

Decision Note – Movement of Staffordshire Police Northern Response Hub to Hanley Fire Station



REQUEST FOR DECISION BY THE STAFFORDSHIRE COMMISSIONER

	Policing:	Crime:	Fire & Rescue:
This decision relates to:	Yes		Yes

APPROVAL (for completion by Staffordshire Commissioner only)

Rationale for approval

STAFFORDSHIRE COMMISSIONER

Signature

Date 27 May 2020

Date decision required by:

If an urgent approval is required, please state reasons:

For completion by Staffordshire Commissioner's Office only:-

Decision Number: SCPF/D/202021/001

Date Received: 3 June 2020

	Yes	No
Has the required decision been considered under the guidance of the Staffordshire Commissioner's Decision Making Policy?	x	
Has the required decision been deemed to be a Key Decision as defined within the Staffordshire Commissioner's Decision Making Policy?	x	
Who is empowered to make the required decision? The Staffordshire Commissioner		

Title	Movement of Staffordshire Police Northern Response Hub to Hanley Fire Station
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Summary

This decision form requests the Staffordshire Commissioner to approve, following receipt of tenders and the development of appropriate legal agreements, the commencement of building works on Hanley Fire Station in the city of Stoke-on-Trent, so that it can be utilised as the Northern Response Hub for Staffordshire Police.

The project is in a good position to be able to start; there is a consistent & experienced project team, a very good supply chain, an approved design & site plans, a VFM report, a tender report which identifies the suppliers and an agreed Deed of Variation.

The financial indicators for this project are all very positive with a very favourable payback period and NPV. From a value for money perspective, these indicators show that the project achieves a good outcome.

Given Covid-19, if the Commissioner approves the commencement of works a start date will be negotiated with the successful tenderers. In this regard, it is helpful that work from home restriction is lifted for construction workers if safety measures are in place. A construction period of 17 weeks is estimated to completion.

Recommendations

1. That the Staffordshire Commissioner approves the commencement of works on Hanley Fire Station, so that it can be utilised as Staffordshire Police's Northern Response Hub;
2. That the Staffordshire Commissioner agrees for his signature on the Deed of Variation as soon as finally completed, enabling works to commence

Chief Executive

I hereby approve the recommendation for consideration.

Signature



Date 27 May 2020

REPORT AND ADVICE TO THE STAFFORDSHIRE COMMISSIONER

1. Introduction and background

In February 2016, a decision was taken to lease space in One Smithfield, demolish Hanley Police Station and explore opportunities to develop the site. The business case for relocation to One Smithfield was agreed at a meeting of the Strategic Executive Group (precursor of SGB) in February 2016 and confirmed by PCC decision form on 8 February 2016. The business case was revised in May 2017 when the potential was identified to also accommodate Justice Services' staff into One Smithfield and end the lease on offices at Etruria in Stoke.

The business case at that time, addressed the ongoing viability of the police station. Hanley was significantly underutilised with only 41% of the available space used. Space allocated to operational functions (cells, control room) re-provided elsewhere remained vacant and the cellular design of the building was inefficient but costly to resolve. Running costs per square metre for Hanley were amongst the highest across the estate. The age of the building meant that major maintenance issues were inevitable and would be very expensive.

On 1 August 2018 the Police and Crime Commissioner became responsible for the governance of the Fire and Rescue Service and included within the Commissioner's business case were a number of opportunities for property rationalisation across both the Police Force and Fire and Rescue Service which included Hanley.

During 2019 the Hanley Project Board was established and a Programme Initiation Document (PID) was approved by the Strategic Governance Board (Collaboration) in October 2019, enabling the project to proceed that would result in the northern police response hub being relocated into Hanley Community Fire Station. The capital works required to enable this have been specified and tendered for and final tender prices are now known; those costs and estimates have been included within a detailed financial report that addresses the issue of value for money. Further detail is provided below.

Project Progress

The Hanley project has had a dedicated project manager and Project Board, chaired by the Director of Response from Staffordshire Fire and Rescue Service. The Board has executive and operational representatives from Staffordshire Police and Fire and Rescue and staff representatives are full Board members. Support for the project has been positive and the Board has ensured that the people that will work in the building are considered first in plans being developed. The Board has also overseen key risk areas and the value for money work that is contained within this report.

The project is in a good position to be able to start; there is a consistent & experienced project team, a very good supply chain, an approved design & site plans, a VFM report, a tender report which identifies the suppliers and an agreed Deed of Variation. Given Covid-19, if the Commissioner approves the commencement of works a start date will be negotiated with the successful tenderers. In this regard, it is helpful that work from home restriction is lifted for construction workers if safety measures are in place. A construction period of 17 weeks is estimated to completion.

Project Investment Costs

Total one-off costs are expected to be £1.353m. This includes an estimated split between capital costs of £1.23m and Fixtures and Fittings of £0.12m. Project costs are based upon fixed priced tenders that are valid for a six month period.

Following discussion with the Home Office by the Director of Finance approval has been given to access the balance of a Transformational Funding Grant that is held by the Fire and Rescue Service. There are therefore no additional capital costs that will be incurred by Staffordshire Police. Importantly additional borrowing will therefore not be required to fund this project.

Ongoing occupation costs for Staffordshire Police, based upon a usage percentage of 45% are estimated at £197,000 per annum. In addition any increase in unitary charge payable to the PFI provider will be met by

Police; this is confirmed at £34,418 per annum. Around 70% of the Unitary Charge for Hanley is covered by an annual PFI grant received from Treasury, the Police will fully benefit from this contribution which will be in place for the remaining PFI concessionary period (c.15 years). The occupation costs will remain under review by the Staffordshire Commissioner.

Investment costs for the Car Park (on Police Station site) are estimated at £50,000 and also ongoing deferred investment required into the existing Police station is estimated at £100,000. In addition, internal costs for project management, legal fees and signage have now been incorporated.

Total project costs are estimated at £1.661m, of which £1.385m is proposed to be financed from the Home Office Transformational Funding Grant as funding is available for capital costs only. Project costs will now be reported back to the Home Office. The balance of costs will be required to be funded by Staffordshire Police.

Project Savings

Running Costs – Running costs of the current Hanley police station total £427,000 per annum, as compared to the estimated cost of £231,000 for Staffordshire Police after moving into the fire station. These costs include business rates, utility costs and facility management costs. This is a saving of approximately £200,000 per annum.

Capital Cost Saved – Due to the condition of the Police Station significant investment costs would be required to stay on the site - £1.8m has been included as a saving over 10 years. A majority of this investment would be required in years 1-3. This is the capital investment costs that would be required if this project does not proceed.

External Income Generation – The option under consideration will allow for the disposal of the existing site (excluding car park area), a prudent estimate for the disposal value is a £0.9m capital receipt.

2. Issues for consideration

- The project is a significant undertaking and involves a major policing team for the north of Staffordshire moving into a large city centre fire station; it is therefore, a complex undertaking and will require careful management over the coming months.
- The role of the Project Board is key in achieving a good outcome on this project, with support from both services and the Commissioner's Office.
- The impact of Covid-19 on the delivery of the project is unknown; close monitoring of the situation is essential, with close relationships being maintained with the PFI provider whilst construction work continues. Health and safety arrangements are important to minimise risk.
- Continued engagement with the local community and other stakeholders is to be maintained during the building work and in the preparation for go-live, to manage risks and concerns.
- All risks are to be kept under review through the Project Board.

3. What other options have been considered?

No other options have been considered within this paper. The purpose is to show the financial outputs associated with the single option.

4. Consultation and Engagement undertaken

- Project Board Chair and Members
- Collaboration Board
- Stoke-on-Trent City Council (Planning)
- Community Groups
- Joint Property & Estates Team
- Joint Finance Team
- Hanley Project Manager Mike Hall
- Project Consultant (former Head of Estates for Staffordshire Fire)
- Avison Young Infrastructure Management

Report Implications

5. Monitoring Officer comments

External legal advice has been obtained in respect of the Deed of Variation. The Collaboration Board that oversees the work of the Project Board has legal representation on behalf of police and fire and rescue services.

Signature



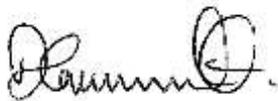
Date 27 May 2020

6. Section 151 Officer comments:

The assumptions contained within the value for money analysis demonstrate that within the scope of this project, good value for money is demonstrated through the key financial indicators, with a positive Net Present Value of £2.1m and a payback in 1.4 years.

The means that there is a financial benefit of £2.1m to Staffordshire Police arising from this project. It is important that the project costs are fully controlled and the project can demonstrate that VFM is being achieved for the public purse. The financial indicators for this project are all very positive with a very favourable payback period and NPV.

Signature



Date 27 May 2020

	Yes	No
Has legal advice (outside of that provided by the Monitoring Officer) been sought on the content of this report?	x	

7. Legal Comments:

Advice provided on the Deed of Variation

8. Equality Comments

A people impact assessment was produced in September 2019 in conjunction with Equality and Diversity departments. There were three recommendations contained in the action plan that have been successfully actioned through the statutory planning process, Regular consultation and structured open events at Hanley Community Fire Station have occurred.

9. Background/supporting paper

None

10. Public access to information

As detailed within this decision form

11. Is the publication of this form to be deferred?

No

12. If the report is for publication, is redaction required? No

	Yes	No
Of the Decision Note?		X
Of the Appendix?		N/A

ORIGINATING OFFICER DECLARATION:

Author	Mike Hall, Project Manager
Signed	
Date	15 May 2020