

Subject: Relocation of Print & Sign Unit
Date of Meeting: 17 March 2011
Report of: Strategic Director, Resources
Contact Officer: Name: John Shewell Tel: 29-1039
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Key Decision: No
Wards Affected: All

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 There is a pressing need to relocate the council's Print & Sign Unit from its current location at Hollingdean Depot due to health and safety concerns over the building that houses the unit.
- 1.2 This report sets out a number of options to achieve the relocation objective and invites Cabinet to approve and fund the move to suitable alternative premises once identified.

2. RECOMMENDATIONS:

- 2.1 That Cabinet notes the need to urgently relocate the Print & Sign Unit (PSU) for health and safety reasons.
- 2.2 That Cabinet agrees to relocate the existing PSU to suitable alternative premises.
- 2.3 That Cabinet agrees to include the scheme to refurbish premises if necessary and relocate the PSU within the capital programme at an estimated cost of £180k to be financed through council borrowing.
- 2.4 That Cabinet delegates authority to the Strategic Director, Resources, the Head of Communications and the Head of Property and Design to implement the PSU relocation within the cost parameters agreed at 2.3 above and to the Head of Legal and Democratic Services to execute the necessary legal documentation.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The council's Print & Sign Unit (PSU) is currently located at Hollingdean Depot. In 2009 a survey of all the buildings at the Depot highlighted certain deficiencies in relation to the Workplace (Health, Safety and Welfare) Regulations 1992. The building has been temporarily propped to mitigate risk, but the service requires relocation.

- 3.2 In accordance with policy, relocation of the PSU to existing Brighton & Hove City Council property was considered. New England House (NEH) was identified as a possible option. However, surveys indicated that to reduce machine noise and vibration to acceptable levels would require substantial concrete slabs to be laid. These slabs would exceed the floor loading and therefore the option of moving the existing PSU to NEH was ruled out.
- 3.3 Suitable alternative premises were identified on the Freshfields Industrial Estate as a viable and cost effective option for the current and future expanded service.
- 3.4 Twenty other properties were considered as being potentially viable but only Freshfields had sufficient and appropriate space to accommodate the whole of the current PSU service. The refurbishment costs of Freshfields would be at worst £180k and take approximately four (4) months to achieve.
- 3.5 Since being notified of an alternative bid on Freshfields, Property & Design have identified four alternative sites, which the PSU are now evaluating. All will need structural surveys and assessment for viability.
- 3.6 The current PSU site charges at Hollingdean Depot are minimal and not in line with the corporate accommodation policy. Therefore there will be additional costs to the service of any move that requires a rental payment and other lease liabilities to be negotiated. The PSU currently returns a net income from sources external to BHCC of £90k per annum. This would therefore cover the on-going cost of Freshfields, or a property of similar size, but would represent a reduction in overall income to the Council. A re-located PSU would therefore have to make additional income to cover this cost. This will be helped by the consolidation of communications from across the Council which is already progressing. In 2008/09 £486k was spent with external suppliers directly by departments (i.e. not via corporate communications). By aggregating print activity and negotiating better rates with suppliers through 'bulk purchase' the PSU could achieve significant savings estimated at between £120K and £200K per annum. This will increase the volume of print work and reduce any spare capacity on the print service machines and therefore unit costs will fall.
- 3.7 There are three options involving changing the current configuration of the PSU. Each of these options would take approximately 4 additional months to achieve (i.e. 8 months in total). These options relate to the future shape of the service and are currently being considering alongside the relocation. These are set out below for information. When considering these options, two commercial factors need to be borne in mind:
 - (a) Brighton is well served with a highly competitive 4 colour print sector. As an older technology, 2 colour print has become commoditised offering smaller margins and revenue.
 - (b) There is also a potential for the Council to expand the Sign Unit business. The Sign Unit is one of a few sign making operations in the Sussex region to provide such a complete range of sign manufacturing and installation services. There is an opportunity to expand the business to other local public services and initial interest has been expressed from the Police, Universities and the Health Trusts.

Alternative Option 1

- 3.8 The PSU is totally outsourced leaving a remaining small contract management section which could move into an administrative building such as King's House. This option has the benefit of not requiring any buildings to be acquired, but would lose to the council a significant and unique capability in the sign service, would not be the best use of existing machine assets, cost a significant amount in transferring people and termination costs, and reduce external income (current and future possible). Indications are that outsourcing would increase the cost of sign production and not be any cheaper for the print service.

Alternative Option 2

- 3.9 The PSU (currently only 2 colour) is outsourced leaving only the sign service in-house. This would require the termination of the current print machines' contract at approximately £100k and the re-allocation of print staff into the sign service as it expands, but would reduce the internal accommodation requirements to 5,200 sq ft. The floor loading for just the sign service machines would be suitable for NEH, but the largest single unit available is only 4,800 sq ft. Additionally there is insufficient external storage and vehicle access and therefore another unit would be required increasing costs and splitting the site operations making the flow of work more difficult. The refurbishment costs and rent and service charge are likely to be higher than at alternative premises Freshfields for example.

Alternative Option 3

- 3.10 That all council print spend is consolidated and centralised through the PSU to take advantage of the savings to be achieved through 'bulk purchasing' (between £120k and £200K). That the PSU is relocated to a site similar to Freshfields and that all 4 colour print work is outsourced, leaving 2 colour and the sign service in house. That the more profitable sign unit is developed and expanded to generate additional income and fund the expansion of the unit into the additional space that the Freshfield unit provides. A detailed sales and marketing plan will be developed in parallel to the relocation.
- 3.11 Initial indications are that an outsourced print service would not be significantly cheaper and would not cover the costs of the machine termination. Additionally, the print service income is likely to fall. The set-up of NEH would also considerably limit the current and, specifically future, operations of the sign-service and may limit income possibilities.

4. CONSULTATION

- 4.1 Print & Sign consulted relevant Council services and independent technical experts in assessing the viability of NEH and Freshfield. The following were consulted:
- (i) Property & Design Team
 - (ii) Estates Team
 - (iii) ICT
 - (iv) Health, Safety & Wellbeing Team
 - (v) Frankhams Consultancy Group LTD
 - (vi) CRL Structural & Building Assessment
 - (vii) Cole Jarman Acoustic Assessment

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 Based on an estimate of refurbishment costs of £180k the scheme can be financed over five (5) years through Council borrowing. The annual contribution to the financing costs of £41k per annum will need to be covered by increased income generation by the PSU.
- 5.2 It is important to note that if the first set of premises considered suitable for relocation prove to be unavailable, this cost may change.
- 5.3 The costs of potential refurbishment of alternative sites are being explored and a maximum of £180k is assumed in agreeing the recommendations.
- 5.4 Further financial implications are included within the Part 2 report.

Finance Officer Consulted: Anne Silley

Date: 08/03/11

Legal Implications:

- 5.5 Cabinet has the requisite powers to agree the recommendations at paragraph 2 above.
- 5.6 Under section 2 of the Health & Safety at Work etc Act 1974, the council has a duty to ensure, so far as is reasonably practicable, the health and safety at work of its employees. In addition to this general duty, the specific duties set out in the Workplace (Health, Safety and Welfare) Regulations 1992 also apply to the council in relation to the building currently occupied by the Print & Sign Unit. These include the requirement to ensure that the workplace is maintained in efficient working order and in good repair.

Lawyer Consulted:

Oliver Dixon

Date: 24/02/11

Equalities Implications:

- 5.7 Ensuring the PSU is relocated to a site that is fully accessible and conforms to the council's responsibilities under the Equalities Act 2010.

Sustainability Implications:

- 5.8 To ensure that the PSU is relocated to a building that addresses the existing Health & Safety issues, will enable to unit to operate sustainably in the long term and avoids the need for the unit to relocate again in the future.

Crime & Disorder Implications:

- 5.9 None

Risk & Opportunity Management Implications:

- 5.10 Whilst the Health & Safety risk at the PSU's existing location at the Depot is being managed, it is essential that a new location is found quickly to minimise this risk.

Corporate / Citywide Implications:

- 5.11 Under section 2 of the Health & Safety at Work etc Act 1974, the council has a duty to ensure, so far as is reasonably practicable, the health and safety at work of its employees.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 Eleven sites were originally identified and appraised as part of the site search.

These were:

- (i) 15A -19 Norway Street – Portslade - 3 small units not practical very old building major refurbishment
 - (ii) Unit 16 The Cliffe Industrial Estate – Lewes – Outside BHCC
 - (iii) Unit 3 Hughes Road – Brighton - Rented
 - (iv) 26 Dolphin Road – Shoreham-by-Sea – Outside BHCC
 - (v) Unit 17 St Josephs Business Park – Hove – Only half a warehouse no offices no natural light high
 - (vi) New England House (NEH) - Brighton - Floor loading & noise are issues & high costs
 - (vii) Albany House, New England Street – Brighton - Rented
 - (viii) Speedyhire New England Street – Brighton - Rented
 - (ix) Units A& B Marlie Farm, Shortgate – Ringmer - Outside BHCC
 - (x) Z1 Mackley Indust Estate - Small Dole - Outside BHCC
 - (xi) Unit R –SM Tidy Indust Estate – Ditchling Common - Outside BHCC
- 6.2 Following Frankham's technical assessment and appraisal of Level 2 at New England House, which revealed that the premises was not suitable for Print & Sign's business needs, a second round of site search and appraisal commenced. These were:

- (i) Unit 2, 17 Albert Drive – Burgess Hill - Outside BHCC
- (ii) Unit 27, Star Road Industrial Estate – Partridge Green - Outside BHCC
- (iii) Unit 1, 56 Dolphin Road – Shoreham - Outside BHCC
- (iv) Unit 8, Sackville Trading Estate – 1 year lease only
- (v) Unit 3, St Josephs Business Park - Too small
- (vi) Unit 8B, Freshfield Business Park -
- (vii) 77 Beaconsfield Road – Too small
- (viii) 40- 40A Bristol Gardens - Rented
- (ix) Unit A3, Hollingbury Enterprise Centre – Too small

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The council has a duty under section 2 of the Health & Safety at Work etc Act 1974, to ensure, so far as is reasonably practicable, the health and safety at work of its employees. This includes the requirement to ensure that the workplace is maintained in efficient working order and in good repair.

- 7.2 There are additional value for money savings that could be achieved through the relocation of the PSU including the expansion of the sign unit and the centralisation of all the council's print work through the PSU.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms

1. Feasibility Study on NEH
2. Acoustic Assessment on NEH
3. Hammer Testing on NEH
4. Health & Safety Report for Print & Sign Unit at Hollingdean Depot
5. Feasibility Study on Freshfields

Background Documents

1. Part A: Summary of Value for Money Review of Council Communications (includes design, print & sign making)
2. Part B: 2009 Value for Money Review of Council Communications (includes design, print & sign making)
3. Buildings Reviewed Report
4. Feasibility Study on NEH
5. Acoustic Assessment on NEH
6. Hammer Testing on NEH
7. Health & Safety Report for Print & Sign Unit at Hollingdean Depot
8. Feasibility Study on Freshfields.