

Service Document Standard Form:**Project Management Process****BUSINESS CASE****PROJECT:** Unit 7 Programme**DATE:** 30 August 2023**AUTHOR:** Marie Crothers – Programme Manager**SPONSOR:** Mark Hemming - Director of Finance & Assets**DOCUMENT CONTROL & APPROVAL RECORD**

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<i>Version 3</i>	<i>30 August 2023</i>		<i>Final</i>

1. Project Context**a. Background**

Previously, a mandate was approved at the Business Transformation Board (BTB) to begin the 'Unit 7' Programme. This Programme was established to assess the options for the Service regarding the future use of Unit 7, 8 Garside Way, to the rear of the headquarters site in Stocklake, Aylesbury and to deal with any resulting issues that may arise. As part of the continued recovery from the Covid-19 pandemic, the Service has successfully adopted a hybrid office/home working approach for staff and the Unit 7 Programme takes the outcomes of this into account when considering the options available. The plan was to exit Unit 7 as soon as it is practicable to do so, this was likely to be after full occupation of the new Blue Light Hub in Milton Keynes which has now been completed.

The existing Headquarters building was commissioned in 2005 and apart from an air handling refresh programme in 2017, there has been little other investment since. Whilst delivering the efficiencies in releasing Unit 7, we will take the opportunity to accommodate all functions previously situated within Unit 7 in a way that remains cost effective and efficient and adheres to legal obligations such as HSE requirements, whilst still being able to accommodate all functions in some way. We will also take the opportunity to pull forward a significant piece of infrastructure work which was due to take place in forthcoming years. This is the replacement and refresh of the network cabling arrangements for this site, the cost of which has been factored into this programme.

In April 2023, the Service received notification from the Home Office that the outcomes of the proposed restructure of the national USAR function had been deferred until April 2025 and that the USAR grant would remain unchanged for the financial years of 2023-24 and 2024-25. Therefore, the impact on this project is that an alternative location for the USAR function within the Service must be found.

A revised project mandate was presented to and approved by the Business Transformation Board in December 2022.

The mandate stated:

'As the Service moved through the various stages of the Covid-19 pandemic where different ways of working were adopted including working from home and other alternative locations utilising new technology such as Microsoft 365 and Teams and adjusting managerial expectations, these have been adopted as long-term solutions.

The programme will explore options available to the Service to exit Unit 7 and find locations for all departments currently located within and generate savings whilst doing so.

This programme will impact the BFRS estate and personnel only, therefore is not considered to be suitable for inclusion within the collaboration agenda. There may be an impact on other groups depending on other sites utilised.'

Following approval at BTB, work was completed to define the Programme elements and delivery leads:

b. Business Need

The key drivers for this work relate to the corporate risk relating to finances and the requirement to make efficiencies as set out in the Efficiency and Productivity Plan. There is, therefore, an opportunity to make savings through releasing this building.

Unit 7 is currently leased to the Service and houses several different functions - office accommodation, Stores, USAR, a large meeting room and additional parking and storage. In March 2017, this lease was re-negotiated to provide the Fire Authority with

more flexible exit options following the opening of the blue light hub. For a relatively small increase in the annual rent, the Authority was able to agree new break clauses at the end of December 2019, 2020, and 2021. The original lease break clause at the end of 2022 also remained, with the full-term expiring 24 December 2027. A further deed of variation was subsequently signed adding break clauses at the end of 2023, 2024, 2025 and 2026 (with no increase in annual rent). Since then, further discussion has resulted in an agreement that providing at least 9 months' notice is given, the Service can leave Unit 7 in any month after that.

The Service has received notification that the national Urban Search and Rescue (USAR) capability is under review and the grant funding currently received to pay for the function will cease in March 2025, therefore alternate arrangements for accommodating the USAR functionality will need to be considered.

This programme will explore the different options available to the Service to exit Unit 7 and find locations for all departments currently located within and generate savings whilst doing so. It also provides the opportunity to explore the possibility of making better use of the 'owned' assets of the Service.

The programme will impact the BFRS estate and personnel only, therefore is not considered to be suitable for inclusion within the collaboration agenda. There may be an impact on other groups dependent on whether other sites are utilised.

2. Strategic Case

This Business Case aligns with the corporate objectives of the organisation in that it links to *Strategic Enabler 3: Assets and Equipment: to provide high-quality, cost-effective assets and equipment with sufficient flexibility to adapt to changing requirements - SE3.8: Review of estate requirements to accommodate improved flexible/hybrid working, potential rationalisation of estate and new strategic facilities as required.*

Whilst the potential financial savings are a key aspect in the delivery of this programme, the work will also look at the timescales of delivery and seek to identify the most appropriate times to progress each identified element.

3. Financial Case

The current lease costs for the Unit 7 site are shown below:

Rent:	
Rent	£80,000
Service Charges	£2,860
Insurance	£3,638
Utilities:	
Electricity	£29,500
Gas	£0
Water	£850
Other Charges:	
Rates	£58,061
PPM	£2,000
Insurance (FRIC)	£435
Reactive maintenance	£4,000
Annual Charge:	£177,348

Initial costs:

The table below indicates the range of costs against each element of the programme however, it should be noted that these are indicative at this stage and are based on professional judgement (rather than formal quotations or tenders). They require further work and are largely implementation as minimal ongoing costs have been identified at this stage.

ELEMENT	IMPLEMENTATION	ONGOING
LOGISTICS HUB	74,300	
USAR	111,500	
HQ WORKS AND FIT OUT	72,000	
ICT INFRASTRUCTURE	50,000	
MEETING ARRANGEMENTS	-	5,000
OPTIONS TOTALS	307,800	5,000
Contingency @10%	30,780	
Professional fees@10%	30,780	
NET TOTAL	369,360	5,000

The costs allocated to the Headquarters site will cover the work to refresh the data provision, minor alterations to relocate personnel and additional storage requirements to support flexible and hybrid working.

Full degradation reports for the Unit 7 building were commissioned in 2021. The dilapidation report was £232k plus a 10% allowance for professional fees. This cost has not been included in the table above as they are already accounted for in the Property Capital Workstreams.

Options Appraisal

a. List of Options

Several options for each element of the programme were identified before settling on the recommended options listed below, together with identified benefits and disbenefits:

UNIT 7		
	BENEFITS	DISBENEFITS
<p>Option 1: Do not serve notice - continue as-is</p>	<ul style="list-style-type: none"> • Work to exit Unit 7 is deferred until a later date • Projects already committed to can be delivered. People element of the programme can continue in full without the complications of exiting the building concurrently 	<ul style="list-style-type: none"> • Proposed lease savings not met in the early stages of the programme • Rent amount may increase as we lose control with any new contract post-2027
<p>Option 2: Notice served – and exit date agreed</p> <p><i>Preferred option</i></p>	<ul style="list-style-type: none"> • Proposed lease savings achieved. • Alternative locations for some of the functions can be delivered in full and will not have to be revisited. • Will allow for final clarity around the USAR function to be achieved 	<ul style="list-style-type: none"> • Costs to ‘make good’ the building required as it will be reverted to its original condition. • Resources to deliver the programme restricted due to other organisational portfolio pressures • One-off costs of modifications to other buildings required.

		<ul style="list-style-type: none"> Loss of 20 parking spaces for staff and visitors
ALTERNATIVE LOCATIONS		
USAR		
	BENEFITS	DISBENEFITS
<p>Recommendation: Relocate all 4 prime movers and modules and all associated equipment to alternate location – Aylesbury fire station.</p>	<ul style="list-style-type: none"> USAR functions remain available to the Thames Valley region and its neighbours. Enhanced USAR skill sets remain within BFRS. USAR equipment remains located close to USAR trained personnel 	<ul style="list-style-type: none"> Costs of modification to Aylesbury fire station Modifications may become obsolete if USAR funding ceases after March 2025 and function is reduced or discontinued.
LOGISTICS HUB		
	BENEFITS	DISBENEFITS
<p>Recommendation: Move to shared location of Workshops and ground floor of Headquarters building.</p>	<ul style="list-style-type: none"> Lease costs savings achieved. Logistics function re-located to existing BFRS site. Consultation period for Stores personnel not required as they remain on the HQ site Deliveries can continue to be managed from the HQ site Opportunity for a more effective and efficient way of working to be adopted by the new Logistics Hub 	<ul style="list-style-type: none"> Some building re-modelling and costs required to Ground Floor SHQ and Workshops site to accommodate Stores function (to convert the mezzanine area and access) Potential H&S issues regarding the permanent location of stores equipment on the mezzanine floor will have to be overcome. A traffic management plan will need to be established to manage

		<p>the deliveries to the main building and workshops yard</p> <ul style="list-style-type: none"> • Reduction in office space in Headquarters
PEOPLE		
	BENEFITS	DISBENEFITS
<p>Recommendation:</p> <p>Use this opportunity to review all team/directorate locations within BHQ</p>	<ul style="list-style-type: none"> • People element of the programme can continue in full. • Potential benefits of changes to ways of working within the HQ building are realised and provides the opportunity to look at how we can incorporate the diverse needs of our staff within the cost parameter available. 	<ul style="list-style-type: none"> • Resources to deliver the programme restricted due to other organisational portfolio pressures. • May not be able to accommodate all teams comfortably into the SHQ footprint. •

b. Strategic & Operational Risks and Issues

A risks and issues register is being developed based on the decision made but will need to be informed by the degradation work. As identified within the constraints section, key risks will be resource and supplier availability, cost, and timescale available to exit Unit 7 and people impact.

As part of the continued recovery from the Covid-19 pandemic, the Service has successfully adopted a hybrid office/home working approach for staff. This should lead to a requirement for reduced desk space around the property estate as a whole. If this is not monitored, and desk space continues to grow despite hybrid working arrangements, the potential to make savings may not be realised.

c. Constraints

The key constraints identified at this stage are time and cost.

To be successful, the programme will also need input from a number of departments and will need to be aligned with other project requirements and departmental workplans so resource capacity will also need to be considered and other work programme may need to be paused.

d. Dependencies and opportunities for future development

The programme will have to work closely with several other workstreams in order to be successful:

- it will interface with the 'Review of estate requirements to accommodate improved flexible working and potential rationalisation of estate.' detailed within the Corporate Plan. As outlined earlier in this document, this work cannot be completed without taking this work into account.
- the work to deliver the Service roadmap to recover from the Covid-19 pandemic has resulted in a longer-term adoption of a 'hybrid' way of working with changes to the ways and locations from where the organisation works. This new way of working is being considered as part of this programme.

e. Timescales

The lease for Unit 7 is due to expire on 25 December 2027, with an annual break clause of December each year. A deed of variation was subsequently signed adding break clauses at the end of 2023, 2024, 2025 and 2026 (with no increase in annual rent). Since then, further discussion has resulted in an agreement that providing 9 months' rolling notice is given, we can leave in any month after that.

It should be noted that if the option to exit the lease is delayed for any reason, then the tasks can be shifted in the same timescales to the following year. The timescales have incorporated the governance meeting schedule for the year.

f. Cost Estimates

As can be seen in section 3 above, the expected costs are based on estimates and may vary once quotes or tender responses are received. The figures quoted have been sourced from recognised industry e.g., BCIS (British Chartered Institute of Surveyors) and RICS (Royal Institute of Chartered Surveyors).

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