

Jeremy Hunt - Cabinet Member for Finance and Resources	Ref No: FR22 18.19
March 2019	Key Decision: Yes
Capital funding: Horsham Blue Light Centre	Part I
Report by Executive Director Economy, Infrastructure and Environment and Programme Manager, One Public Estate	Electoral Divisions: Horsham Hurst, Horsham Riverside, Horsham East

Summary

This report concerns a project included within the One Public Estate West Sussex Programme. The Programme is managed by a public sector partnership of 23 members and aims to support collaborative working to maximise the use and value of County Council assets to achieve the core objectives as set out at paragraph 1.2.

It has been an ambition of West Sussex County Council (as the West Sussex Fire Authority) to relocate and modernise Fire & Rescue Service facilities in Horsham for over 10 years. The development of the OPE Programme, with its associated revenue funding support, alongside the negotiation and agreement of the Horsham Growth Deal has enabled WSCC to bring this project forward at this time, working collaboratively with partners from across the public sector, both locally and nationally, to ensure better use of our assets and realise significant financial, economic and operational value from them.

The scheme aims to:

- Provide a new operational Fire Station, accommodating whole-time crews and fire appliances, the Technical Rescue Unit and other key teams such as Business Fire Safety and Training, Development & Assurance.
- Provide a new, centralised state of the art training centre for Fire & Rescue, replacing the temporary training facilities currently provided at the former Horley fire station and at Worthing. This will allow the provision of an upgraded and enhanced training offer at Horsham through the inclusion of additional specialist facilities
- Deliver significant service improvements and financial benefits
- Support partners in delivering economic growth.

This report seeks approval for £1.5m in capital funds to enable the project to be progressed through detailed design and the preparation and submission of a planning application.

West Sussex Plan: Policy Impact and Context

This proposal will support the delivery of four of the five priorities in the West Sussex Plan, in collaboration with public sector partners:

- ensuring West Sussex is a prosperous place (Horsham Growth Deal)
- our communities being strong, safe and sustainable (modern, fit-for-purpose facilities for and co-location of emergency services)
- being a council that works for our communities (Horsham Growth Deal/modern, fit-for-purpose facilities for and co-location of emergency services/ modernised facilities for adults with learning disabilities).

Financial Impact

The estimated cost of the scheme is £26.5m and is included in the capital programme agreed in February 2019. As the proposed scheme includes a training centre and an energy plant it is anticipated that the scheme will create a positive income source for the Council after borrowing costs.

Financial implications of the scheme will be reviewed throughout the detailed design process, so that the project can be adapted or stopped if necessary.

A Full Business Case will be presented at the conclusion of the detailed design phase and a further key decision will be sought at that time regarding progression of the scheme.

Recommendation

1. That the Cabinet Member for Finance and Resources approves funding as set out at paragraph 4.3, that £1.5m of capital funding be allocated from the OPE Programme to fund the detailed building and infrastructure design of the scheme in 2019/20; and
2. Delegates authority to the Executive Director Economy, Infrastructure and Environment for the appointment of technical advisers to progress this project through detailed design and the preparation and submission of a planning application.

PROPOSAL

1. Background and Context

- 1.1 One Public Estate (OPE) is a Government programme managed jointly by Cabinet Office and the Local Government Association (LGA). The Programme is aimed at supporting public sector partnerships to work together to maximise the use and value of their assets to achieve the following core objectives:
 - Improve service delivery through co-location and integration of services
 - Rationalise and reduce the public estate
 - Generate revenue savings and reductions in running costs across the public sector
 - Release land for new housing, jobs and economic growth
 - Generate capital receipts from release/disposal of surplus assets
 - Generate income from new facilities
- 1.2 The One Public Estate West Sussex Programme is a key mechanism county-wide for supporting delivery of all five priorities in the West Sussex Plan, in collaboration with public sector partners.

- 1.3 It has been an ambition of West Sussex County Council (as West Sussex Fire Authority) to relocate and modernise Fire & Rescue Service facilities in Horsham for over 10 years. The development of the OPE Programme, with its associated revenue funding support for feasibility work, alongside the negotiation and agreement of the Horsham Growth Deal, has enabled WSCC to bring this project forward at this time, working collaboratively with partners from across the public sector, both locally and nationally, to ensure better use of assets and to realise significant financial, economic and operational value from them.
- 1.4 WSCC is the lead partner for the delivery of this blue-light project. Horsham District Council is the lead partner for the redevelopment of Hurst Road. The Hurst Road redevelopment is included in the Horsham Growth Deal, and cannot progress unless the identified sites, including the current Fire Station and Police Station, are released.
- 1.5 A Strategic Outline Case for feasibility work on this project was approved through WSCC officer governance in December 2017. The feasibility investigations are now complete.

2. Proposal Details

- 2.1 A WSCC-owned site at **Highwood, Horsham** on the A24 has been identified as suitable for creating a new facility for West Sussex Fire & Rescue Service, with the potential to provide office accommodation for Sussex Police. The site was transferred to WSCC through a s106 agreement, which explicitly states that the site was intended for provision of a new fire station for Horsham. Planning consent was granted for a previous fire station scheme on this site in 2011. A further covenant governing use of the site stipulates fire and rescue use. Detailed feasibility has been completed for this site, which demonstrates both its suitability and viability. The project is now ready to progress to the detailed design phase towards the submission of a planning application.
- 2.2 In addition, the site and proposed uses for the site make it ideal to implement an integrated, innovative renewable energy infrastructure that can both power the facilities on site, delivering revenue savings through reduced energy costs, and also generate revenue income. It is thought likely that a capital grant could be secured to support the inclusion of this infrastructure.
- 2.3 Feasibility investigations have demonstrated that the site can accommodate a new operational fire station, new office and operational accommodation for WSFRS teams such as Business Fire Safety and the Technical Rescue Unit, and a state of the art training centre for WSFRS, which would have the capacity to be used on a commercial basis, offering training to other FRS, blue-light partners and other external customers. This would generate income from the new facilities.
- 2.4 The development of new facilities in a centralised location at this site will enable the release of capital receipts whilst also avoiding significant on-going and projected costs in maintaining and modernising the current buildings at Horsham, Horley and Worthing, all of which would need significant investment to remain operational, and to support changes in service delivery.

The proposed new development would enable the disposal of the current sites at Horley and Horsham, generating an estimated total capital receipt of £3.8m. It will also allow the release of 50% of the Worthing fire station site for disposal or other uses, when the training functions currently delivered there move to the new facilities. Worthing Fire Station is not affected and will remain an operational fire station at the current location.

- 2.5 Detailed risk modelling has been undertaken by WSFRS to assess the impact on emergency response of relocating the whole-time operational station. This has demonstrated that the impact is minimal; there will be a slight increase in average response times into central Horsham, which will be mitigated by the creation of a proposed on-call satellite post closer to the town centre. There is an improvement in response times and easier mobilisation to areas south and west of Horsham, due to the proximity of the proposed site to the arterial route of the A24, which will be particularly beneficial in responding to road traffic collisions. There is also an improvement in response times to areas beyond the immediate Horsham area, such as towards the north of Chichester district.

FACTORS TAKEN INTO ACCOUNT

3. Consultation

- 3.1 A range of stakeholder engagement and consultation activities have been undertaken so far, as follows:
- A series of staff engagement workshops has been held with WSFRS staff.
 - Jeremy Quin MP has been briefed by the Leader and Chief Fire Officer on the proposals.
 - Elected members of both WSCC and HDC have been briefed by the OPE Programme Manager, the Chief Fire Officer and Deputy Chief Fire Officer, alongside colleagues from Horsham DC.
 - An initial introductory meeting has been held by the Chief Fire Officer with the management team at Highwood Mill Extra-care home next door to the proposed site. A number of residents of Highwood Mill also attended the second drop-in session held as part of the public consultation. A residents' briefing was held at Highwood Mill on 23 October 2018, attended by the Chief Fire Officer and OPE Programme Manager.
 - The Chairman of the Horsham Denne Neighbourhood Council has been briefed on the initial proposals and has subsequently been provided with regular updates on project progress. A commitment has been made to present more detailed design proposals to the Neighbourhood Council in due course.
 - A formal (statutory) public consultation into the impact on FRS emergency response of relocating the fire station was held between 8 August and 19 September 2018. A significant majority of responses supported the proposals.

- The business planning group of the Performance and Finance Select Committee was briefed on the report on 27 February 2019.

4. Financial (revenue and capital) and Resource Implications

- 4.1 A core aim of the OPE Programme is to generate revenue savings and capital receipts through the reduction and rationalisation of the public estate across the county.
- 4.2 The current estimated cost of providing the total scheme is £26.5m including fees, contingency and an allowance for inflation. This figure includes an estimated £20m for the new Fire Station, and proposed energy infrastructure estimated at £4.8m. There will be a need for a small residual satellite post in the town centre. A business case is in preparation but current viability work on this proposal indicates a build cost of £1.7m for the satellite, which is included in the total cost of £26.5m. The satellite proposal frees up potential surplus land of about 5,000 sq m which is expected to generate a capital receipt.

Summary of costs and benefits

Total Cost	£26.500m
Funded by:	
Assumed Capital Grant	£2.400m
Assumed Capital Receipts	£6.800m
Corporate Borrowing (YES - Your Energy Sussex)	£2.400m
Corporate Borrowing	£14.900m
Total Funding	£26.500m

- 4.3 The net income from the proposal (including the energy infrastructure project) is anticipated to be between £0.60m and £1.40m after borrowing costs. These projections will be updated as the Full Business Case develops. The actual borrowing costs will be confirmed once anticipated capital receipts and grant income are confirmed. It is anticipated that the project will require borrowing of about £17.3m.

Estimated Capital Expenditure Profiles

	Current Year	Year 2	Year 3	Year 4	Year 5	Total
	2018/19	2019/20	2020/21	2021/22	2022/23	£m
Capital budget	0	1.5	8.3	14	2.7	26.5

- 4.3 £1.5m of capital funding is requested to fund the detailed building and infrastructure design and in order to progress to planning stage. This will be spent in 2019/20.
- 4.4 WSFRS has developed an indicative training offer that could be provided on a commercial basis from the new facilities. This offer takes account of the capacity needs for current and predicted training requirements for WSFRS, and is predicated on the full range of facilities being provided at the scale proposed, and that the facilities will be available for use for 48 weeks each year. Indicative rates are based on current market conditions and existing known contractual arrangements.
- 4.5 The project makes a contribution towards the County Council's running costs through sale of training places at the new Horsham facility. The courses to be provided are mandatory for firefighters' national accreditation, and appropriate training facilities are scarce nationally. Liaison with other Fire and Rescue authorities suggests considerable demand for a facility in the south-east. The proximity to Gatwick Airport also increases marketability.

5. Legal Implications

- 5.1 The preferred procurement approach will be identified as part of the detailed design process. A collaboration agreement will be developed if the new facilities are to be shared with partners. Terms of occupancy of any shared facilities will be covered by appropriate, binding lease/license agreements.

6. Risk Assessment Implications and Mitigations

- 6.1 Risks have been considered in the feasibility phase of the project. The key risks (and identified mitigation proposals) are identified as:
 - Delay in approving funding impacts on programme: project delays would result in increased costs and impact on linked projects. Risk mitigated by development of detailed business cases and timely progress through governance.
 - Not progressing this proposal would mean continued use and operation of 50 year old facilities, which will increasingly become unfit for purpose without significant investment. Risk mitigated by progressing new build option.
 - Project costs come in over projected budget, making the project unaffordable. Risk mitigated by close management of project scope, use of value engineering where possible, and adherence to programme to reduce costs.
 - Inflation: costs will increase due to inflation over time. Risk mitigated by timely progress through governance to delivery to minimise impact of inflation.
 - The projected income generated does not meet expectations and the new facility increases running costs. Risk mitigated through detailed market testing, a clear commercial strategy for the facilities, and ongoing market appraisal to maximise opportunities.

- Borrowing costs increase resulting in increased revenue costs. Risk mitigated through options to reprioritise within FRS revenue budget or capital programme to balance additional costs.

7. Other Options Considered

- 7.1 As a comparator for the costs and benefits of progressing the proposed new build project, the projected costs/impact of remaining in the current buildings for a further 25 years has been considered. The table below shows a range of capital estimates for refurbishment, remodelling, modernising and upgrading the current facilities to make and keep them fit for purpose for longer term use. These figures are based on industry-standard square metre rates for projects of this nature, at today's prices.

Site	£ per sq m		
	£1600 (light touch)	£2000 (moderate, no abnormals)	£2500 (moderate, with abnormals)
	£m	£m	£m
Horsham (4,500 sq m)	7.2	9.0	11.3
Horley (4,200 sq m)	6.7	8.4	10.5
Worthing 50% (2,400 sq m)	3.8	4.8	6.0
Totals	17.8	22.2	27.8

- 7.2 The impact on projected financial benefits of not progressing the planned new build scheme has been investigated.
- 7.3 None of the current sites would be capable of offering the external, income generating training provision proposed for the new site. This income stream would therefore not be able to be realised.
- 7.4 In addition, the specialist training, such as the joint Incident Command training and the live fire training, could not be accommodated, and would therefore continue to need to be sourced at commercial rates from external providers.
- 7.5 None of the sites has the capacity to accommodate the proposed innovative renewable energy infrastructure. Therefore the energy income stream forecast for the new site would not be realised.
- 7.6 Options have also been considered to use the identified site at Highwood, Horsham for an alternative purpose or disposal. The site was transferred to WSCC under a s.106 agreement, and is covenanted for Fire & Rescue use. If it is not required for this purpose, it would need to be returned to the

housing developer. It cannot therefore be used for an alternative purpose by WSCC, nor can WSCC dispose of it for a capital receipt.

- 7.7 The proposed new build scheme is therefore the preferred option. The preferred option was chosen because it best met key objectives and delivered the most comprehensive and best value outcomes from the proposed investment, and supports partners in delivering existing political commitments.

8. Equality and Human Rights Assessment

The Fire and Rescue Service provides services to communities without favour or discrimination. No restrictions are placed upon the delivery of service based upon the protected characteristics of those receiving the service. The Service's planning and strategies are based upon providing levels of service that are as equitable as possible.

9. Social Value and Sustainability Assessment

A sustainability appraisal for the project has been undertaken, which identified significant opportunities. A stand out opportunity was in regard to carbon and energy. More work has been done to explore this potential, which has enabled a significant energy element to be incorporated into the project. Further design is required but the intention is to deliver renewable energy generation, alternative fuel vehicles and energy management systems. Combined these will greatly contribute to the sustainability of the site.

Other sustainability elements will be explore and incorporated where possible as the design process develops.

The consultants supporting the project have already been through WSCC procurement processes, when social value was tested. Therefore Social Value is not relevant at this stage of the project.

10. Crime and Disorder Reduction Assessment

None.

Lee Harris, Executive Director Economy, Infrastructure and Environment

Miranda Shawcross, OPE Programme Manager

Contact Officer:

Miranda Shawcross, OPE Programme Manager, EIE Tel: 033 022 25829

Background papers

None