

IRMP 3 Telford Central Review Project

Report of the Chief Fire Officer

For further information about this report please contact Rod Hammerton, Chief Fire Officer, on 01743 260201 or Deputy Chief Fire Officer Andy Johnson on 01743 260196.

1 Purpose of Report

To update Members on the progress with the Telford Central Review Project, with specific reference to the updated Feasibility Study, which now includes the results of further collaboration between West Mercia Police (WMP) and the Service. Members are asked to decide how they wish to progress with this project.

2 Recommendations

The Fire Authority is asked to

- a) Note the contents of this report; and
- b) Approve the recommendations contained in Section 7

3 Background

Following the investment in the Shrewsbury Headquarters site and more recently in the Wellington site, Telford Central is the last of the Service's Fire Stations to require significant investment to bring it up to modern standards. It was, therefore, included in the Fire Authority's Integrated Risk Management Plan (IRMP) 2015 to 2020, published in April 2015. The Telford Central Review Project, known as IRMP3, was started in May 2015. The first stage of that project was to consider what requirements the Service had for the site for the next 30 to 40 years and then to undertake a feasibility study, looking at the costs likely to be incurred in fulfilling those requirements.

Prior to defining the specific functions it wanted on the site, the Service considered the more general outcomes it wanted from the project, whichever option was actually taken forward. These are shown in Table 1.

Table 1 – General outcome requirements for the Telford Central Project**Essential requirements**

- Achieve a focus on an integrated workforce
- To be designed with an efficient process workflow in mind
- All areas to have disabled access
- To allow for the flexible use of space
- Future proofed ICT facilities and associated infrastructure
- A high level of operational resilience
- Appropriate levels of security relevant to functions on site
- Achieve a potential lifespan of between 30 to 50 years
- Optimal response deployment

Desirable requirements

- To maximise environmental sustainability and energy efficiency.
- The building should be able to convey messages on its external aspect.
- To creating a more welcoming, community focused building.
- To be modest but architecturally attractive, enhancing the street scene.
- To be flexible enough for use by the community potentially to allow for external lettings at some future point.

In May 2016, having considered various options that could be progressed on the Telford Central site, Members gave permission for officers to progress the Telford project to the Tender Process stage, undertaking a detailed exploration of the costs for their preferred option (Option 3) in both the refurbishment and rebuild versions. Option 3 aimed to make optimal use of the site for the Fire and Rescue Service and its Partners. The functions included in Option 3 are listed in Table 2. The potential benefits are listed in Table 3 and the potential costs, indicated by the Feasibility Study in May 2016, are shown in Table 4.

Table 2 – Functions included in Option 3

1. A replacement Fire Station
2. Replacement Training facilities, including a new Incident Command training suite
3. An integrated Fire Control and Operations Department facility
4. A joint Shropshire and Telford & Wrekin Emergency Planning Unit (EPU) facility
5. Multi-agency Tactical Command facilities (Shropshire Silver)
6. Multi-agency Strategic Command facilities (Virtual Gold)
7. Meeting and conference facilities for up to 100 people

Table 3 - Outline benefits of Option 3

- Support an effective response function for the central Telford area
- Make the best use of latest ICT technologies to support modern training and assessment methods
- Meet the needs of a diverse workforce
- Provide local meeting facilities for the Service, Partners and Community Groups
- Supports full benefit realisation from the Fire Control Phase 2 Project
- Improved collaboration between Shropshire Fire and Rescue Service (SFRS), Shropshire and Telford & Wrekin EPU's
- Capacity to support increasing partnership working into the future
- Able to host seminar and conference type events by the Service, local/regional Partners and Community Groups
- Improves the current ability for all agencies to coordinate major incidents in Shropshire
- Provides an effective access point into the new West Mercia Police Operations Command Centre (OCC) in Hindlip
- Enables Shropshire and Telford & Wrekin Executive Officers to play their part in Gold Command meetings, without leaving the county
- Could support WMP Shropshire/T&W Tactical operations
- Puts SFRS at the heart of multi-agency collaboration

Table 4 - Projected costs of Option 3 (May 2016)

Extension required	560m ²
Refurbishment	£8,323,721
Rebuild	£11,056,760

The Fire Authority delegated responsibility for monitoring the Service's work on this project, to the Strategic Planning Working Group (StraP), up to the stage where tenders from building contractors were received and a firm financial commitment from the Fire Authority would be required.

Following this meeting, it became evident that the Home Office was considering including a legal 'Duty to collaborate' within the draft Police and Crime Bill, which would require all emergency services to demonstrate they are working together to improve effectiveness, efficiency and public safety at all times. The StraP Working Group therefore required Officers to ensure that all opportunities for joint collaboration with its partners, especially West Mercia Police, have been explored, before the Fire Authority finally commits to the significant investment that will be required for Telford.

Since that time, Deputy Chief Fire Officer Andy Johnson has worked with Chief Superintendent Charles Hill to explore all possible opportunities for collaboration between the two services, not only in Telford, but also across the whole of the county. Both services recognised this introduced some delay into the Telford Central project, but were also mindful that a slight delay in the short-term, would hopefully result in significantly increased benefits to the public in the long-term.

This report updates Members on the work that has been completed between the two services, including the potential costs indicated by an updated Feasibility Study, and seeks a decision from Members as to how they wish to progress this project.

5 Collaboration with West Mercia Police

In December 2016 the Fire Authority agreed to the Service getting the existing Feasibility Study updated, to take account the additional functions that WMP had identified as being appropriate for consideration of being located on the Telford Central site. At that time, this involved their Learning and Development centre and their Major Investigation Unit (MIU).

Following analysis of the requirements for the MIU, it was recognised that if this unit was located at Telford, its security requirements and the significant level of use of these facilities would see, when in use by WMP, actually prevented the two services from being able to benefit from shared facilities. This function has therefore been excluded from this project.

However, there is likely to be significant potential to improve future collaborative working between the two services if both of our training facilities are located together and therefore the Feasibility Study has been updated to include WMP Learning and Development Centre (L&DC) coming onto the site. WMP are also keen to take advantage of the conference facilities, planned for the site, which will enable them to carry out large briefings for their staff during both training and real events.

6 Updated Feasibility Study

Following detailed analysis of the space requirements for WMP L&DC, including the potential for sharing of facilities between the two services, the Feasibility Study has been updated and indicative costs of the overall project have been calculated. It should be noted that, since the original Feasibility Study was completed, over 12 months ago, the costs of the original planned project have risen by inflation, which has been determined as an average of approximately 8%, over that period, across the two options explored.

Table 5 summarises the results from the updated Feasibility Study, with the potential apportionment of added costs likely to be incurred due to the addition of the WMP L&DC, being the subject of ongoing discussions between the two services. Members should note that the costs stated in the Feasibility Study are purely indicative at this stage, based on £/m² estimates, obtained by the consultants from various building contractors. The actual cost of the build would not be confirmed until detailed architectural drawings have been produced and Building Contractors have submitted tenders as part of the full procurement exercise. It is believed that with the Service taking a 'Design and Build' approach to this project, whereby the tender process will include the architects quoting for both stages of the project, then the overall costs are likely to fall somewhere between those shown for the Refurbishment and Rebuild options. An average of these two figures has also been provided to give a possible indication of 'Design and Build' type costs.

Table 5 - Projected costs of Option 3 (May 2017)				
	Original costs (May 2016)	Inflation	Original plan with inflation	New costs (with WMP L&DC)
Refurbishment	£8,323,721	£846,809	£9,170,530	£10,717,394
Rebuild	£11,056,760	£709,244	£11,766,004	£12,709,708
Average	£9,690,240	£778,027	£10,468,267	£11,713,551

Discussions between SFRS and WMP have started, based on a number of possible options for cost apportionment. The options that could be explored are:

- i. **Fixed capital contribution, based on an agreed differential, as indicated by the Feasibility Study**
This option would see the potential for one or other organisation to bear the risk of actual costs being greater than (SFRS risk), or lower than (WMP risk), those indicated by the Feasibility Study. However, this approach could enable WMP to give early commitment to the project due to having a predictable investment requirement. With this option, the final approval for the project to progress past tender stage would probably sit with the Fire Authority.
- ii. **Fixed percentage capital share in accordance with that inferred by Feasibility Study**
This would see a sharing of the risk, by both organisations, in the event that the costs were significantly different to those indicated by the Feasibility Study. Both organisations would have a vested interest in the outcome from the tender process and would therefore need to retain a veto for the final decision to go ahead with the project.
- iii. **Annual revenue contribution, for an agreed number of years, instead of any capital investment**
The actual annual revenue charge would need to be subject to further discussion and agreement, once the overall build and running costs are actually known. The Fire Authority would probably be looking for a long-term agreement from WMP, to ensure it was able to recoup the additional investment it would need to make up front.

With definitive costs not being clear until the project has progressed through to tender assessment stage, it is not possible for either party to give 100% commitment to the finances required for the project, at this stage; unless WMP agreed to progress with option (i).

Whichever capital investment apportionment option is taken forward, agreement will also need to be reached on the sharing of the ongoing running costs for the site (e.g. energy, maintenance, rates and staffing costs such as the reception facility etc.).

The Service is mindful that the delay in progressing the project has already seen the potential costs increase, through inflation; with an increase of approximately £0.78m over the 12 months. If decision making by WMP is likely to see further significant delays incurred, then the Fire Authority may wish to consider alternative options that would enable it to make progress with the project, but without closing off the potential opportunities from WMP involvement at some stage in the future. This could involve either:

- i. The Fire Authority agreeing to fund the whole investment up front and assume that WMP will agree to participate in a joint-funding option at a later date. If this did not happen, then the Fire Authority would risk being left with the need to look for an alternative partner to make use of the additional space available; or
- ii. The Fire Authority agreeing to progress with the original Option 3 proposal, but with slight modifications to common facilities that would enable WMP to build on their L&DC at a later date, in an economically viable way.

With all of the detailed analysis of requirements now having been completed, the only uncertainty is that of WMP ability to commit to the project. The joint discussions are continuing and therefore Officers may be able to update Members on whether agreement has been reached with WMP at the meeting.

7 Recommendations

Recognising the increased costs likely to be incurred as a result of further delays, as well as the growing need for the Telford facilities to be updated, Officers believe that the project should now be progressed in a timely manner.

1. **Members are asked to give their approval to the Telford Central project being progressed.**

In progressing the discussions with WMP, on possible cost-apportionment for the project, Officers believe that the 'Fixed Percentage' capital share, based on the figures presented in the updated Feasibility Study, would be the most appropriate option to be explored with WMP, as it shares the risk on cost variation between the two organisations.

2. **Members are asked to give their approval to Officers exploring the 'Fixed Percentage' cost apportionment option with WMP.**

Officers remain keen to involve WMP in this project, as they believe there is significant benefit to be had from both organisations' training functions working closer together. However, in the event that WMP are not able to give their commitment to this planned investment in a period that supports the earliest possible progression of the project, Officers recommend that the planned build includes the modifications to common facilities that would enable WMP to build on their L&DC, at a later date, in an economically viable way. Whilst this would involve SFRS incurring additional costs, it would demonstrate an appropriate level of commitment to collaboration with WMP into the future.

3. **Members are asked to give their approval to incorporating appropriate modifications to the design of the building, to support future collaboration with WMP, in the event that they are not able to give commitment to the project at this stage.**

As stated earlier, the potential costs stated in this report are purely indicative at this time. Members should therefore note that any approval they give at this stage simply relates to asking Officers and the StraP Working Group to complete the work necessary to take the preferred option forward to tender stage. Members will not be expected to commit to the full costs of the project until responses to the Tender Process have been received and assessed, resulting in them being able to select the preferred 'Design and Build' Contractor.

However, Members should also note that some costs will have to be incurred to get the project to that stage and if approval is not given following assessment of the Tenders these costs may be abortive.

8 Next Steps

Once approval is given to proceed with the project, Members should note that the following stages of work would need to be undertaken in order for the overall project to be completed;

1. Programme Mandate and Brief to be developed - in accordance with the outcomes from this report;
2. Programme Team to be put in place;
3. Procuring the Project Design and Management Services;
4. Requirements Specification developed, following consultation with all relevant stakeholders;
5. Full outcome specification completed, ready for tender;
6. Tender process for Design and Build of the overall project;
7. The preferred contractor is approved by the Fire Authority;
8. Preparation for building works to start, including the movement of functions as required to support continued service delivery;
9. Staged Building works, including relevant Programme Milestones and Gateways;
10. Programme completion;
11. Programme review.

The Service has significant experience of implementing this type of project, as a result of the Shrewsbury site refurbishment between April 2009 and February 2012. A significant amount of learning came from that programme and the Service is committed to ensuring that it implements that learning when undertaking the Telford Project, thereby helping to ensure it also delivers this project on time, to quality and to budget.

As with the Shrewsbury Project, the Service is looking to employ the services of a professional Project Design and Management consultant, to ensure the design, planning and building are in accordance with the Service's requirements.

The Service will also put in place an internal Programme Team, who will be responsible for managing and reporting progress against the overall project, as well as ensuring that the impact on service delivery, throughout the life of the project, will be minimised; including the important response and training functions. The Programme Team will consist of:

1. The Service's Programme Manager
2. A Group Manager, as operational liaison
3. A Project Support Officer
4. Additional programme support, as required through the life of the project.

The costs associated with the internal programme team will be in addition to the costs illustrated in the Feasibility Study, as will any costs incurred should it be necessary to relocate one or both of the primary functions to another site during the build phase.

9 Financial Implications

Members will be aware of the levels of reserves currently held by the Authority and one of the reasons for holding such reserves is to fund major projects. The extent to which this project can be funded by reserves is shown in the table below and makes up a substantial amount of any funding required. But these balances won't cover the entire project and therefore other options will require consideration by the Authority. Some of these options will involve increases in the revenue budget and the Authority should compare the additional cost to the taxpayer with the value to be gained from improved facilities at Telford, when making their determination on which option to take.

Any final funding decisions will be made after the tendering process is complete, and the actual cost of the project is clear.

Reserves and Balances

Following the completion and funding of the refurbishment at Headquarters, further contributions have been made to the unearmarked Capital Reserve, to be used for other major building projects. The Fire Authority agreed in September 2014 that all future balances and opportunity savings would be allocated to this reserve in readiness for major refurbishment at the Telford site.

The potential balance in this reserve is shown below:

	£m
Balance on reserve end 14/15	1.322
Contribution after closedown 14/15	0.488
Budgeted surplus 15/16	0.542
Budgeted contribution 15/16	0.465
Balance end 15/16	2.817
Budgeted surplus 16/17	0.644
Additional grant from settlement 16/17	0.311
Contribution after closedown 15/16	0.666
Balance end 16/17	4.438
Budgeted surplus 17/18	0.643
Budgeted contribution 17/18	0.500
Additional grant from settlement 17/18	0.209
Balance end 17/18	5.790

The table does not include any further savings from 2016/17; any underspends will be reported to the Authority as the accounts are closed.

Capital Financing Requirement

The Capital Financing Requirement is one of the prudential indicators approved by the Authority in February, when it considers the capital programme. It represents the amount of borrowing required to fund the Authority's assets.

No funds have been borrowed since 2009, due to the use of reserves and balances to fund capital projects. However the Authority is required to make a provision to cover repayment of assets funded by borrowing, and this has reduced our borrowing requirement by £2.1m. Therefore any future borrowing required for the Telford scheme would be reduced by this amount.

Source of Funding	£m
Unearmarked Capital Reserve	5.790
Reduction to financial requirement	2.081
Total	7.871

Other Funding Options and Considerations

- At its meeting in February 2017, the Authority approved a precept increase of 0.49%, with the assumptions for future increases to 2020 set at 0.5%. A revision of this assumption could be undertaken to generate further income to assist with the Telford scheme. As an example, an increase of 1.99% instead of 0.5% for each year 2018/19 to 2019/20 would generate further income of £220,000 (18/19) and £450,000 (2020 and on).

- Alternatively, the Authority could borrow the required funds from Public Works Loan Board, and incur debt charges which would increase the revenue budget. For every £1million borrowed, interest of £40,000 would be incurred (annually at 4%), and a minimum revenue provision of £30,000 would be required. A precept increase could be considered to cover these additional charges.
- The Authority holds a number of reserves to mitigate risk and provide funds across the Service. A review of the current balances in each reserve should be carried out, and additional funds could be diverted to the Unearmarked Capital Reserve, if the probability of some of the risks occurring elsewhere has reduced.
- The costs of maintaining the current facilities, including running costs, at Telford in the absence of any refurbishment should be considered, when reviewing the affordability of this project.

10 Legal Comment

The Fire Authority has a duty to make adequate provision for providing an effective and efficient fire and rescue service for the Wrekin and Shropshire area.

Through the Fire Authority's Integrated Risk Management Plan officers have identified and assessed all foreseeable fire and rescue risks that could affect its community and as a result have identified the further steps and resources required to address such risks. The refurbishment of Telford Central Fire Station will assist in the implementation of the steps identified in the Plan and beyond.

As the project develops, the Authority will have to draw up formal tender documents and run a compliant procurement process for design, construction and other associated services.

In addition, the Programme Team should consider at the earliest possible stage requirements for securing both development control (planning) approval and building regulation approval from Telford & Wrekin Council.

11 Initial Impact Assessment and Equality Impact Assessment

An Initial Impact Assessment has been conducted and has indicated that a full Equality Impact Assessment will need to be completed, prior to the development of the detailed architectural plans. This will ensure that any adjustments required, to support its use by all persons likely to enter it, will be built in at the design stage.

12 Background Papers

Fire Authority 3 May 2016

Report 11d – IRMP 3 Telford Central Review Project