

## EAST SUSSEX FIRE AND RESCUE SERVICE

<b>Meeting</b>	Policy and Resources Panel
<b>Date</b>	9 November 2023
<b>Title of Report</b>	Preston Circus - Request to Proceed to RIBA Stage 5- Contract Award, with approval for additional funding
<b>By</b>	Duncan Savage, Assistant Director Resources/Treasurer
<b>Lead Officer</b>	Nicola Boruch, Interim Head of Estates

---

<b>Background Papers</b>	<a href="#">181101 Policy &amp; Resources Panel Agenda PUBLIC.pdf (moderngov.co.uk)</a> – Item 112 – Preston Circus Feasibility  <a href="#">230209 CFA Budget REPORT.pdf (moderngov.co.uk)</a> .
--------------------------	---

---

<b>Appendices</b>	Appendix 1: Internal Budget Summary  Appendix 2: Morgan Sindall Stage 4 Cost Plan Summary
-------------------	---

---

### Implications (please tick ✓ and attach to report)

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>	✓	<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>	✓	<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	

---

<b>PURPOSE OF REPORT</b>	To formally request approval to conclude RIBA Stage 4 by formalising the NEC Contract with Morgan Sindall and to proceed to RIBA Stage 5- Construction, which will require a budget uplift of £1.6m as set out below.
--------------------------	---

---

<b>EXECUTIVE SUMMARY</b>	<p>Preston Circus is the Service's largest and busiest fire station. The Authority has previously approved a business case for the refurbishment of the station to ensure that it is fit for purpose and reflects the Authority's Design Guide. The Authority has identified this project as a priority for delivery, notwithstanding the need to review the affordability of the wider Estates Capital Programme in its current form.</p>
--------------------------	--

The RIBA Stage 4 design and market costing process was completed in July 2023 and despite many iterations of

alternative plans it was concluded that in order to achieve the key objectives of the brief, as set out in the Design Guide, the project could not be delivered within the original budget envelope.

To meet these objectives, primarily to provide individual temperature-controlled sleeping pods plus meet the Design Guide recommendations regarding management of contaminants and gender appropriate welfare facilities an additional £1.6m of funding is required.

This approach was supported by the Senior Leadership Team on 18<sup>th</sup> October 2023.

It is possible that the project can be delivered with an underspend against this increased budget if the station is able to be fully decanted. Work to assess options to achieve this is ongoing.

---

**RECOMMENDATION**

The Policy and Resources Panel is recommended to note:

- (i) That 'Scope A' issued in the Morgan Sindall Stage 4 pack meets the brief as set out on the Design Guide and has been signed off by the Preston Circus Steering Group;
- (ii) That the revised scheme removes the provision of a dedicated entrance and lift to the 2<sup>nd</sup> floor and the fitting out of surplus space but retains the potential to deliver this at a later date;
- (iii) That the programme duration for the works can be reduced by approximately 6 months if the station is fully decanted, which will also reduce costs;
- (iv) That a formal proposal regarding decant options will be brought back to SLT for decision in due course;
- (v) The revenue consequences of the proposed increase in the scheme budget and that this be considered in the wider context of review of the Estates Capital Programme including affordability that will be carried out in 2024/25 as part of the review of the Estates Strategy.

and approve:

- (vi) a variation to the Capital Programme to increase the scheme budget for Preston Circus from £3.346m to £4.946m and that the budget be reprofiled as set out in para 6.1.
- 

## **1. BACKGROUND AND PROGRESS TO DATE**

- 1.1 Preston Circus was built in 1938 and although refurbished in parts since then much of the internal fabric and infrastructure has reached or exceeded end of life and the sleeping accommodation and internal routes do not meet the required Design Guide standards. Previous option appraisals have determined a preference to retain and invest in the current station.

The project scope and budget were established in 2018 and reached RIBA Stage 2 in the spring of 2020, by which time the second floor had been stripped back to Cat B (internal partitions, furniture and fittings removed) and taken out of use, in readiness for a phased approach to the refurbishment. A strategy to decant the station was also developed with site visits to Dyke Road Barracks undertaken.

From 2020 progress was hampered by the Covid Pandemic and then impacted by a year's hiatus whilst a managed approach for the safe exit of appliances was agreed. A full decant was also discounted in the main due to the high costs of installing a dedicated IT infrastructure and necessary accommodation / welfare facilities to the site at Dyke Road.

The main contractor, Morgan Sindall was appointed in April 2022 under the SCAPE framework and under their Pre-Contract Services Agreement developed the scheme through RIBA Stages 3 and 4, with the latter stage being market tested.

The Stage 4 costs presented in Spring 2023 were significantly over budget and there followed a series of redesigns to attempt to reduce the pressure on the agreed scheme budget.

By July 2023, in collaboration with the station and watch managers and the main contractor Estates recommended a scheme that offered best value for money but also met the core objectives of the Design Guide.

This scheme, known as Scope A, was priced at £3.9m by Morgan Sindall who also advised that if the station could be fully decanted the market would react favourably and the significant savings in programme would benefit the costs by c.£0.3m. This scheme was known as Scope B.

A further scheme, Scope C, was put forward for high level costing that involved reducing scope to the third, second and basement floors. However this would have limited the ability to install a lift and create a dedicated entrance to the second floor in the future and provided a less than optimum internal flow between sleeping and welfare spaces. The costs savings were negligible and on that basis the scheme was discounted.

The costs for these 3 options were presented verbally to SLT for awareness in July this year to allow time for the costs to be finalised as set out below.

## 2. **BUDGET UPLIFT REQUEST**

- 2.1 Estates recommend that the Service progress with Scope A which will require an additional budget of £1.6m as, summarised below. The breakdown notes the original budget, subsequent uplifts and spend to date, plus the confirmed costs for delivering Scope A and the potential cost benefit of works being undertaken without the service in occupation.

Spend to date plus remaining client direct costs have been updated and a Client held risk allowance of £0.21m included.

Morgan Sindall's summary cost plan is included in Appendix 2, and the internal cost plan summary in Appendix 1.

	<b>Programme A</b>	<b>Programme B</b>
Programme Duration/ weeks	44	26
<b>Budget</b>	<b>£'000</b>	<b>£'000</b>
Original Budget	3,137	3,137
Additional Funding allocation (SLT Dec 2021)	150	150
Sleeping Pod Budget (P&R May 2022)	59	59
<b>Current Project Budget</b>	<b>3,346</b>	<b>3,346</b>
<b>Direct Costs</b>		
Actual spend to 31/03/2023	392	392
Forecast remaining Direct Costs	430	430
<b>Total Direct Costs</b>	<b>822</b>	<b>822</b>
<b>Contract Costs</b>		
RIBA Stage 4 Cost plan	3,884	3,550
Risk Allowance	30	30
Internal PM Costs	see above	see above
Client Risk Allowance	210	210
<b>Total Contract Costs (Excl. VAT)</b>	<b>4,124</b>	<b>3,790</b>
<b>Total Project Forecast (Excl. VAT)</b>	<b>4,946</b>	<b>4,612</b>
<b>Delta</b>	<b>1,600</b>	<b>1,266</b>
<b>Additional funding request</b>	<b>1,600</b>	

### 3. **DECANT STRATEGY**

- 3.1 A Task and Finish Group was established in July to ascertain the most viable way to achieve a full station decant. To date the group has agreed that this is possible with 2 options looking most favourable; a split crewing model with Papa 1 remaining based at a new city centre location and other appliances relocated to Hove; and a full crewing model with all appliances being relocated to a new city centre site.
- 3.2 To date the Quebec Barracks site on Dyke Road would allow us to continue to meet response times and we await formal approval from their landlords to allow us to sub-let.
- 3.3 We will continue to conclude this T&F Group with a view to presenting the recommended Decant Strategy to November SLT.

### 4. **DELIVERY PROGRAMME**

- 4.1 In order to maintain momentum and achieve the summary programme below this paper and the formal request for additional funds has been brought to this Panel meeting.

This would allow the construction contracts to be signed in December and works to commence in January 2024, and assuming a worst-case programme duration, conclude in December 2024.

If the full decant can be achieved the duration of works will reduce to 26 weeks.

<b>▲ Preston Circus Fire Station</b>	<b>1137 days</b>	<b>06/07/20</b>	<b>03/01/25</b>
<b>▲ Design Guide</b>	<b>1137 days</b>	<b>06/07/20</b>	<b>03/01/25</b>
Stage 2+ kick off meeting	0 days	31/01/22	31/01/22
Stage 2 concept design	9 wks	31/01/22	01/04/22
Stage 3 detailed design	15 wks	04/04/22	15/07/22
Planning application	15 wks	08/08/22	18/11/22
Procurement of main contractor through Scape	11 wks	04/04/22	17/06/22
Feasibility review of current design	15 wks	20/06/22	30/09/22
Stage 3 Review and Approval to Proceed through Scape	63 days	03/10/22	11/01/23
Stage 4 Design (inc surveys)	13 wks	12/01/23	12/04/23
Contractor packages of work to be tendered	8 wks	13/04/23	07/06/23
Stage 4 Costings Review and further VE	9 wks	08/06/23	09/08/23
Confirm additional funding request	7 wks	10/08/23	27/09/23
Decant Options Review	9 wks	24/07/23	22/09/23
Confirm additional funding request	4 wks	06/07/20	31/07/20
Prep SLT Papers	2 wks	28/09/23	11/10/23
Oct SLT 18/10	1 wk	12/10/23	18/10/23
Nov P&R 9/11	3 wks	19/10/23	08/11/23
Approval to proceed	1 wk	09/11/23	15/11/23
Stage 5 Contract Award	4 wks	16/11/23	13/12/23
Enact Decant	4 wks	08/01/24	02/02/24
Stage 5 Mobilisation	4 wks	08/01/24	02/02/24
Stage 5 Construction	44 wks	05/02/24	06/12/24
RIBA Stage 6 Handover and Reoccupy	4 wks	09/12/24	03/01/25

## 5. RISK

- 5.1 The risk of further inflation to the contractor costs has been mitigated through confirmation with the supply chain through Morgan Sindall that prices are now fixed, assuming a January 2024 start date. A small allowance has been included to cover any further delay, assumed worst case to be 3 months. The contract is Design and Build and is fixed price.

All consultant fees and client direct costs have been updated to October 2023 prices and reflect the stated contract value.

A Client held risk allowance has been included to cover any unknowns and will be held until project completion.

We await costings from Quebec Barracks in order to finalise the decant costs. These costs need to be less than £0.3m to make the decant viable.

## 6. FINANCIAL APPRAISAL

### 6.1 Capital and Revenue 5 Year Model

	Actual Spend	Forecast	Forecast	Forecast	Forecast	5 Year Total
	2022/23	2023/24	2024/25	2025/26	2026/27	
	£'000	£'000	£'000	£'000	£'000	£'000
Current Project Budget	392	245	2,709			3,346
Additional Funding Request			441	1,159		1,600
<b>Total Project Forecast</b>	<b>392</b>	<b>245</b>	<b>3,150</b>	<b>1,159</b>	<b>-</b>	<b>4,946</b>
Minimum Revenue Provision				18	64	148
Interest Charge			11	47	73	176
<b>Total Revenue Forecast</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>65</b>	<b>137</b>	<b>324</b>

### 6.2 Financial Assumptions

The above table presents the capital and revenue implications of the additional request for funding.

The request for an additional £1.6m to complete the project will require additional borrowing in both 2024/25 and 2025/26.

Interest charges are based on current Link Group Ltd projected rates at September 2023 for the dates 01/10/2024 (4.9%) and 01/04/2025 (4.4%). A minimum revenue provision will be made based on the 25-year term (4% annually) of the total capital value.

The on-going revenue costs associated with the additional budget requirement are £11,000 in 2024/25, increasing to £137,000 by 2026/27. All other things being equal this will result in an additional pressure on the revenue budget on an ongoing basis, at least for the period for which additional borrowing is taken out.

### 6.3 Future Financial Implications

A review of the Estates capital programme will be concluded in 2024/25 which will determine what total pressure exists, including the above additional funding for Preston Circus, and how this might be mitigated during the remaining term of the programme.

6.4 The capital programme will be reviewed as part of the 2024/25 budget setting process to understand the cost of MRP and interest over the 5 year programme.

## 7. **NEXT STEPS**

7.1 Upon approval of this paper to endorse the contracts in December 2023 and commence works in January 2024.