



Buckinghamshire & Milton Keynes Fire Authority

| | |
|------------------------------|---|
| MEETING | Fire Authority |
| DATE OF MEETING | 7 June 2017 |
| OFFICER | Paul Holland, Head of Projects and Transformation David Sutherland, Director of Finance and Assets |
| LEAD MEMBER | Lead Member for Property and Resource Management |
| SUBJECT OF THE REPORT | Blue Light Hub for Milton Keynes |
| EXECUTIVE SUMMARY | <p>This report sets out the outcome of the recent tender exercise held in respect of the construction contract for the Blue Light Hub in Milton Keynes.</p> <p><u>Background</u></p> <p>At its meeting of 10 February 2016 the Fire Authority resolved under minute FA 43:</p> <p>‘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.</p> <p>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.’</p> <p>At its meeting of the 19 October 2016 the Fire Authority resolved under minute FA21:</p> <p>‘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 on the proviso of an irrevocable commitment from SCAS to its capital contribution prior to 2 December 2016.’</p> <p>The SCAS Trust Board approved a business case which supported their involvement in the scheme on 30 November 2016.</p> <p>This option included a 3 floor facility (ground, first and</p> |

| | |
|-------------------------------|---|
| | <p>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. There has been significant interest in the community use element of this scheme since the last report.</p> <p>The full detail is set out in Annex 1 of this report.</p> |
| <p>ACTION</p> | <p>Decision.</p> |
| <p>RECOMMENDATIONS</p> | <p>It is recommended that:</p> <ol style="list-style-type: none"> 1. a new proposal for a 'Develop and Construct' procurement process be approved; 2. the additional funding as set out in Annex 2 be approved; and 3. delegation be given to the Executive Committee to amend as appropriate the capital budget for the Blue Light Hub project should the tendered 'target price' exceed the approved capital budget. |
| <p>RISK MANAGEMENT</p> | <p>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.</p> <p>The following are identified as the main risk areas with a note of the how that risk has either been managed, or is intended to be managed.</p> <p>Finance – The proposal set out in the body of this report is designed to ensure that the project remains affordable to the Authority and will allow other vital investment to continue e.g. vehicles and equipment.</p> <p>Current estimates are based upon best professional advice and the build project will continue to be subject to a formal Official Journal of the European Union (OJEU) tender procedure to ensure the best value for money outcome.</p> <p>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.</p> <p>The estimated build costs set out in Annex 2 of this report include an allowance for inflation as well as</p> |

development risk. Further independent QS analysis has been undertaken and assurance provided that the project can be contained within the figures set out in Annex 2.

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 (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 – Following some S106 demands within the original planning consent of 5 Jan 2017, at the request of the Fire Authority the Senior Planning Officer dealing with the application took a report back to Milton Keynes Development Control Committee on 9 March 2017. The Committee agreed to a reduced S 106 relating only to a necessary traffic regulation order. At the time of writing virtually all pre planning conditions have been met, including a S106 agreement which is close to completion. On that basis a Decision Notice can be expected soon and Members will receive a verbal update at the meeting.

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 professional services partner for the proposed project.

The Project Manager, manages the Project Build control, weekly site meetings and the monthly contract meeting.

A Project Board meeting has been established, chaired by the Head of Projects & Transformation, which meets at four weekly intervals and includes representatives from the internal project team, members of the HUB delivery team, TVP and SCAS estates teams.

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.

Should MKDP choose not to exercise its option to purchase the Bletchley site then approval will be sought for the land to be sold on the open market.

Contractor failure

The essential work to minimise the possibility of contractor failure is through the Pre-Qualification Questionnaire (PQQ) process that all potential contractors must take part in. This process allows the Authority to set its key requirements of potential tenderers and will include the following essential criteria:

- Latest Audited Accounts
- 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 wider portfolio of similar ongoing current works

If a company is successful at PQQ stage and subsequently tenders for the work, then a further more intensive financial check will be carried out using a professional advisor such as Dun & Bradstreet, prior to any award.

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 who 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 every component of a building, in one place. It makes it

| | |
|--------------------------------------|--|
| | <p>possible for anyone to access that information for any purpose, e.g. to integrate different aspects of the design more effectively. In this way, the risk of mistakes or discrepancies is reduced, and abortive costs minimised.</p> <p>BIM data can be used to illustrate the entire building life-cycle, from inception and design to demolition and materials reuse. Spaces, systems, products and sequences can be shown in relative scale to each other and, in turn, relative to the entire project. And by signaling conflict detection BIM prevents errors creeping in at the various stages of development/ construction.</p> <p>Annex 1 of this report sets out a way forward for the project that retains the BIM approach.</p> <p>CDM Co-coordinator (Construction, Design and Management)</p> <p>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.</p> <p>Clerk of Works</p> <p>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.</p> <p>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.</p> |
| <p>FINANCIAL IMPLICATIONS</p> | <p>The financial implications are an integral part of the information set out in both Annex 1 and exempt Annex 2 and are, therefore, detailed in those sections of the report.</p> <p>The delegation to the Executive Committee is included in the recommendations in the event that the proposed contract award ‘target price’ may be more than 10% over the approved budget, (per paragraph 4.19 of the Authority’s Financial Instructions) or, if within 10%, the Director of Finance and Assets is of the view that Members should have the final say on the budget allocation.</p> |
| <p>LEGAL IMPLICATIONS</p> | <p>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.</p> <p>The agreed purchase price is £1.5m and is secured on a 5% deposit which was paid to MKDP upon exchange</p> |

| | |
|--|--|
| | <p>of contracts on 27 July 2016.</p> <p>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.</p> <p>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. Given that (subject to agreement) the Fire Authority may determine to pursue the recommended 'Develop and Construct' procurement path, clarification will be sought to ensure the wording in the land purchase agreement remains valid on that point, or if any amendment is required.</p> <p>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.</p> <p>Procurement of the build project has and will continue to be carried out in accordance with the Authority's standing orders.</p> |
| <p>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</p> | <p>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 partner in the proposed blue light hub for Milton Keynes.</p> |
| <p>HEALTH AND SAFETY</p> | <p>The successful build contractor will be obliged to follow all proper and lawful practices in relation to Health and Safety.</p> <p>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.</p> |
| <p>EQUALITY AND DIVERSITY</p> | <p>The primary impacts upon equality and diversity issues were considered as part of the station merger proposals previously agreed by the Authority.</p> <p>For the build project under consideration, Equality and Diversity will form part of the terms and conditions of the contract and supplier's policies will be evaluated along with details of their Social Value Act activities within the community.</p> |

| | |
|-------------------------|--|
| USE OF RESOURCES | <p>Communication with stakeholders;</p> <p>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.</p> <p>MKDP</p> <p>The HUB lead on the communications with the Milton Keynes Development Partnership, this is in the form of regular meetings and written correspondence.</p> <p>Firefighters Bletchley/Gt. Holm</p> <p>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. The latest engagement session took place at Bletchley Fire station on the 30 January 2017. This was well attended by on duty and off duty personnel. They were introduced to the final approved design and the BIM model.</p> <p>Thames Valley Police (TVP)</p> <p>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.</p> <p>South Central Ambulance Service (SCAS)</p> <p>The SCAS Estates team send a representative to the monthly project board meetings. 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 Area Commander.</p> <p>Representative Bodies</p> <p>All representative bodies receive project progress updates at the regular Joint Consultation Forum meetings.</p> <p>Businesses located on the West Ashland estate</p> <p>Regular meetings have been held with the neighbouring business at the West Ashland site. 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.</p> <p>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, however, due to K&K changing professional services</p> |
|-------------------------|--|

providers they have currently chosen to pursue their own scheme and disappointingly have pulled out of a joint one.

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. This will then be routed through both the Business Transformation Board and the Strategic 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 2. No income assumptions have been factored in as these remain speculative at this stage.

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 has developed a scheme to achieve a BREEAM (Building Research Establishment Environmental Assessment Method) excellent 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. A section 106 agreement with Milton Keynes Council for circa £130k to support the facility achieving a BREEAM excellent standard is being finalised by our solicitors.

| | |
|--|---|
| <p>PROVENANCE SECTION & BACKGROUND PAPERS</p> | <p>Background</p> <p>Successful application to DCLG for Fire and Rescue Authority Transformation Funding 2015/16</p> <p>Min EX08: Property Strategy 2015-2018 – Executive 29/7/15</p> <p>Min FA43: Station merger consultation – feedback and recommendation – Fire Authority 10/2/2016 (See also Executive Summary)</p> <p>Min FA21: Blue Light Hub For Milton Keynes – Fire Authority 19 October 2017 (see also Executive Summary)</p> |
| <p>APPENDICES</p> | <p>Annex 1 – Blue Light Hub Progress Report</p> <p>Appendix 1 – Capital Programme Summary</p> <p>Appendix 2 – Revised procurement timetable, contract structure and build programme</p> <p>Annex 2 – Costs and Funding (Exempt from publication)</p> |
| <p>TIME REQUIRED</p> | <p>30 minutes.</p> |
| <p>REPORT ORIGINATOR AND CONTACT</p> | <p>David Sutherland, Director of Finance & Assets</p> <p>dsutherland@bucksfire.gov.uk</p> <p>01296 744662 / 07961 062954</p> |