

meeting **NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM
FIRE AND RESCUE AUTHORITY**

FINANCE AND RESOURCES COMMITTEE

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REPORT OF CHIEF FIRE OFFICER

NEW FIRE STATION HASSOCKS LANE – LATEST COST ESTIMATES

1. PURPOSE OF REPORT

To report to the Finance and Resources Committee on the latest cost and design position in relation to the proposed new Fire Station at Hassocks Lane in Beeston and to seek approval to progress this project.

2. BACKGROUND

Members will be aware of the proposal to build a new Fire Station on the site at Hassocks Lane in Beeston to allow the closure and sale of both Dunkirk and Beeston Fire Stations as well as provide improved facilities on the new site. Conceptually the design of the proposed station has changed significantly since inception and indeed its whole purpose has been modified. This report brings together all the implications of those modifications, the overall expected costs and the financing options for the new project.

3. REPORT

3.1 The original proposal for the development of the Hassocks Lane site envisaged a simple replacement for the existing Beeston and Dunkirk Fire Stations in keeping with what was then referred to as the “Garage and Shop” concept. This was further reinforced by the visit that was made by Members and Senior Officers to Handsworth in the West Midlands to look at the Community Fire Station concept which was not regarded as a suitable way forward.

3.2 Consequently it was considered that it might be possible for the new station to be built within the overall envelope provided by the capital receipts and therefore have little financial impact on the Authority.

3.3 The original headline estimate for the project was:

	£
Cost of Land	300,000
Development of new site	<u>2,500,000</u>
	2,800,000
Financed by:-	
Sale of Beeston	1,200,000
Sale of Dunkirk	<u>1,600,000</u>
	2,800,000

3.4 It quickly became clear however that the land at Hassocks Lane which had originally been regarded as industrial land in the structure plan was now being treated as land for residential development and therefore the price rose from the anticipated £300,000 to £2m which added £1.7m to the overall cost. However, at

this time it was anticipated that the capital receipt from the sale of Dunkirk Fire Station might be increased to approximately £2m. This left a shortfall of £900,000 on the project and it was also clear that some estimate needed to be made for furniture, fittings, IT costs and contingencies. It was considered at this time that a new station could be built to the original basic specification for about £2.5m (Mansfield had cost this some years earlier but was built to a much higher specification). The Authority included £1.3m in the Capital Budget to take account of this and the cost model as follows:

	£
Cost of Land	2,000,000
Development of Site	2,500,000
Other Costs	<u>400,000</u>
	4,900,000
Financed By:-	
Sale of Beeston	1,600,000
Sale of Dunkirk	2,000,000
Capital Budget Allocation	<u>1,300,000</u>
	4,900,000

- 3.5 This position had been reported previously to the Authority as part of the budgeting process for both 2006/7 and 2007/8.
- 3.6 It became clear as the design project advanced that the original concept of a “garage” was not going to meet the needs of the service and the construction of a new station provided the service with an opportunity to accommodate the new dimensions vehicles, that would otherwise have required accommodation to be built elsewhere, as well as a location for the specialist rescue unit and extensive meeting space and community facilities. These changes have been discussed with Members informally although it has not been possible until now to give any reasonable cost estimates.
- 3.7 This is clearly a completely different concept to that originally envisaged and this combined with various issues around planning and the access road have served to change the cost profile from that planned.
- 3.8 It had become clear however that even the revised value placed on Dunkirk Fire Station was likely to be exceeded significantly due to two factors. Firstly, a joint marketing process with the City Council and the Fire and Rescue Authority had created a much more attractive land package and secondly the level of interest in the site had far exceeded expectations. It still seemed likely therefore that the new project could be contained within the overall envelope created by both the capital budget and the Capital Receipt.
- 3.9 It is now becoming clear however that this will not be the case. Tenders have been submitted for the build costs and whilst these were fairly close (which indicates a reasonably competitive process) the basic cost of the shell alone is likely to be of the order of £4.5m taking the costs including the land to £6.5m before any furniture, fixtures, fittings, or IT equipment and wiring.
- 3.10 There are also additional costs associated with raising the profile of the whole site to comply with planning requirements, drainage works (attenuation tanks £75,000), the sprinkler system (£100,000) as well as numerous works associated with the roadways which have caused both land and building costs to accelerate towards £7m.

- 3.11 Early estimates of furniture and fittings costs begin to drive overall costs towards £7.4m although even this cost is not complete as some IT costs have yet to be included. However it is clear at this stage given the levels of contingency built in to the contract that the total overall cost is unlikely to exceed £7.8m overall.
- 3.12 The capital receipt expected in respect of the sale of the Beeston site remains as negotiated with Broxtowe Borough Council at £1.2m however the Dunkirk site is expected to release £4.2m giving an overall capital receipt of £5.4m.
- 3.13 When added to the existing budget of £1.3m the total available finance is therefore £6.7m. This leaves a budget shortfall of £1.1m.
- 3.14 A summary of the costs of the final specification is therefore as follows:

	£
Cost of Land	2,000,000
Building Works	4,462,000
Other (building groundworks)	253,000
Internal Fittings	71,000
IT/Comms	29,000
Professional Fees	446,000
Project Management	8,000
Other Contingency	<u>531,000*</u>
	7,800,000
Financed By:-	
Sale of Beeston	1,200,000
Sale of Dunkirk	4,200,000
Capital Budget	<u>1,300,000</u>
	6,700,000
Budget Shortfall	<u>1,100,000</u>

* Some areas yet to be estimated fully include operational equipment, catering equipment, training equipment and fittings in support of Community Safety activities.

- 3.15 If all of this additional budget is required then the shortfall would need to be met by reductions in future years' capital programmes which can be achieved by moving projects into future years. In this way there would be no impact on the borrowing limit or prudential code indicators.

4. FINANCIAL IMPLICATIONS

The financial implications are set out within the body of the report.

5. PERSONNEL IMPLICATIONS

There are no personnel implications arising from this report.

6. EQUALITY IMPACT ASSESSMENT

Equalities are always considered in the design of new buildings such issues as a diverse workforce, public access requirements, and the impact on the environment and the community at large have all been taken into account within this project.

7. RISK MANAGEMENT IMPLICATIONS

7.1 The primary risk in this project is financial in that there could be budget over runs on the project once construction begins. This risk is managed by a combination of measures:

- i) A dedicated project manager has been appointed to manage the project and is aware of the financial position.
- ii) Contingency has been built in to the project costs in order to ensure that contractual extras or unknown events can be covered.
- iii) Some contingency has been held external to the contract
- iv) A detailed analysis of the plans and specifications has been undertaken in order to identify those elements which, whilst considered desirable, are not essential and could therefore be permanently withdrawn from the project. Such items include the wash down bay which whilst this would reduce noise and the requirement for cleaning could be removed if required.

7.2 There is a risk to service delivery if this project is not approved in its proposed form. The location of new dimensions assets would have to be revised and may require the construction or purchase of alternative accommodation. Similarly the Service's proposal to locate a specialist rescue unit at the new Beeston site would need to be revisited if this development was to be scaled down.

7.3 There is some risk to the capital programme in future years however it is anticipated at this time that this will only require rescheduling rather than the specific deletion of any projects.

8. RECOMMENDATIONS

That Members approve the continuation of the Hassocks Lane project noting the increase in costs and the proposals for financing.

9. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

Plans for the Hassocks Lane project.

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