

PFCC Decision Report

Report reference number: PFCC/038/22

Classification: OFFICIAL

Title of report: Chelmsford Refurbishment Overspend

Area of county / stakeholders affected: District of Chelmsford and force wide

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Date of report: 28 March 2022

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1. Executive Summary

The Chelmsford Refurbishment Project has delivered a remodelled open plan building with modern infrastructure that supports the force's agile working strategy. Asbestos and backlog maintenance issues have been mitigated. During the station's closure operational policing was maintained from temporary accommodation at the headquarters complex.

The project was impacted by multiple complexities, not least the COVID 19 pandemic. This led to a number of delays in the overall project delivery which impacted upon the cost and budget requirements to complete the project. The cost impact is within the recommendation below with a further detailed breakdown within section 9 of the decision report (Financial Implications).

2. Recommendations

The recommendation to the Police, Fire and Crime Commissioner (PFCC) is to approve the increase in capital budget allocation for the Chelmsford Refurbishment Capital Programme from £5,481,000 to £6,986,464, an increase of £1,505,464.

3. Background to the Proposal

The Chelmsford Refurbishment Project currently has an approved budget of £5,481,000. Further additional costs of up to £1,505,464 are requested in order to meet the contractual obligations of the Police Fire and Crime Commissioner. The original funding for the refurbishment of Chelmsford Police Station and associated programme was approved via Decision Report PFCC/040/18, dated 26th March 2018. Following completion of the programme, the recommendation is to increase funding and allocated budget in order to make contractual payments to the supply chain.

The Chelmsford Police Station was closed and decommissioned throughout the summer 2019 and handed over to the main contractor in October 2019. It was envisaged that the planned schedule of works would take 12 months. However, progress was impacted by additional asbestos containing materials identified, the COVID 19 pandemic and the need to maintain a COVID secure environment for the contractors. Other issues such as client led specification changes, additional and abortive works, and delays in providing detailed technical information also contributed to a delay of seven months.

As a result of the above impact, five formal Extension of Time requests were received from the main contractor in accordance with the relevant clauses of the JCT contract with the Contract Administrator issuing revisions to the contract completion date.

The revisions in contract completion date contributed to the overall cost of delivering the project in addition to a claim by the main contractor for Loss and Expense.

The station was handed back to Essex Police on 1st June 2021 and reopened operationally on 5th July after Essex Police-led recommissioning activities were completed.

4. Proposal and Associated Benefits

The Chelmsford Refurbishment Project has delivered a remodelled open plan building with modern infrastructure that supports the force's agile working strategy. Asbestos and backlog maintenance issues have been mitigated. During the station's closure operational policing was maintained from temporary accommodation at the headquarters complex.

The Chelmsford Refurbishment Programme achieved its planned benefit realisation, with the exception of cost. The table below identifies the original benefits of the scheme and a post completion assessment of the benefit.

Original Benefit No.	Description	Assessment of Benefit
1.	Removal of asbestos from all areas of the station.	Benefits have been realised. All asbestos has been removed from the station
2.	The time spent in the management of risks and costs associated with asbestos will be minimised.	
3.	The costs associated with asbestos testing for future repairs will be reduced as testing will not be required.	
4.	Areas currently closed due asbestos contamination will be available for use.	
5.	Backlog maintenance issues will be reduced.	Benefit has been realised. All maintenance backlog issues have been addressed
6.	Ad-hoc facilities maintenance requests will be reduced.	Too early to assess this benefit This should be assessed using post occupancy analysis of our fault reporting system.
7.	Agile space planning will optimise the utilisation of the station.	Benefit has been realised. The desk capacity has increased from 140 to 250
8.	Implementation of the agile working policy will maximise the occupancy of the station	Benefit has been realised. The occupancy of the station has increased from 270 to 460
9.	The refurbishment presents an opportunity to reduce the headquarters contingent	Benefit has been realised. Six teams consisting of 203 people transferred from HQ to the station. Further options are being considered to relocate additional staff from HQ to Chelmsford PS.

In addition to the above the electricity consumption has reduced at the station by 75% on pre-closure levels despite the introduction of air conditioning to areas identified as overheating within the thermal modelling undertaken at the design stage. It is estimated that 25% of this reduction is associated with more staff working from home as a result of the COVID pandemic, with a 50% reduction being sustainable. The main contributing factors are the installation of smart LED lighting throughout the building, supported by a more open plan environment significantly improving natural light

throughout the building. A full detailed assessment of the contributing factors is planned for summer 2022.

5. Options Analysis

Agree to the recommendation within the Decision Report:

Approving the decision report will allow for the overall programme budget to be increased and enable payments to be made in accordance with the contract terms.

Do not agree to the recommendation within the Decision Report:

If the recommendation is not agreed, the overall programme budget will not be able to be increased. Payments to our suppliers in accordance with contractual terms will not be able to be fulfilled. This could lead to arbitration in accordance with the terms of the contract, and there is a high probability that we would have to make the payments which would attract interest in addition to the payments.

6. Consultation and Engagement

There has been no consultation specifically associated with the recommendations within this decision report outside of the existing governance arrangements which both Unison and the Police Federation have been a part of.

7. Strategic Links

The overall Chelmsford Refurbishment Programme was identified as a clear deliverable and objective within the Estate Strategy and was underpinned by the Police and Crime Plan commitment to maximising our existing estate. While the programme hasn't been delivered within budget, there were many complex factors that contributed to this. However, the project has produced the post occupancy efficiencies desired and has provided a modern police station fit for purpose.

8. Police operational implications

There are no operational policing implications arising from this decision report.

9. Financial implications

Original and Forecast Budget

The original Chelmsford Refurbishment Project approved via Decision Report PFCC/040/18 on 26th March 2018 approved capital funding of £5,481,000. The revised forecast budget required is £6,986,464 which is set out within the table below.

Element:	Approved Budget:	Final Budget:	Difference:
Construction Contract	£4,364,449	£5,980,000	+ £1,615,551
Professional Fees, Surveys & Consultancy	£382,326	£768,934	+ £386,608
Enabling Work	£303,000	£237,530	- £65,470
Contingency	£431,225	-	- £431,225
Total:	£5,481,000	£6,986,464	+ £1,505,464

The additional capital resources of £1,505,464 will be met immediately from existing capital funding within the wider force capital programme due to slippage within other projects.

An estimated programme forecast of £6,727,500 was reported to the Strategic Estate Board in February 2021. This had increased to £6,855,900 in February 2022. These are therefore included within our capital forecasting. The reported increase to £6,855,900 is £130,564 less than the increase recommended within this decision report.

Upon approval of the decision report, the forecast and medium-term financial strategy will be updated to incorporate the additional capital costs to the increased cost of £6,986,464.

The additional in-year costs will not impact on the cashflow due to other slippage and underspends in the 2021/22 Capital Programme. The capital resources are fully utilised, with no further funding available to finance these costs. Nevertheless, having consulted with Corporate Finance it has been determined the additional increase can be managed through both capital and revenue without impacting the overall underlying revenue position.

10. Legal implications

There are contractual obligations for the PFCC to pay sums certified by the named Quantity Surveyor within the contract.

The Police, Fire and Crime Commissioner entered into a formal JCT contract with the Main Contractor which was executed on 18th September 2019. The form of JCT contract used was the *Standard Building Contract, Without Quantities 2016* (SBC/XQ 2016).

11. Staffing implications

There are no specific staffing implications arising from this decision report.

12. Equality, Diversity and Inclusion implications

There are no specific equality, diversity or inclusion implications arising from this decision report. Separate equality impact assessments were undertaken as part of the overall project delivery and implementation.

13. Risks and Mitigations

If the PFCC does not approve the recommendation to increase the overall programme budget, the budget will not be able to be increased. Payments to our suppliers in accordance with contractual terms will not be able to be fulfilled. This could lead to arbitration in accordance with the terms of the contract, and there is a high probability that we would have to make the payments which would attract interest in addition to the payments.

There is a risk that other major schemes could go over budget. To mitigate this risk, extensive lessons learned workshops have taken place at each stage of the project including post completion with all stakeholders and end users. The recommendations from those workshops are already being put into practice on other live and future projects.

14. Governance Boards

The financial risk of an overspend on this specific capital project has been highlighted and managed on an ongoing base through the following governance boards.

Essex Police Estate Change Board – 6 weekly
PFCC Strategic Estate Board – Quarterly

The full financial impact of the project increasing from £5,481,00 to £6,986,464, an overall programme increase of £1,505,464, was presented at the Strategic Estate Board on 21st February 2022, with the additional in-year costs not impacting on cashflow due to other slippage and underspends in the 2021/22 Capital Programme. As the force is already fully utilising its capital resources there is no further funding available to finance these costs. Nevertheless, it has been determined that the additional increase can be managed through both capital and revenue without impacting the overall underlying revenue position.

15. Links to Future Plans

Although the project has been completed and the recommendation within the decision report relates to increasing the capital budget allocation, the project has been delivered and achieved the objectives contained within our Estate Strategy. Chelmsford Police Station has been turned into a modern working environment with effective agile working space to meet the needs of an adapting modern police service including the impact of additional officers and staff through the force growth and

national police officer uplift programme. It has also enabled a specialist team to re-locate to the station, enabling a further disposal through efficient estate use.

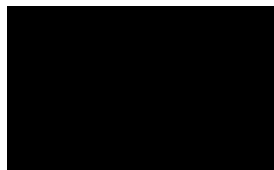
16. Background Papers and Appendices

Decision Report PFCC/040/18 (Already Published)



PFCC.040.18
Chelmsford SIGNED.

Project Closure Report – OFFICIAL SENSITIVE (Not for Publishing)



If 'YES', please provide details of required redaction:

The Project Closure Report contains detailed information of operational teams and should not be published.....

Date redaction carried out:

Chief Finance Officer / Chief Executive Sign Off – for Redactions only

If redaction is required, the Treasurer or Chief Executive is to sign off that redaction has been completed.

Sign:

Print:

Chief Executive / Chief Finance Officer

Decision and Final Sign Off

I agree the recommendations to this report:

Sign: 

Print: Jane Gardner

~~PFCC~~/Deputy PFCC

Date signed: 29 March 2022

I do not agree the recommendations to this report because:

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.....
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Sign:

Print:

PFCC/Deputy PFCC

Date signed: