

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Fire Authority
DATE OF MEETING	18 September 2019
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	
SUBJECT OF THE REPORT	Blue Light Hub for Milton Keynes – 2nd Floor Investment
EXECUTIVE SUMMARY	<p>The construction of the new Blue Light Hub at West Ashland, Milton Keynes is currently being undertaken and that completion of the build is due by year end with a probable occupation during the first quarter of 2020.</p> <p>When the decision was taken by the Authority to proceed with the build it took the far sighted view that given the predicted growth for Milton Keynes, coupled with the increasing pressure to share public estate, that it would build a second floor on the very sensible basis that it was far more cost effective to do that now during construction.</p> <p>Therefore, the specification for the build included a second floor to be built to a 'core shell' stage, i.e. all service connections are capped off at 2nd floor level and can be easily extended later and the finish is left as concrete on the basis that, when the time is right, it is then relatively easy to carry out the additional work required to bring the floor into full use.</p> <p>In taking the decision to include the second floor, Members took the view that what they were building was opportunity for the future. Several possibilities were mooted:</p> <ul style="list-style-type: none"> • Increased capacity for any or all of the blue light services, either now or in the future • Potential use by other public sector providers • Community Use • Potential commercial lets (subject to planning permission) <p>The important point in taking the decision was that Members were building in the capacity for growth in whatever shape that may be, thus avoiding potential regret in future years at not having done so, and also then avoiding a more costly and disruptive process.</p> <p>It has always been the intention that any letting of the</p>

	<p>second floor would be at a fair market price. In the case of either the Police or Ambulance Services that would probably be by negotiated leases either in addition to, or amendment of the existing agreements to lease, the expectation being that would still be based on a fair market price.</p> <p>There has been some interest expressed by other public service providers over the past few years, but for various reasons this has not turned into any concrete proposals. There is one exception, which is the NHS Blood and Transplant Service, however, their relatively light needs are being accommodated on the first floor, subject to a formal licence agreement.</p> <p>There does appear to be a misconception by some public service providers that the Fire Authority will subsidise the use of the second floor. Given the investment the Fire Authority has made in the project, plus the fact that the Fire Authority itself has had to pay full commercial rate for publicly owned land and other easements, it is not clear why such a rationale would exist. Nevertheless, with a few exceptions, that fact appears to have stopped some public sector interest.</p> <p>Having said that, it is of course a matter for Members as to whether they wish for any subsidy to apply to other public sector organisations and this matter will be re-visited within Annex 1 to this report.</p> <p>Though not formally tested, there is reason to believe commercial interest may be stronger especially given the significant difference between MK town centre rates compared to those on the outer edge of the town.</p> <p>The purpose of this paper is to set out the potential investment opportunity available to the Authority by completing the second floor to a finished leasable standard and those details are set out in the exempt Annex 1 to this report.</p>
ACTION	Decision
RECOMMENDATIONS	That the works required to bring the 2 nd Floor of the Blue Light Hub into a full leasable condition are commenced as soon as possible, within the budget set out in Annex 1 (Table 1).
RISK MANAGEMENT	<p>The primary risk with the proposal is that the Authority commits to a significant investment but that lack of interest prevents any return on that investment.</p> <p>Given the continued growth within Milton Keynes coupled with a need for affordable office space this seems unlikely and there has been strong interest from at least one commercial operation for office</p>

	<p>space with parking at the West Ashland location.</p> <p>Nevertheless, in order to mitigate any such risk the Authority could commit to direct negotiation with interested parties and/or the use of a local professional property agent in order to market the available space and possibly manage the letting as well.</p>
FINANCIAL IMPLICATIONS	<p>The financial implications are an integral part of the information set out in the annex to this report and therefore detailed in that section of the report.</p>
LEGAL IMPLICATIONS	<p>Section 123(2) of the Local Government Act 1972 provides that: 'Except with the consent of the Secretary of State, a council shall not dispose of land under this section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained.'</p> <p>A disposal includes the granting of a lease for a term of 7 years or more. Section 123(2) applies to the Authority by virtue of section 8(3) of the Fire Services Act 1947 that was in force when the Authority was constituted: 'the provisions of the Local Government Act 1972, with respect to the [...] disposal of land shall apply to fire authorities constituted by combination schemes as they apply to fire authorities being councils of counties [...], and accordingly references [...] the said provisions of the said Act of 1972 to local authorities shall include references to fire authorities constituted by combination schemes'.</p> <p>The planning consultants retained by the Authority for the Blue Light Hub project have confirmed to the Head of Resources & Assets that there are no requirements to obtain planning permission should the Authority wish to lease the floor to a private occupier on a commercial basis for office use.</p>
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	<p>The project 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. This project is a unique collaboration in rolling out front line operational response services from one site, a significant achievement by any standard within the UK.</p> <p>Completion of the 2nd Floor does not impact on the above and both TVP and SCAS are aware of the available opportunity, though neither have any immediate interest.</p>

HEALTH AND SAFETY	There are no specific Health & Safety issues arising from this proposal.
EQUALITY AND DIVERSITY	<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, Equality and Diversity form part of the terms and conditions of the contract and principal supplier's policies have been evaluated along with details of their Social Value Act activities within the community.</p> <p>This same principle will apply to whichever parties are appointed to carry out the further necessary works arising from this proposal.</p>
USE OF RESOURCES	<p>The Medium Term Financial Strategy;</p> <p>In view of recent poor financial settlements for the Fire sector, coupled with the continuing requirement to limit Council Tax increases, the Authority must explore all avenues to either reduce expenditure or increase income.</p> <p>Whilst this proposal does require a capital investment that investment will fund a worthwhile property based asset, an investment that traditionally sees positive growth, coupled with a potential return on investment significantly in excess of that achieved by simply holding the investment in cash. Further details are set out in exempt Annex 1.</p> <p>Management of the asset base:</p> <p>All public sector bodies are coming under increasing pressure to manage their asset bases more effectively. There are a number of ways of achieving that aim, i.e. collaboration, strategic disposal, building more environmentally efficient premises. The main Blue Light Hub project achieves many of these aims and this specific proposal further adds by aiming to achieve a significant return on investment for part of the asset base.</p> <p>Environmental;</p> <p>As part of the build concept the Authority has developed the 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. This principle will continue to apply for the works necessary as part of this proposal.</p>
PROVENANCE SECTION	Background

<p>& BACKGROUND PAPERS</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 FA16: Blue Light Hub For Milton Keynes – Fire Authority 19 October 2017 (see also Executive Summary)</p> <p>Min EX15: Blue Light Hub For Milton Keynes: Budget Update – Executive 19 Sept 2018</p> <p>Professional valuation of letting value for 2nd Floor – Feb 2018 (available on request)</p> <p>Planning application to MKC for full planning permission for construction of a mezzanine structure to provide additional car parking and a revised access arrangement at the Blue Light Hub – Ref 19/00515/FUL – application permitted - 21 Jun 2019</p>
<p>APPENDICES</p>	<p>Exempt Annex 1</p>
<p>TIME REQUIRED</p>	<p>30 Minutes</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>David Sutherland, Head of Resources & Assets dsutherland@bucksfire.gov.uk 01296 744662 / 07961 062954</p>