



From: Merseyside Fire & Rescue Authority

To: Fire Transformation Home Office

Date: 11.09.2017

Ref: Transformation Funding (2015/16) Update Report

Bid History

Introduction & Background

Project Narrative Summary (initial bid application form):

Merseyside Fire and Rescue Authority (MFRA) will improve efficiency, transform its service and ensure stations are in the right location by closing six whole time fire stations and building three new community fire stations.

- Closing Upton & West Kirby stations with better located station at Greasby
- Closing St Helens & Eccleston stations with better located station in St Helens town centre
- Closing two Liverpool stations (probably Allerton and Speke/Garston) and building a better located station at a site to be determined.

The Authority will introduce on-call crewing for three appliances at the new stations – the first time Merseyside has used retained crewing on this scale. This will transform the way we work.

The reduction in stations will be from 25 to 22 and deliver a reduction of 66 wholetime equivalent (WTE) posts saving of at least £2.6m per annum as well as delivering additional savings from a reduction in premises overheads.

The new stations will provide purpose-built modern facilities and will be shared with Merseyside Police and North West Ambulance Service (NWAS), facilitating greater co-operation and collaboration between the three Services as well as sharing costs. The new stations will also provide excellent community facilities which will encourage interaction with local community groups and assist in prevention and protection activities, particularly in harder-to-reach groups.

The programme will:

- Significantly reduce running costs
- Deliver cash savings
- Improve community facilities
- Ensure DDA compliance
- Provide a minimum of BREEAM Very High standard
- Improve operational effectiveness
- Provide better staff facilities acknowledging the right to privacy & dignity for all staff
- Improve accommodation for both police & ambulance replacing dilapidated existing building stock

- Improve joint-Service operational training and therefore response, particularly at larger more complex incidents.
- Facilitate interoperability by designing the building layout to provide optimum adjacencies between key staff across the services

Project Financial Summary (initial bid application form):

Capital

The project to close six old fire stations and build three new community fire stations shared with partners has a capital investment cost estimated to be £11.660m.

This figure is based upon latest build costs from recently completed Merseyside fire stations and other facilities and confirmed by quantity surveyors working for the Authority. Project management costs are built in as well. It also includes recent estimates received for land purchase.

This build cost is partially offset by sales of land and property freed up by the project expected to be in the region of £2.450m. This figure is based upon the latest figures produced by land agents employed by the Authority.

The net capital cost is therefore £9.210m. The Authority is seeking funding of £4.500m towards the programme. The remaining £4.710m will be met from the Authority's own resources (reserves or prudential borrowing)

The position is summarised in the table below:-

		Greasby £'m		St Helens £'m		Liverpool S £'m		All 3 Mergers £'m
Community Fire Station Build Cost		3.700		2.670		2.440		8.810
Project Management		0.100		0.100		0.100		0.300
Purchase of Land		0.750		0.800		1.000		2.550
Build Cost		4.550		3.570		3.540		11.660
Land sale								
	W Kirby	- 0.200	St Helens	- 0.450	Speke	- 0.500		- 1.150
	Upton	- 0.350	Eccleston	- 0.450	Allerton	- 0.500		- 1.300
Grant		- 1.500		- 1.500		- 1.500		- 4.500
Net Cost to be funded by Merseyside		- 2.500		- 1.170		- 1.040		- 4.710
Total Funding		- 4.550		- 3.570		- 3.540		- 11.660

Revenue

This programme will produce revenue savings of some £2.677m per annum in the longer term. This is due to a net reduction in staffing of 66 full time equivalent firefighter posts (22 per station).

Other on-going savings include some £100,000 per annum in the premises related costs of running three new, rather than six old, fire stations. To this can be added an estimated annual saving of some £50,000 due to reduced energy consumption in the (fewer) new stations compared to the old. Other savings from running less fire appliances, employing less cleaners etc. will produce a further £75,000 saving per annum.

There will be further efficiency gains, both financial and non-financial, from working with partners in these new stations. Although not yet included in the savings above, as they have yet to be agreed with partners, there will be an income stream from Merseyside Police and North West Ambulance Service which reflects their share of overall running costs of these new buildings. Non-financial efficiencies are quantified elsewhere in this document.

As shown on the accompanying Bid Calculator, the Net Present Value of the savings highlighted amounts to £18.246m in the period up to 2024/25.

High Level Project Details (initial bid application form):

Merseyside's Station Mergers programme will provide new state-of-the-art facilities for firefighters and other staff whilst producing long-term efficiencies, introducing on-call staffing and encouraging greater collaboration with emergency services colleagues and improved interaction with local people

Following the comprehensive engagement process, it was clear that, in light of the funding problem faced by the Merseyside Fire & Rescue Authority, the station mergers option was the preferred choice of the public and local politicians that were consulted.

The programme of station mergers, which formed the bid for Transformation Funding, was the cornerstone of efforts to facilitate the Authority moving forward, making it more efficient and effective.

This proposal has the support of elected members and the public of Merseyside.

Transformation Funding

Position Statement 2017

Research identifies a link between response times and level of damage, severity of injury and likelihood of death. The quicker the response, the less likely that damage will be or that injuries and/or fatalities will occur.

The key elements of the bid therefore were to improve efficiency; transform the service whilst ensuring the new stations were in the right location.

Merger of Upton & West Kirby Fire Stations

The initial proposal to close Upton and West Kirby and build a new fire station on council owned land in Greasby, Wirral has changed, as following extensive public consultation, Wirral Borough Council withdrew the offer of land at Greasby.

An alternative site was found in Saughall Massie Wirral (on Green Belt land) but the original planning application was refused by Wirral Council in December 2016 on the basis of amenity.

A revised application addressing amenity concerns was approved in July 2017.

The Secretary of State has chosen not to call the scheme in neither has it been subjected to judicial review. As such work is scheduled to start early in 2018. This will result in the savings and transformational change as per the original bid being met. It will also allow MFRA to release the Upton Fire Station site to enable NWAS to utilise it as a response/standby location.

NWAS are keen to utilise the site due to its close proximity to Arrowe Park Hospital.

Once the fire station at Saughall Massie is built, it will be utilised as a stand-off point for West Wirral for both the Police and Ambulance service.

The current estimated capital cost is approx. £5m subject to no material contractual variations.

Merger of St Helens & Eccleston Fire Stations

It has proved difficult to find a new site in St. Helens but a suitable location has now been identified and negotiations are underway to secure the land for a joint Fire and Ambulance 'make ready' station.

Merseyside Police are also interested in the site but are unable to commit at this moment whilst they review their custody suite requirements.

The key objective of the 'make ready' concept is achieved through supporting the readiness of the ambulance fleet, in relation to the systems and processes in operation to ensure the cleanliness of vehicles to the Trust's policy on infection control. In basic terms; to enable ambulance personnel the ability to receive a structured handover of a prepared vehicle so that their focus is on clinical goals of operational response.

Current estimates for the new facility (with make ready) are in the region of £9.4m. This cost is high due to size requirements of the site and the levels of remediation works anticipated (the site is in the ownership of a Pilkington's Glass). Subject to planning it is hoped that building work can start here in late 2018.

It is proposed that MFRA meet the capital costs whilst NWAS contribute to the annual revenue costs. NWAS are not in a position to meet the full capital costs required to make such a transformational change but the introduction of 'make ready' stations is a fundamental part of their future delivery model.

As witnessed already at 6 locations across Merseyside the benefits go way beyond financial ones with both services benefiting with regards to efficiency, effectiveness and improvements in public safety.

Merger of two Liverpool Fire Stations

The Authority chose to close Allerton fire station rather than build another community fire station in the Liverpool area, due to the close proximity of neighbouring stations and the limited improvements that would be secured with regards to response times, this is particularly pertinent when considered in relation to the escalating costs associated with the building of new stations.

The predicted revenue savings have been achieved by the closure as have the other bid requirements.

On call crewing for three appliances at the new stations

On-call (retained) crewing has been introduced as planned, in Merseyside stations.

The reduction in stations from 25 to 22 delivering a reduction of 66 wholetime equivalent (WTE) posts saving of at least £2.6m per annum as well as delivering additional savings from a reduction in premises overheads.

The reduction of 66 WTE posts has been achieved and the anticipated savings on staffing made. Some of the additional savings on premises costs have been made with others to follow.

The new stations will provide purpose-built modern facilities and will be shared with Merseyside Police and North West Ambulance Service, facilitating greater co-operation and collaboration between the three Services as well as sharing costs

In the last four years, prompted by the provision of transformational funding NWAS now share 6 community fire and rescue stations across Merseyside at Birkenhead; Bootle/Netherton; Formby; Newton le Willows, Croxteth & Southport (which also is share with HM Coastguard). In each case NWAS contributes to the annual revenue costs.

Equally a successful grant bid was made to DCLG in July 2012 for £1.770m. This scheme involved the closing of two existing stations (Huyton & Whiston) and building a new facility at Prescott with a total capital cost of £5.100m.

Merseyside Police will be sharing the new Prescott station (making a capital contribution and ongoing revenue contribution to the running costs).

NWAS are interested in sharing the new Prescott site (via an annual payment reflecting both capital and revenue contributions) but are yet to commit fully.

The capital cost of the Prescott scheme is now £7.4m, an increase of some £2.3m from the initial estimate. This was due to delays in acquiring the land and the extensive remediation costs necessary

Additional Transformational Activity

Further work is proposed at Formby Fire and Ambulance Station to accommodate Merseyside Police, the conversion work required will see NWAS relocate to the first floor with Merseyside Police taking up the space on the ground floor to allow public access.

The cost of the work has been costed at £40,000.

These changes will make Formby the first tri-Services site on Merseyside.

At all sites, overhead costs are shared between the parties – this approach also sees the Police make savings with regards to both revenue and capital.

Whilst the costs can be met from capital reserves it is hoped that the transformational funding can be utilised to make the change – thereby acknowledging the role that the Home Office has had on bringing the three emergency services together.

Project variations

MFRA are committed to the delivery of transformational change instigated through the merger of stations, reductions in staffing and the co-location of services - the basis of the successful grant funding bid. The majority of outcomes (staffing reductions/staffing changes) having already been achieved as planned. It is acknowledged that the building elements of this project have taken longer than envisaged given the reasons outlined above but plans are now progressing with a clearer timeline established.

The programme costs have also increased over the period with the estimated capital costs for two new stations now estimated to be £14.400m compared to the original estimated cost of £11.660m for three stations. This is based on the known cost of the Prescott project, (the subject of an earlier grant bid) increasing from £5.100m to £7.400m.

MFRA are to absorb these additional capital costs but would seek Home Office approval to vary the initial bid as detailed below due to changing circumstances - recognising that the original project key objectives will be delivered.

Project Variation

Merseyside Fire & Rescue Authority will improve efficiency, transform its service and ensure stations are in the right location by closing five whole time fire stations and building two new community fire stations (shared with blue light partners).

- *Closing Upton & West Kirby stations creating a new station at Saughall Massie*
- *Closing St Helens & Eccleston stations creating a new station at St Helens town centre*
- *Closing Allerton fire and rescue station*
- *Co locating Merseyside Police along with NWAS at Formby fire station*

The Authority will introduce retained crewing for three appliances at three stations (Inc. Saughall Massie and St Helens) – the first time Merseyside has used retained crewing on this scale. This will transform the way we work.

The reduction in stations will be from 25 to 22 and deliver a reduction of 66 wholetime equivalent (WTE) posts saving of at least £2.6m per annum as well as delivering additional savings from a reduction in premises overheads.

Collaboration with blue light partners will to be kept under review in order to maximise efficiency.

Experience has shown from shared facilities in Merseyside that staff working in the same buildings, using the same facilities build up good inter-personal relationships which are further strengthened when responding to operational incidents in Merseyside

MFRA are seeking Home Office approval to utilise the remainder of the 2015/16 funding to enable continuation with the key objectives from the original application, with H.O recognition that there have been variations to the original bid as detailed in the 2017 update above.

Financial Summary

Latest Estimated Costs: - The capital cost of the two new stations, £14.400m, has increased by £2.740m compared to the original estimate for the station merger initiative, £11.660m for the reasons stated previously.

Latest Estimated Funding: The anticipated value of the capital receipts has fallen by £0.800m to £1.650m, mainly due to the land at current St Helens Station being contaminated and as a result significantly impacts on its value. Originally the H.O. capital grant was anticipated at £4.500m, but the actual capital element was £4.172m, a £0.328m variance. Overall the impact of the expenditure and funding changes meant the Authority had to contribute an additional £3.868m towards the scheme (£2.740m + £0.800m + £0.328m).

The Authority has acted prudently to the changing financial position and has increased the level of funds within its capital investment reserves over the last three years to cover the changing financial position.

The tables below summarises the revised scheme expenditure and funding analysis to reflect these changes:

Table 1: Station Merger CAPITAL Scheme Changes					
			Original	Latest	Total
			£'m		
Expenditure:					
	Total Capital Cost		11.660	14.400	2.740
Funding					
	Capital Receipts		2.450	1.650	-0.800
	H.O. Transitional CAPITAL Grant		4.500	4.172	-0.328
	Merseyside Fire Authority				
	Capital Reserve		4.710	8.578	3.868
	TOTAL FUNDING		11.660	14.400	2.740

Table 2: Latest Expenditure / Funding

		Allerton FS	Saughall Massie FS	St Helens FS	Formby FS	Revenue	Total
		£'m	£'m	£'m	£'m	£'m	£'m
Expenditure:							
	Total Capital Cost	0.000	5.000	9.400	0.040		14.440
	Total Revenue Cost					0.298	0.298
TOTAL COST		0.000	5.000	9.400	0.040	0.298	14.738
Funding							
	Capital Receipts	0.400	0.550	0.700			1.650
	H.O. Transitional Grant		2.086	2.086		0.298	4.470
	Merseyside Fire Authority						
	Capital Reserve	-0.400	2.364	6.614			8.578
	Merseyside Police				0.040		0.040
TOTAL FUNDING		0.000	5.000	9.400	0.040	0.298	14.738

It is acknowledged that the proposed changes are subject to Home Office approval.

Delivery Partner Organisations:

Merseyside Fire & Rescue Authority, Bridle Road, Bootle, Liverpool L30 4YD

Merseyside Police, HQ, Canning Place, Liverpool L1 8JX

North West Ambulance Service, HQ, Ladybridge Hall, Chorley New Road, Bolton BL1 5DD