

CHESHIRE FIRE AUTHORITY

MEETING OF: CHESHIRE FIRE AUTHORITY
DATE: 18TH JULY 2018
REPORT OF: DIRECTOR OF GOVERNANCE AND COMMISSIONING
AUTHOR: ANDREW LEADBETTER

SUBJECT: TRAINING CENTRE PROJECT AND SADLER ROAD SITE REQUIREMENTS – UPDATE AND FUNDING

Purpose of Report

1. To outline progress and share outputs from the initial design phase of the project. To secure the allocation of additional funding.

Recommended That Members:

- [1] Note the contents of the report and confirm their commitment to the project; and
- [2] Allocate additional funding to the project as outlined in paragraphs 29 and 30, to be financed by borrowing.

Background

2. At the Fire Authority meeting on 20th September 2017 the following decision were made:

[1] *the training centre programme and Sadler Road requirements be delivered subject to successful procurement being undertaken;*

[2] *the following sums be approved:*

£7,500,000 *Training Centre (funds already earmarked and including the £0.5m approved in September 2016)*

£300,000 *Vehicle Workshops Renovation*

£1,000,000 *Incident Command Training Suite Re-provision*

£250,000 *Sadler Road Site Security*

£9,050,000 *Total*

[3] *an overall contingency of 5% be approved (to be applied as necessary and appropriate);*

[4] *the Estates and Property Committee be required to identify Members to engage in procurement, contract award and contract management;*

[5] *the requirement for further funding to ensure continuity of operational training during the redevelopment of the Sadler Road site be noted.*

3. Since the decision in September 2017 the design and build contractor has been appointed: ISG Construction Limited (ISG). Estates and Property Committee made this decision on 6th December 2017. This appointment was made using the NW Construction Hub framework arrangements (used for three of the four new fire stations and the safety centre). It was for the Stage 1 works only – see below for explanation.
4. External advisers were also aligned to the project to assist the Authority, e.g. quantity surveyor and project manager.

Information

The Vision and Need

5. Members will recall that the intention is to create an operational training facility that will enhance the current operational training provision and provide a more immersive experience for operational staff. Officers believe that this is very important given the considerable reduction in operational activity. It is evident that operational staff take much longer to gain the skills and experience that are required and that it is more difficult for them to maintain those skills. Accordingly, officers believe that it is vital that operational staff are exposed to realistic training in order to ensure their ongoing safety when operating in hazardous environments.

Procurement Process

6. The following paragraphs help to put the later elements of the report into context. The NW Construction Hub framework process essentially breaks down into three distinct parts:

Stage 1	initial design, surveys, initial cost plan
Stage 2	detailed design, planning permission, build budget finalised
Stage 3	main design and build contract signed, construction of building

7. Estates and Property Committee is engaged in the process at key points: appointment of design and build contractor (pre Stage1); consideration of outcomes from Stage 1 prior to commitment to Stage 2; consideration of outcomes from Stage 2 prior to commitment to build.

Stage 1

8. Since December officers and advisers have worked with ISG to complete the Stage 1 work and this has been taken as far as possible. The work has identified some challenges which have required a significant amount of extra effort to get to this point.

Authority Requirements to Initial Design

9. The architects working for ISG and with officers and the Authority's external advisers have produced various documents that form the initial design and a selection of these will be shared with Members at the meeting. They include the following: a site plan, floor plans, building elevations and plans for the training props and facilities.
10. The initial design has been prepared with the support of a range of staff following workshops and focus groups and incorporates much of what was requested. However, when it became clear that some requirements were likely to put pressure on the available budget sessions took place to challenge and reduce certain elements. Notwithstanding these efforts the scope of the project has grown slightly.

Surveys

11. The following surveys were obtained:
 - Asbestos
 - Site investigation/ground condition
 - Ecology/arboriculture
 - Flood risk/drainage/pumping station
 - Ground penetrating radar/utility searches
12. Two of the surveys have disclosed disappointing results. Firstly, the site investigation/ground condition survey and secondly, the drainage survey.
13. The site investigation/ground condition survey has established that a significant amount of the site has very poor ground. This is something of a surprise given that the ground condition is believed to have been much better where the existing buildings were erected. On further investigation it appears that a nearby former tip extends across much of the site that is currently undeveloped. Thankfully, the survey does not indicate that the poor ground is contaminated in a way that should cause problems. However, it will have an impact on how the buildings are erected; instead of traditional foundations most of the buildings will need to be built on substantial deep piled foundations and the depth of the sub-structure required for hardstanding areas will be increased. This will involve additional time, temporary works, extra materials and increased costs.
14. The drainage survey has established that there are a number of issues within the existing drainage system that will need to be remedied. The rules pertaining to the treatment/discharge of water have also become more stringent since the site was originally developed and this means that some upgrading will be required, e.g. to control the flow of the considerable amounts of water used on site. Again, this will involve additional time, material and cost.

Initial Cost Plan

15. The initial cost plan that was produced by ISG and considered by the Authority's advisers was very much higher than the available budget. Over the past six weeks a number of officers and advisers have worked hard to attempt to bring the cost in line with the budget.
16. This process has seen a reduction in the main building extension: now single storey when originally it was two-storey. The industrial rig has also been scaled back without impacting on the functionality or immersive nature of the industrial training that can be delivered. Further efficiencies have also seen the removal of unnecessary hardstanding areas around the whole site and the remodelling of existing spaces. Some new buildings are no longer required, e.g. prop store and fire ground workshop.
17. To a degree this work has been successful – aspects have been reviewed again, some items removed and it has convinced those involved that the figure that has now been reached is more robust than would normally be the case at the end of Stage 1. However, the figure remains significantly higher than the budget.
18. There are a number of areas which contribute to the higher-than-expected initial cost plan figure. The ground condition issues are expected to add to the original figure in the budget by more than £260,000. The drainage requirements are expected to exceed the original figure in the budget by around £330,000. There are a number of other smaller sums that ultimately lead to a figure for abnormal costs largely established through carrying out surveys of almost £735,000.
19. One additional abnormal cost is inflation. Up until now this has not impacted on the Authority's build programme as there has been no inflation in the building industry for some years. For a range of reasons this has suddenly changed, e.g. the cost of some materials has risen sharply and the cost of labour has increased because there is a shortage in a number of areas. Given the size of the budget inflation obviously has a fairly severe impact. The fact that the inflation figure that is now being quoted is over 9%, means that around £740,000 needs to be allowed in the budget.
20. The increase in scope, referred to earlier in the report, also involves around £195,000 of additional cost.
21. The Estates and Property Committee met on the 5th July and was given a full explanation about the initial cost plan. Overall, the initial cost plan total stands at £1,659,259 above the original budget. This figure includes no contingency.

Options

22. Officers and advisers were set the task of helping Members to consider three options:
 - Allocating additional funding to allow the project to proceed in accordance with the initial design
 - Reducing the current design to bring the cost down to the currently allocated budget
 - Bringing the project to an end and refurbishing the existing facilities
23. Some options to reduce the current design and bring the project within budget were described to Members at the Estates and Property Committee on the 5th July. However, officers did not believe that reducing the current design (or refurbishment) would deliver the vision and meet the stated training need.
24. The changes to the initial design would involve the removal of two, or more important elements of the training centre and require the design team to restart the project almost from the beginning. Members agreed with officers that the project should not be diluted.
25. Estates and Property Committee was unanimous in recommending to the Fire Authority that the project should proceed as described in the initial design and valued in the initial cost plan. The implications of this are explained in more detail below in the Financial Implications section.

Stage 2

26. If Members decide that the project should proceed it will be moved into Stage 2. This will see the following occur:
 - Development of the detailed design
 - Further consultation with staff
 - Public consultation
 - Application for planning permission
 - Tendering of elements of the work required to build the training centre
 - Finalisation of the contract sum

Legal Implications

27. A contract will be entered into between the Authority and the ISG for the works required to progress the project to the end of Stage 2. At the end of Stage 2 the expectation would be that the project will continue. However, it is only at this point that the construction contract is entered into committing the Authority to complete the project.

Financial Implications

28. The current budget allocation is £9,050,000. Members also confirmed an additional contingency of 5% (£452,500).
29. The initial cost plan stands at £10,709,259 (£1,659,259 above the current budget allocation). This does not contain any contingency. Officers and advisers believe that it would not be sensible to proceed without a contingency and that the budget allocation should be increased to £11,000,000 from £9,050,000 (an additional £1,950,000). Members will appreciate that a significant amount of the additional funding that is required relates to the training centre element of the overall programme, not the vehicle workshop renovation works, incident command training suite reprovision, or the site security works.
30. Officers are also keen to encourage Members to include an additional 5% contingency as they have done previously (though the intention as in previous builds would be to guard this and only allow it to be spent when it was essential – a role that Estates and Property Committee will be engaged in managing).
31. Stage 2 will cost in the region of £350,000. At the end of Stage 2 the Estates and Property Committee will consider the outputs and determine if the project will proceed (assuming that planning permission has been secured).
32. On 6th December 2017, the Fire Authority considered a report on Capital, Reserves and Borrowing. Taking into account existing commitments against the reserves held along with future ongoing commitments that require regular capital expenditure, (that no longer attracts any Government support or funding), members approved the use of borrowing to fund the training centre project, in order to preserve reserves for other matters requiring capital expenditure. Should Members approve this additional funding they should note that the requirement to borrow will be increased by this amount, in line with the previous decision.
33. The Head of the joint estates team has prepared a high level comparison of the long term costs of pressing ahead with the project (with the additional funding) set against those for refurbishment. This is shown in the table below. Essentially, the project is projected to cost around £3.3m more than refurbishment when viewed over 20 years. These figures ignore the likely revenue savings that are highly likely to be achieved, e.g.

a reduction in reliance on the fire service college (which costs in excess of £100,000 each year).

	Current refurbishment/ remedial cost	Future remedial costs at 10 years	Running costs for 20 years	Total
Training Centre as existing	£4,503,000	£1,677,000	£3,860,000	£10,030,000
	Cost of new build	Future remedial costs at 10 years	Running costs for 20 years	Total
New Training Centre	£9,500,000 (portion of £11,000,000 budget)	None	£3,860,000	£13,360,000

Equality and Diversity Implications

34. The EIA for the training centre was prepared in two parts – one addressing the build phase and the other completion, when delivery begins. Key points include:

- Built environment to be accessible to all, regardless of mobility or other issues;
- Training courses to be reflective of a diverse society and the risks affecting different under-represented groups;
- Toilet and changing facilities to be appropriate for all users, including sufficient disabled/accessible toilets and single user (pod) changing facilities to ensure dignity for all; and
- Dignity room to be provided on site.

Environmental Implications

35. The training centre should lead to environmental improvements. Members of Estates and Property Committee heard of some innovative solutions that are being investigated designed to deal with smoke emissions.

36. The buildings will comply with modern requirements and there will undoubtedly be environmental benefits.

BACKGROUND PAPERS: None