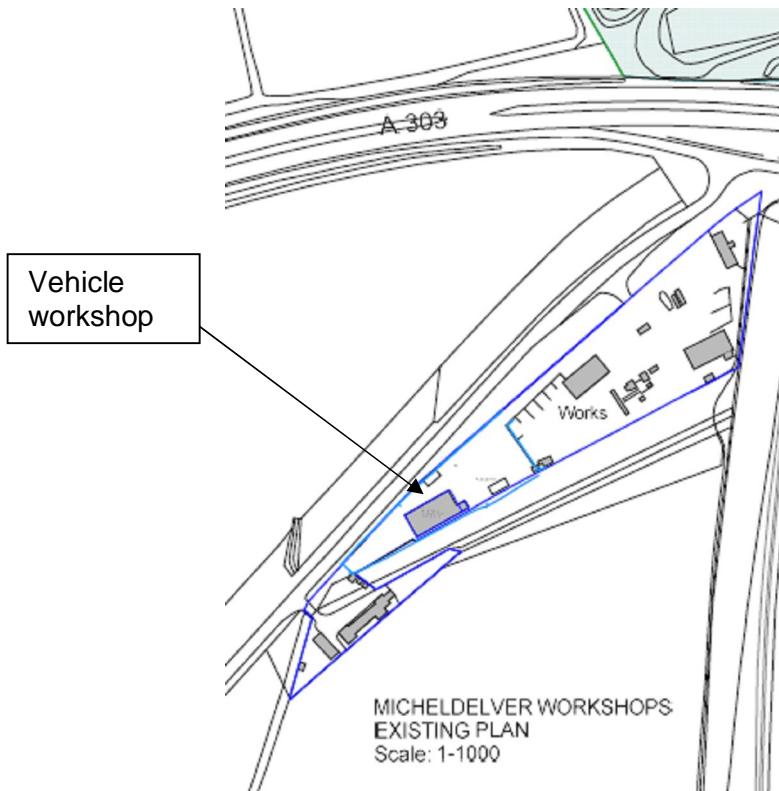
| Item | Description | Cost | Comments |
|------|---|------------------|----------|
| 1.0 | Preliminaries @ 12% | 47,700 | |
| 2.0 | Asbestos -Allow for full enclosure -Remove asbestos cement roof and walls | 10,000 20,000 | |
| 3.0 | Roof/Walls -New Kingspan roof/wall cladding, incl. flashings and rainwater goods | 70,000 | |
| 4.0 | Doors -New roller shutter door incl. new structural frame and head beam | 10,000 | |
| 5.0 | Masonry walls -Demolish existing masonry walls down to slab -Construct new brick cavity walls | 5,000 15,000 | |
| 6.0 | Mechanical & Electrical -Mechanical Works (Provisional Sum) -Electrical Works (Provisional Sum) | 15,000 45,000 | |
| 7.0 | BWIC (Builders Work in Connection). | 5,000 | |

| | | | |
|------|--|-------------------------|--------|
| 8.0 | Decorations -Internal walls -Steelwork -Floor | 3,000 6,000 3,500 | |
| 9.0 | New Office/Reception/WC -single storey extension (flat roof) 25m2 | 65,000 | |
| 10.0 | Existing store -Upgrade/rebuild existing store | 25,000 | |
| 11.0 | New Mess/Toilets -Removal of exist temp buildings and construction of new single storey extension (flat roof) 30m2 | 80,000 | |
| 12.0 | Contingency -Provisional Sum | 20,000 | |
| 13.0 | Sub Total | 445,200 | |
| 14.0 | Planning & Building Regulation Fees -Provisional Sum | 5,000 | |
| 15.0 | Sub Total | 450,200 | |
| 16.0 | Consultant's Fees @ 16.5% | 74,283 | |
| 17.0 | Total £ | 524,483 | No VAT |

6. Indicative schedule.

| | |
|--------------------|--------------------------|
| Contract Formation | August 2013 (3 weeks) |
| Start on Site | September 2013 |
| Phase 1 Complete | November 2013 (10 weeks) |
| Phase 2 Complete | January 2014 (10 weeks) |

7. Site map, internal view of workshop and view of welfare facilities.



Site Map



Internal view of workshop



'Temporary' welfare facilities adjacent to building