ITEM **10**

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Fire Authority	
DATE OF MEETING	19 October 2016	
OFFICER	Paul Holland, Head of Projects and Transformation David Sutherland, Director of Finance and Assets	
LEAD MEMBER	Councillor Phil Gomm	
SUBJECT OF THE REPORT	Blue Light Hub for Milton Keynes	
EXECUTIVE SUMMARY	At its meeting of 10 February 2016 the Fire Authority resolved under minute FA 43:	
	'That the resources from Great Holm and Bletchley are relocated and merged into the new 'blue light hub' facility with Thames Valley Police at West Ashland and the existing station premises vacated.	
	The Service will continue to ensure that current response standards are met via its dynamic mobilising system, utilising the fire crews that are out in the community delivering vital life-saving community safety work, or when appropriate utilising standby points strategically located across Milton Keynes, ensuring our communities will always benefit from the quickest possible attendance in an emergency.'	
	Since then work has continued to be undertaken by officers with a view to bringing back to the Fire Authority a range of costed options to be considered by Members with a view to reaching a decision on a favoured option upon which the procurement process may commence. The full detail is set out in Annex 2 of this report.	
ACTION	For decision.	
RECOMMENDATIONS	It is recommended that:	
	• The construction of a complex comprising Ground, 1st and 2nd Floor at the West Ashland site, housing all 3 blue light services in line with the estimated costs and funding set out in Annex 2 (exempt from publication) be approved.	

RISK MANAGEMENT	There are several inherent risks with a project of this type and size, however, all due diligence has been undertaken as far as is possible to mitigate such risks.
	The following are identified as the main risk areas with a note of how that risk has either been managed, or is intended to be managed.
	Finance – The proposals set out in the body of this report are designed to ensure that any of the possible build options are affordable to the Authority within its capital programme and will allow other vital investment to continue e.g. vehicles and equipment.
	Current estimates are based upon best professional advice and the build project will be subject to a formal Official Journal of the European Union (OJEU) tender procedure to ensure the best value for money outcome.
	If for any reason those tender returns prove to be in excess of the available approved budget, then Members will be asked to reconsider options in a further report.
	The project budget will be managed through a combination of our professional Quantity Surveyor (QS) advisors, Property Manager and Principal Accountant. The professional fee and build invoices will be certified as appropriate only through the QS and/or Property Manager. The budget will be monitored as part of regular monthly progress meetings to include any update and advice from the Principal Accountant on overall budget progress.
	The estimated build costs set out in Annex 2 of this report include an allowance for inflation as well as development risk. Further independent QS analysis has been undertaken and assurance provided that the project can be contained within the figures set out.
	The Authority and our professional advisors will also work with the successful contractor to seek out added value solutions that may be suggested i.e. solutions that provide the same outcomes and quality at lower cost. Any benefit would be shared with the contractor.
	Partners – There has been extensive consultation with both Thames Valley Police (TVP) and South Central Ambulance Service (SCAS) to ensure both viability and affordability of the proposal. Whilst there is good reason to be optimistic on the outcome, nevertheless both parties have their own governance procedures to adhere to and there is a risk that one or

both may yet determine this is not a scheme they wish to commit to. In the case of TVP this is a very low risk as they are joint signatories to the transformation funding bid.
A verbal update on the respective formal positions of both parties will be provided to Members at the Authority meeting.
Planning – there has been extensive consultation with Milton Keynes Council's planners throughout the process and the planning application submitted at the end of July 2016 was compiled in a manner that sought to ensure approval at the first time of asking. The outcome is due to be determined by MK Council at its Development Control Committee meeting of 1 December 2016.
Project Management
A tiered Project Management structure has been established and incorporates the input from the HUB team together with the internal management structure. 'The HUB' are the Authority's professional services partner for the proposed project.
The Project Manager manages the Project Build control, weekly site meetings and the monthly contract meeting.
A Property Group has been established, chaired by the Property Manager which meets at six weekly intervals and includes representatives from the internal project team and members of the HUB delivery team - this is immediately followed by an internal Project Board meeting chaired by the Head of Projects & Transformation.
A project highlight report, incorporating relevant information from the HUB highlight report, is prepared by the Transformation Programme Manager, which is presented to the Project Board meeting for review and then subsequently presented to the next available Business Transformation Board meeting. The high level project plan and risk register are also reviewed at these meetings.
Land issues
All due diligence has been carried out through the Authority's professional advisors to ensure that as far as is possible, there are no environmental, wildlife or other restrictive factors that will impinge upon the intended use of the land at West Ashland. An environmental report has been furnished as part of the planning application.
No such survey has been carried out at the Authority's existing sites at Great Holm and Bletchley, therefore,

 potential sale proceeds could be at risk of reduction any environmental, wildlife or other restrictive factor were to be identified. Should MKDP choose not to exercise its option t purchase the Bletchley site then approval will b sought for the land be sold in the open market. Contractor failure The essential work to minimise the possibility of contractor failure is through the Pre-Qualificatio Questionnaire (PQQ) process that all potentia contractors must take part in. This process allows th Authority to set its key requirements of potentia tenderers and will include the following essentia criteria:
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Pass an independent financial risk assessment
 At least 3 examples of similar works with other Fire or Local Authorities
 Examples of works of similar size and value
 Must be relatively recent examples
 Resilience – this must be part of a wide portfolio of similar ongoing current works
BIM
BIM is an acronym for Building Information Modelling and its use is intended for this project. It describes the means by which everyone can understand a building through the use of a digital model, enabling those whe interact with the building to optimise their actions resulting in a greater whole life value for the asset.
BIM brings together all of the information about ever component of a building, in one place. It makes is possible for anyone to access that information for an purpose, e.g. to integrate different aspects of th design more effectively. In this way, the risk of mistakes or discrepancies is reduced, and abortiv costs minimised.
BIM data can be used to illustrate the entire building
life-cycle, from inception and design to demolition and materials reuse. Spaces, systems, products an sequences can be shown in relative scale to each othe and, in turn, relative to the entire project. And b signaling conflict detection BIM prevents error creeping in at the various stages of development construction.

	Management)
	The Authority will appoint a CDM Co-ordinator to assist in fulfilling its obligations under the Construction (Design and Management) Regulations 2015. This is a protection for the Authority and assures functionality and safety, including safe construction and working practices.
	Clerk of Works
	A clerk of works will also be appointed. This role inspects the workmanship, quality and safety of work on a construction site and reports their findings to the client.
	This role is the Authority's 'eyes and ears' on the ground on a daily basis, ensuring the contractor carries out all work as specified.
FINANCIAL IMPLICATIONS	The financial implications are an integral part of the information set out in Annex 2 and are, therefore, detailed in that section of the report.
LEGAL IMPLICATIONS	A contract for sale has been agreed between the Fire Authority and Milton Keynes Development Partnership (MKDP) for the purchase of the land formally known as West Ashland (North Site B) Thornbury, Milton Keynes.
	The agreed purchase price is ± 1.5 m and is secured on a 5% deposit which was paid to MKDP upon exchange of contracts on 27 July 2016.
	A condition of the above contract is that the planning application for the site must be submitted within 4 months of the exchange date. The Authority has already complied with this condition.
	Completion will take place of 20 working days after a build contract is entered into for the construction of the development in accordance with the approved planning permission.
	As part of the agreement to purchase the land at West Ashland, the Authority has also entered into an option agreement with MKDP for the land and premises at Bletchley Fire Station.
	Procurement of the build project will be carried out in accordance with the Authority's standing orders.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	This proposal supports the MOU with Thames Valley Police to share facilities where it is mutually beneficial to do so. TVP were also an integral part of the original funding bid to DCLG. In addition all the blue light services in Thames Valley have signed up to closer working in order to collaborate to improve efficiency, effectiveness and public safety and it is pleasing to be

	able to include South Central Ambulance Service as a significant potential partner in the proposed blue light hub for Milton Keynes.
HEALTH AND SAFETY	The successful build contractor will be obliged to follow all proper and lawful practices in relation to Health and Safety.
	The Authority will seek to meet its obligations through the appointment of both a CDM Co-ordinator and Clerk of Works (see under Risk Management above), both of whom will have specific responsibilities to oversee and ensure proper practice and application of Health & Safety obligations on site for the duration of the contract.
EQUALITY AND DIVERSITY	The primary impacts upon equality and diversity issues were considered as part of the station merger proposals previously agreed by the Authority.
	For the build project under consideration, Equality and Diversity will form part of the terms and conditions of the contract and suppliers' policies will be evaluated along with details of their Social Value Act activities within the community.
USE OF RESOURCES	This report is brought to Members as part of the Property Strategy 2015-2018 agreed by the Authority in July 2015.
	Communication with stakeholders;
	A full stakeholder analysis has been completed and a communications strategy has been developed to enable regular and effective communications with key stakeholders to this project.
	МКДР
	The HUB lead on the communications with the Milton Keynes Development Partnership, this is in the form of regular meetings and written correspondence.
	Milton Keynes Council
	A full pre-planning application discussion has been completed with the planning department at Milton Keynes Council (MKC).
	Local Parishes
	Letters were sent out to all the parish councils in West MK as well as any that were in the immediate vicinity of the new facility, inviting them to the pre- engagement event at Simpson Village Hall on the 8 July 2016. In addition to this a presentation was made to Simpson and Ashland Parish Council by the architect and officers from BMKFA at their meeting on 4 July 2016.

A Milton Keynes staff engagement forum has been meeting since July 2015. The plans have been shared with this forum and this has included the opportunity to provide feedback on the design. In addition to this an engagement session for all employees was held at Service Headquarters on the 29 January 2016.

Thames Valley Police (TVP)

Representatives from the TVP estates team attend the monthly project board meetings. In addition to this the Director of Finance and Assets meets with the TVP Estates Strategic Manager to discuss the financial arrangements to support their involvement.

The Neighbourhood Policing Commander in Bletchley received a full briefing on the plans from the Head of Projects & Transformation on the 24 August 2016. This included a briefing to the neighbourhood policing team.

South Central Ambulance Service (SCAS)

SCAS are still in the process of getting sign off to their business case to be involved in this project. There are regular meetings between the SCAS Area Commander and the Head of Projects and Transformation. The design for the facility includes input from the estates department at SCAS and the feedback from the local SCAS personnel facilitated through their local commander. Correspondence was sent to SCAS inviting them to the 8 July 2016 engagement session in Simpson Village Hall and several SCAS employees attended to provide feedback.

Representative Bodies

All representative bodies receive project progress updates at the regular Joint Consultation Forum meetings. The FBU also attend the MK consultation forum as they represent the largest staff group impacted by the move to the new facility.

Businesses located on the West Ashland estate

Regular meetings have been held with Domino's Pizza who are the only current occupants of the estate at West Ashland. These meetings have enabled BMKFA to keep them informed of progress through informal engagement regarding the design, access and use of the new blue light hub facility.

In February 2016 K&K Haulage Services were successful in an application for planning to build a haulage facility on the plot adjacent to the blue light hub on the southern border. The Hub have been working closely with K&K Haulage Services to create a joint drainage and landscaping plan for the two sites, regular meetings continue to deliver this joined up approach.

The system of internal control;

A monthly briefing will be produced by the Project Manager for consideration by the project sponsors including the lead Member for Property and Resource Management. This will then be routed through both the Business Transformation Board and the Senior Management Board who will determine whether any matters need to be referred back to any committee of the Authority. The capital budget for the project will be monitored at regular intervals and reported to the Executive in line with the current arrangements. Matters pertaining to all other aspects of control are set out under Risk Management above.

The medium term financial strategy;

The revenue savings that were set out in the transformation funding bid for this scheme have been fully captured within the existing medium term financial strategy. The capital planning implications are set out in Annex 1, appendix 2. No income assumptions have been factored in as these remain speculative at this stage. The savings from an exit of Unit 7 are assumed in the MTFP.

The balance between spending and resources;

This is covered as an integral part of Annex 2

Management of the asset base:

Formal land valuations were undertaken in January 2016 by an externally appointed chartered surveyor on behalf of the Fire Authority. Those valuations have informed the funding expectations set out in Annex 2 which are at the lower end of expectations as a matter of financial prudence.

As part of the negotiations to purchase the site at West Ashland, Milton Keynes Development Partnership have first option on the Bletchley Fire Station site. This option must be taken up within 80 working days of the Authority occupying the completed blue light hub. The value of the site will be determined by an independent chartered surveyor.

Environmental;

As part of the build concept the Authority will be seeking, as a minimum, to achieve a good BREEAM (Building Research Establishment Environmental Assessment Methodology) standard. BREEAM is the world's leading sustainability assessment method for master planning projects, infrastructure and buildings. It addresses a number of lifecycle stages such as new construction, refurbishment and in-use. Significant

	effort will be made to achieve an excellent standard which has the potential attract Section 106 funding up to a possible £135k. Discussions are in hand with Milton Keynes Council to enable this.	
PROVENANCE SECTION	Background	
& BACKGROUND PAPERS	Successful application to DCLG for Fire and Rescue Authority Transformation Funding 2015/16	
	Min EX08: Property Strategy 2015-2018 – Executive 29/7/15	
	Min FA43: Station merger consultation – feedback and recommendation – Fire Authority 10/2/2016 (See also Executive Summary)	
APPENDICES	Annex 1 – Detailed Options Analysis, including:	
	Appendix 1: Map of site location	
	Appendix 2: Capital Programme Funding	
	Annex 2 – Costs and Funding (Exempt from publication)	
TIME REQUIRED	30 minutes.	
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Blue Light Hub for Milton Keynes

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Annex 1

DETAILED OPTIONS ANALYSIS

1. <u>Background</u>

Following the decision of Members regarding Station Merger Consultation at the Full Authority meeting of 10 February 2016, arrangements were made to continue with the services of the Authority's professional advisors with a view to producing a fully costed scheme offering different options dependent upon factors such as affordability, scheme design, and the requirements of our blue light partners.

Since the original concept in collaboration with Thames Valley Police, the proposed options now include a design capable of providing a major facility for South Central Ambulance Service within Milton Keynes, allowing them to vacate their sites at both MK Hospital and Bletchley and relocate into one all-purpose site including Patient Transport Services at West Ashland.

There is also an option to build a 3 floor facility (ground, first and second floors) with a view to the second floor becoming an additional space allowing flexibility not only for the 3 blue light services, but for other public sector bodies seeking affordable growth space within Milton Keynes, or for community use. This has in itself generated some informal interest and there is confidence this will be a successful proposition. The submitted planning application includes the 2nd Floor option, however, that does not obligate the Authority to build it.

2. <u>Land Purchase Position</u>

The site chosen for the scheme is at West Ashland in Milton Keynes. The plot is triangular in shape, measures 3.12 acres and is bounded on 3 sides by Thornbury, Groveway and the Redmoor Roundabout/A5. (Postcode: MK6 4BB) See Appendix 1

The site is being sold to the Authority by Milton Keynes Development Partnership (MKDP) and the agreed purchase price for the plot is £1,500,000. Exchange of contracts took place on 29^{th} July 2016 with the Authority placing a 5% deposit (£75,000) and the balance falling due within 20 days of determination of a successful planning permission outcome.

All due diligence in respect of the plot has been carried out and there are no known impediments or longer term issues that could prevent proper use of the land for the purpose intended.

3. <u>Scheme Options</u>

The site purchased is bigger than that which was originally envisaged when the joint transformation funding bid with Thames Valley Police was made back in May 2014. At that time no plot had been identified that suited both parties, though a number were under close scrutiny.

In the event only the site at West Ashland fitted all the criteria that both this Authority and TVP were looking for.

Given the size and excellent location of the site, this has enabled South Central Ambulance Service to also work in a collaborative partnership to create a blue light hub and therefore the following build options are now available:

Option 1	
CONSTRUCTION OF A GROUND, 1 ST AND 2 ND FLOOR COMPLEX HOUSING ALL 3	
BLUE LIGHT SERVICES	
Option 2	
CONSTRUCTION OF A GROUND, 1 ST AND 2 ND FLOOR COMPLEX HOUSING FIRE	
AND POLICE SERVICES ONLY (i.e. excluding SCAS wing)	
Option 3	
CONSTRUCTION OF A GROUND AND 1 ST FLOOR COMPLEX HOUSING FIRE AND	
POLICE SERVICES ONLY	
Option 4	
CONSTRUCTION OF A GROUND FLOOR COMPLEX HOUSING FIRE AND POLICE	

SERVICES ONLY i.e. broadly as original funding bid concept

Table 1

The reason for setting out 4 options is that Members are only bound by the need to include Thames Valley Police as the partner from the original funding bid, so in theory all 4 options remain open.

4. <u>Costs</u>

See Annex 2.

5. <u>Funding</u>

See Annex 2.

6. <u>Savings</u>

There are revenue savings for all 3 blue light services from the proposed project. As part of the original transformation bid, a 'high level' estimate of around £150k per annum of revenue savings was estimated for TVP. There is no reason to believe this will not be achieved.

For the Fire Authority, the original bid set out staff savings of \pounds 520k p.a. from a reconfiguration of the crewing rota for all stations in MK, together with an estimated saving of \pounds 85k p.a. from running costs and annual repair and maintenance at both Great Holm and Bletchley stations, a total of \pounds 605k annual savings. As part of the preparation toward occupation of the new site, work is already in hand to reconfigure the MK crewing model to its optimum level. A pilot of a new optimised crewing model is currently being operated to support progress towards this. The revenue savings set out above are captured within the current Authority medium term financial plan.

In addition to the above, the Authority set aside a sum of £940k in its capital programme to fund an alternative location to Unit 7 where there is a break clause in the lease at the end of 2017. Over the last 2 years a number of alternative proposals have been considered, but by re-configuring existing space and changing working practices, it is now felt that the staff and activity of Unit 7 can be absorbed broadly within Brigade HQ with any residual elements that cannot be accommodated being absorbed into the new site in MK.

As this will require a budget for some alterations at BHQ, £800k is proposed to be invested in the new site leaving a sum of £140k for BHQ alterations.

Given that position, it seems reasonable to include the savings that will be effected by moving out of Unit 7 as part of this proposal since the majority of the investment to allow that will now go to the new site as opposed to an alternative project. The total of lease and running costs for 2016/7 in Unit 7 are budgeted at £166k, all of which will be saved by this proposal.

There is some offset for utilities and business rates against expectations at the new site and table 2 below summarises the net savings expected overall.

Correspondence with the owners of Unit 7 (W E Black Ltd) has confirmed they are flexible on a decant date and such a change could therefore be arranged so as to be co-terminus with occupation of the new site in MK.

There has also been considerable capital investment at both Bletchley and Great Holm over the past 3 years, with a total of almost £130k having been expended, mainly on essential mechanical and electrical upgrades. Following the last full condition survey in 2013, Bletchley would be due to have an estimated spend of £186k in 2017 and 2018 for essential works and for Great Holm a sum of £52k in the same period. Such spend will obviously be minimised to only absolutely essential works, nevertheless this total of £238k is immediately saved by the proposed new build plus any new priorities that will arise from the next full condition survey due in 2018. For Great Holm alone that is expected to be a considerable sum as the building is really due a full refurbishment, something in the order of £200k would not be an unreasonable assessment at this stage. Therefore a total of circa £438k spend is avoided by the new site proposal.

Estimated Revenue	£k
Salaries	520
Utilities	42
Lease Rental	77
R&M	20

Net Savings Summary

Business rates	66
Annual Revenue total	725
One-off Capital	£k
Bletchley 17-18	186
Great Holm 17-18	52
Great Holm Refurbishment	200
Total	438

Table 2

7. <u>Payback</u>

Whilst payback for any scheme has its limitations, it is worth noting that payback for the Authority on the recommended proposal would be 8.7 years.

8. <u>2nd Floor</u>

At the time of writing the typical range of price per square foot for commercial lets in Milton Keynes is broadly between $\pounds 15$ and $\pounds 25$. Proximity to the MK Centre and condition are major factors affecting price, as of course is demand.

At the present time there is generally more space available then there is demand and this has the effect of suppressing prices and it leaves vacant space across Milton Keynes. This situation may, of course, be completely different by the time the blue light hub is open for business in 2018.

The essential facts are that Floor 2 will incur an estimated marginal additional cost of \pounds 700k to build and will have a gross area of 7944 sq. ft. (It would obviously cost significantly more if it were to be added at a later stage). Notwithstanding there will be landlord expenses etc. a <u>conservative</u> gross rental of £112,500 (say 7500 sq. ft. x £15) is attainable. If, for the sake of argument there were landlord expenses at say £12,500 p.a. the return on investment would be over 14% p.a., with a 'payback' of 7 years.

The above information simply states the potential commercial value to the Authority, but what is really being built is an opportunity which could be for:

- Community use
- Commercial use
- Other public sector services use
- 'Growth' space for any of the blue light hub services
- A mix of any of the above

It is worth noting there have already been informal approaches regarding the use of floor 2 following the Authority decision in February 2016.

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Members are, therefore, being asked to consider the addition of a second floor 'in the round' bearing in mind the above information, but are only being asked to approve the build of floor 2 and not its eventual use. This will allow officers to consider all possible opportunities in the period up to opening of the blue light hub, and to bring back costed proposals at a later stage.

9. Indicative lease periods for SCAS and TVP

Informal discussions with both SCAS and TVP indicate that in return for substantial capital investment on their part, both parties will be looking for long leases (or such other long term arrangement as may be agreed). Such terms are likely to be a minimum 25 years. A likely outcome may well be similar to the current arrangement that TVP have at Broughton Fire Station where an annual lease and service charge amount have been agreed over a 25 year period. For the West Ashland site the capital contribution would in effect replace a lease charge, leaving agreement to be reached on annual service charges. It is intended the latter should be on an open book basis with regular review, particularly in the early years of operation.

10. Common Services

It is also probable that as part of the service charges calculation the following common services will be brought into the equation:

- Restaurant
- Reception
- Meeting Areas / Breakout areas
- Training (Road layout)
- Car Parking

The manner in which a fair apportionment of such services will be allocated, or even how they will be provided to each service has yet to be discussed in detail though all parties remain open minded on the matter and officers have provided assurance this will be on an open book policy. It is accepted that one or two areas may prove challenging, i.e. the restaurant facility, and these will require timely and detailed attention to ensure an acceptable service delivery and fair apportionment of cost. Constant review and refinement of such services are likely to be a key feature of early years operations.

In the case of the restaurant facility, all efforts will be made to establish a commercial proposition, perhaps a franchise, which may or may not be subsidised by the 3 blue light services, though any such subsidy will be avoided if at all possible.

11. Fire Appliance Standby Points

We are working with a company called ORH Ltd, who provide risk and demand modelling expertise, in identifying the best locations for potential standby points in West Milton Keynes. A report detailing potential locations for standby points and associated costs will be brought to a future Fire Authority meeting.

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12. Multi Use Games Area

This sports facility is included to support BMKFA and partners continuing work with young people and adults regarding improving health and wellbeing. The required £75k funding for this facility will be sought from section 106 money and a grant from Sport England.