

Report to: Cabinet

Date of Meeting: 7 December 2015

Report Title: New Factory Unit

Report By: Peter Grace
Assistant Director Financial Services & Revenues

Purpose of Report

To seek approval to progress with proposals to build a new factory unit for BD Foods an existing tenant on the Castleham Industrial Estate

Recommendation(s)

- 1. To accept the most economically advantageous tender and progress with building the new factory unit**

Reasons for Recommendations

To assist a local business to expand and create additional jobs and income for the Council.

Introduction

1. At Cabinet on 1 September 2014 it was agreed to undertake a feasibility study (including costs) of constructing a new factory unit and that subject to the capital costs not exceeding £700,000 delegation was given to complete arrangements to deliver the new factory unit.

Feasibility Study

2. Planning consent was granted on 13 October 2015 (with 19 conditions).
3. Tenders for construction of the unit were sought through the East Sussex Procurement Hub with a closing date of 17 November.

Tenders

4. As at the closing date six tenders were received but two did not qualify. The four valid tenders were as follows:
 - a. Tender 1 £1,189,793
 - b. Tender 2 £1,245,092
 - c. Tender 3 £1,488,216.52
 - d. Tender 4 £1,792,911.19
5. These are being evaluated and the two lowest tenderers are to be interviewed on 3 December. A verbal update on the outcome will be given at Cabinet.

Financial Implications

6. While the costs of construction are considerably higher than the previously budgeted amount this is mainly attributable to building cost inflation, additional requirements to satisfy East Sussex County Council Highways and the need to provide a substation, which will benefit the estate and the Council for many years.
7. The estimated total cost of the project, which includes all pre-construction work and surveys and new substation has been revised to £1.4m.

Conclusion

8. If the Council decided not to proceed with building the unit it would prevent BD Foods from realising their expansion proposals, the new space would help them to create 20 new full time jobs, and they may have to consider relocating. The company currently occupy seven units, which provides a significant income for the Council.

Policy Implications

Please identify if this report contains any implications for the following:

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|---------------------------------------|-----|
| Equalities and Community Cohesiveness | No |
| Crime and Fear of Crime (Section 17) | No |
| Risk Management | Yes |
| Environmental Issues | No |
| Economic/Financial Implications | Yes |
| Human Rights Act | No |
| Organisational Consequences | No |
| Local People's Views | No |
| Anti-Poverty | No |

Additional Information

Part 1 & Part 2 Reports to Cabinet 1 September 2014.

Officer to Contact

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