Blue Light Hub for Milton Keynes - Progress to Date

1. Background

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. The SCAS Trust Board approved a business case which supported their involvement in the scheme on 30 November 2016.

At its meeting of the 19 October 2016 the Fire Authority approved 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. There has been significant interest in the community use element of this scheme since the last report, details of this are covered later in this report.

2. Land Purchase Position

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).

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 July 2016 with the Authority placing a 5% deposit (£75,000) and the balance falling due within 20 days of determination of a successful build contract for the construction of the development being awarded.

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. Scheme Options

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.

The costed option approved by this Authority in October 2017 did not, however, include the following items, the reasons for which are set out below:

Emergency Access Road – This was part of the original drawing, however, advice from MKC was to include this as a planning amendment later in the construction phase due to the number of potential complex agreements that would need to be sought to achieve access rights over the land and onto the highway. This was subsequently overcome much quicker than originally anticipated due to considerable support and involvement from MKC and MK Parks Trust, enabling the access road to be added to the scheme during the original planning submission.

Training facility – The design of the training rig has grown to include an Urban Search and Rescue facility as part of the building. The Authority received funding for this when the USAR team was originally established and the USAR national resilience assurance team raised the lack of a training facility as an outstanding issue within their audit report.

The Authority originally received £60k from central government for the USAR training facility, although several schemes have been looked at over the years this is the first time the Authority has had the opportunity to include it as part of another construction scheme on land it owns. The Authority has committed to replace the training facilities that currently exist at the Bletchley and Great Holm fire stations within the new site at West Ashland. This scheme has now been fully costed following engagement with companies that specialise in the design and build of these facilities, however, given the new specification the cost has increased above that originally allocated for it within the project envelope.

It should be borne in mind that the existing training facilities at both locations are ageing and would in any event have required significant investment to ensure they remain safe and fit for use for the foreseeable future. The Blue Light Hub project merely brings forward the investment as it makes sense to carry out the work all at the same time, rather than as an 'add on' in the near future, which would also cause some site disruption to an operational facility.

These facilities are required to enable On Call firefighter training and initial Apprentice firefighter training to take place locally. However, we are working with the Fire Service College, who we have a Professional Training partnership with us, to identify opportunities for local and regional training at this facility which would be offset against our partnership costs or directly recharged to them to enable the facility to be utilised as a cost effective asset to the Authority. The facility also enables the personnel from the three blue light

services to train together on the new site supporting the principles of the Government's Joint Emergency Service Interoperability Programme (JESIP).

Sprinklers – The original scheme included sprinklers within the high risk areas of the facility, however, with the Authority promoting the fitting of sprinklers throughout facilities of a similar size and use across the county, it is recommended to allow for the fitting of sprinklers throughout this facility. This has the advantage of providing a working example to interested businesses within the community that the Authority would encourage to invest in such systems in the future.

Revised Cost plan

The current capital programme funding summary is shown on Appendix 1 of this annex. The revised cost and funding plan for the revised build project is set out in Annex 2.

Planning Approval

Following some S106 demands required from the Milton Keynes Development Control Committee when it first considered the application on 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 contribution 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.

Land sales

Proposals are being worked on to enhance the opportunities for development of the two fire station sites to increase the value of the land. Further details on this will be brought to a future Authority meeting.

Building Information Modelling (BIM)

The Government set out a requirement as part of its 'Construction Strategy 2011-16, for all new publicly funded projects from April 2016 to be fully BIM compliant. Given that the project is partly funded by central government grant, the Authority has fully complied with this requirement.

BIM 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 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.

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.

The longer term benefits of BIM enable significant improvements to building management. When elements of the structure require repair or maintenance the property team can easily interrogate the BIM model to identify the make and model of the element that requires repair or replacement and in a number of elements this can be automated to enable the 'Smart' building to inform the property team of a defect even before it has been identified as an issue. This reduces the time spent investigating defects and resolving them by our property team and our approved contractors.

Although a change of strategy in respect of the procurement process is recommended within this report, the BIM methodology is intended to remain in place to continue to drive the procurement process.

OJEU Procurement Process

The fully compliant OJEU procurement process commenced in November 2016 and concluded in April 2017. Bids were received, however, none were compliant with the Authority's requirements and this resulted in no contract being awarded. An evaluation of the procurement process has been completed and one of the key findings has been that the construction industry, particularly the supply chain of the main contractors, is not fully BIM ready.

This saw a considerable number of the bidders that completed the pre-qualifying questionnaire stage of the process pulling out before the final invitation to tender stage was completed. It is worth noting that BIM reduces the risk to the client and increases the risk for the contractor since the nature of the model requires bids to be more exact than they would be under the more traditional creation of CAD plan drawings to create a bill of quantities model. That process tends to require variation orders during the build phase if quantities have proven to be inaccurate.

Planning for a second OJEU procurement process has begun and the lessons from the initial process have been a key factor in considering this. The benefits of the investment in a BIM approach remain clear and will continue.

Members should note that investigations have been made into using a more traditional CAD drawing and bill of quantities approach to the build, however, this would add a significant cost and further time delay into the project of £160k and 3 months respectively.

In continuing with the BIM approach the plan now is to mitigate the BIM element for the construction companies by using a 'Develop and Construct' process. This involves the construction companies submitting bids for the preliminaries, overheads and profit element of the project only with the build cost set and

managed by the Authority separately. The construction will be separated into packages with the BIM building drawings/specification provided from within the BIM model by our professional services provider, 'the HUB'. The packages will be individually taken to market by the appointed contractor, with an evaluation panel made up of the appointed contractor, BMKFA Property Manager in consultation with the Lead Member for Property and Resources, Principal Accountant and our professional services provider who will as a group decide on the best option for each package.

The revised timeline for this procurement process is set out at Appendix 2.

The impact on the build programme is also shown in Appendix 2 with a new completion date for the project of early summer 2019.

4. Costs

See Annex 2

5. Funding

See Annex 2

6. Savings

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 £520k p.a. from a re-configuration of the crewing rota for all stations in MK, together with an estimated saving of £85k p.a. from running costs and annual repair and maintenance at both Great Holm and Bletchley stations, a total of £605k annual savings. As part of the preparation toward occupation of the new site, a pilot has been successfully run to reconfigure the MK crewing model to deliver the staff savings set out in the original business case. The Authority is already benefitting from the revenue savings this project provides through the early adoption of the new resourcing model for West MK, this is in line with the period set out in the Authority's medium term financial plan.

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.

Net Savings Summary

Estimated Revenue	**£k**
Salaries	520
Utilities	42
Lease Rental	77
R&M	20
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 5

7. 2nd Floor

At the time of writing the typical range of price per square foot for commercial lets in Milton Keynes is broadly between £15 and £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 2019.

The essential facts are that Floor 2 will incur an estimated marginal additional cost of around £750k 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 that there will be landlord expenses etc. a conservative 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. Any intended commercial use of Floor 2 is likely to require planning permission which may in itself attract a s106 contribution to MKC.

There has been a significant amount of interest in the community use element of the Blue Light Hub, with discussions on going with: Milton Keynes Council, Emergency Planning Department; MK Community Action; MK Dons Sports and Education Trust and Milton Keynes College. There is a lot of excitement amongst the third sector regarding the potential asset this facility will be to the communities of MK as they are currently struggling to find suitable facilities for both formal and informal engagement with community groups. We are in discussion regarding the use of our existing stations before moving across to this new facility once it is built. There are a number of issues with this regarding the lack of disabled facilities and general layout and security due to the more traditional design of the fire station in comparison to the new facility which has been designed for this type of use. Officers are working through these issues to ensure wherever possible we can support this community engagement.

Officers are in discussions with academics at the Open University to identify a research programme that will measure and evaluate the benefit to the community that the blue light hub will bring, we anticipate through this research we will be able to provide a financial saving to local and national government from the initial investment made into this facility through the social value that it will add.

8. Indicative lease periods for SCAS and TVP

Discussions arounds Heads of Terms are continuing with both SCAS and TVP regarding the substantial capital investment on their part, as well as other conditions. 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 probable 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.

9. 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. Depending upon the terms of any commercial proposition, planning permission may need to be obtained.

10. Fire Appliance Standby Points

We are working with SCAS to share their established standby points which the risk and demand modelling that has been carried out, utilising state of the art modelling software by the sector's leading providers, has identified are in appropriate locations. This further complements our collaboration MOU with SCAS as they benefit from using Authority fire stations as standby points. A more detailed report with proposals for potential locations for standby points will be brought to a future Fire Authority meeting.

11. 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 £175k funding for this facility will be sought from grant funding working with MK Dons SET to secure this funding. It is not intended to construct the MUGA unless it can be fully grant funded or sponsored.

Appendix 1

The table below shows the latest iteration of the capital programme that was approved by the Fire Authority in February 2017 as part of the medium term financial plan for 2017/18. The current Blue Light Hub budget of £11.785m that was approved at the meeting of the Fire Authority in October 2016 is shown under the heading 'Milton Keynes Review'.

Capital Programme Summary	**Approved Budget 2016/17 £000**	**Provisional Outturn 2016/17 £000**	**Slippage 2016/17 £000**	**New Budget Requests 2017/18 £000**	**Total Budget Requirement 2017/18 £000**	**New Budget Requests 2018/19 £000**	**New Budget Requests 2019/20 £000**	**New Budget Requests 2020/21 £000**
Property	694	545	150	500	650	500	500	500
Property Review	140	0	140	0	140	0	0	0
Milton Keynes Review	11,785	825	10,960	0	10,960	0	0	0
Fire Appliances & Equipment	3,518	2,490	996	747	1,743	641	646	641
Support	314	314	0	87	87	87	87	87
Total Expenditure	**16,451**	**4,173**	**12,246**	**1,334**	**13,580**	**1,228**	**1,233**	**1,228**
Funding b/fwd		**-9,209**			**-7,613**	**-335**	**-1,044**	**-1,748**
In year funding		**-2,577**			**-6,302**	**-1,937**	**-1,937**	**-1,937**
Funding – Available (-) / Deficit		**-7,613**			**-335**	**-1,044**	**-1,748**	**-2,457**

Appendix 2

Revised procurement timetable, contract structure and build programme

Restricted OJEU process - 2 stage process

Stage One: PQQ shortlisting of prospective bidders capability & experience to best deliver the specification of requirement

Stage Two: Invite shortlisted bidders to provide their best response to meet all the requirements contained within the tender specification

Indicative Procurement Timetable	
Date	**Stage**
09/06/2017	Date OJEU Notice published c/w all tender documents, including PQQ and ITT
30/06/2017	Final Date for Submission of PQQ Clarifications
10/07/2017	Deadline for PQQ submission
11/07/2017 to 19/07/2017	PQQ Evaluations – Shortlisting to minimum of 5 bidders
20/07/2017	Date ITT issued to shortlisted bidders
21/08/2017	Final Date for Submission of Tender Clarifications
31/08/2017	Deadline for final Tender submission
01/09/2017 to 15/09/2017:- ***6, 7, 8*** ***11 Sept 2017*** ***12 Sept 2017*** ***14 ,15 Sept 2017***	Tender Evaluations – • Technical Evaluations • Social Value Evaluations • Financial Evaluations • Presentations/Interviews
15/09/2017	Final Sign Off & Notice of recommendation for Award of Contract to stakeholders
20/09/2017	**Executive Committee Meeting**
21/09/2017	Issue Standstill Letters
22/09/2017	Start of standstill Period
02/10/2017	End of standstill Period
03/10/17	Contract Award
03/10/17 to 05/10/17	Construction Stage – Assign Workbook Packages

The Executive meeting is included in the above programme to cover the possibility that the proposed contract award 'target price' may be more than 10% over the approved budget, or even if within 10% is of such an amount that the Director of Finance and Assets is of the view that Members should have the final say on the budget allocation. (The 10% limit is covered under Financial Instruction 4.19).

This will only occur if the successful contractor's preliminaries, overhead and profit exceed expectations to such an extent, they could not be considered as recoverable within the second stage of the procurement process. (Set out below).

A recommendation is included to delegate approval of any change to the capital budget for the scheme to the Executive at its meeting of 20 September 2017, thus allowing award of the contract on 2 October 2017. The alternative would be to call an Extraordinary Meeting of the Fire Authority.

Contract Structure

It is proposed to use the JCT 2011 Prime Cost Building Contract.

The intention is that the main and sub-contractors would tender on 2D drawings taken from the BIM model and as such would benefit from the same features as the traditional Bill of Quantities procurement method, i.e. - the BIM Protocol can be followed but 2D drawings would be issued as part of the tender documents.

The client design team will work alongside the successful contractor to assist in compliance with the BIM Protocol. This will be the basis of the build-up of the 'Prime Cost' prior to starting on site. The main and sub-contractors bids will be on a 2D model basis demanding a much lower level of BIM understanding. The main contractor will be responsible for the provision of information for the Operating and Maintenance Manuals (O&M) however the production of the BIM O&M would be by the client's design team.

This should enable as early a start on site as possible and some features of the design process can continue as the works proceed. This feature is unlike the traditional Bill of Quantities method where all but the Contractors Design Portion (CDP) works would need to be designed before tender – this allows a start on site the start on site when the total costs of (say) 70% of the projected Prime Cost is known. Of course, this also allows for a pause to be made if costs at that stage look to be well in excess of project budget.

A specification document describing the works together with 2D drawings will be issued as a scope of works with the tender.

An estimate of Prime Cost would be included in the tender package – this could be expressed and incentivised as a 'Target Cost' in the contract with a split of any savings and additional costs to the Employer and the Contractor (for instance 30% of all savings could be paid to the Contractor and 30% of any additional costs could be deducted from the Contractor).

The Contract Fee (the fee that the Contractor will charge for the preliminaries, profit, overheads and management) will be tendered in the first instance with a Preliminaries Workbook, the National Buildings Specification (NBS) Preliminaries Section A, the 2D drawings, the BIM model and the NBS Specification, Sections B to Z.

Advantages

The advantage of the above approach is that the client design team would partner the Contractor in obtaining quotations to ensure best value for money and that all of the 2D information available on the BIM model is presented to the prospective tenderers. The important point is that by utilising this approach the tenderers do not need to be experienced in BIM.

It is felt that for both the main contractor and their sub-contractors this will be an attractive approach that should generate good interest and subsequently competitive tenders that match budget expectations.

Also, the Authority will have control of the package costs as the client Design Team will be involved in the tendering on an open book basis and would have control of the design and cost control to the completion of the project. With this in place the final cost can be controlled by varying later elements to either enhanced or reduced specification or scope.
There will be hands-on involvement of the Authority's officers during the project there will be the ability of the Authority's officers to influence the selection of trade contractors.

The Authority's officers will have ownership of tendering and contractual arrangements and the opportunity to package the work to suit the capability of the trade contractors and to manage on-site interfaces. Importantly there will also be an ability to identify and act upon poor trade contractor performance.

Risks

As with all major construction projects there are some risks and for the proposed way forward these are identified as follows, when compared to a traditional construction contract.

- The total contract sum will not be known at the outset of the contract. It will be up to the Authority to decide on potential risk before the construction phase starts.
- Exposure to risk associated with construction manager [who/what will be the construction manager] and team performance. Reliance on the capability of construction manager and project team to correctly forecast consequences of change. Responsibility to fund solutions to problems should they occur
- Increased administration role for the client
- High degree of client ownership of risks associated with design including impacts of late or incomplete and uncoordinated design
- Added complexity of one to one contractual relationships of client with all team members
- Reliance on management capability of construction manager

- As the client is positioned at the centre of management, that requires effective decision-making

Build Programme

A detailed build programme will be developed with the successful contractor, however, the collaborative approach required to procure individual work-stream packages under the Develop & Construct model set out above will then be undertaken.

This is a significant piece of work requiring a thorough assessment of individual packages and probably some negotiation. This is necessary to mitigate if not wholly remove the risk of budget over-run once construction has commenced.

That will allow for a start on site in around March 2018, with a likely occupancy of the new building from around June 2019.