

## **MEDIUM TERM CAPITAL STRATEGY 2022/23 - 2027/28**

### **Overview**

The Medium Term Capital Strategy has been developed in line with the Authority's purpose and commitments and its Integrated Risk Management Plan (IRMP). It aims to provide a sustainable and affordable level of investment to support our service provision to the communities of East Sussex and the City of Brighton & Hove.

The Fire Authority won't invest in capital projects where the primary purpose is for commercial return.

Individual capital projects will be subject to an EIA and will comply with the Authority's Responsible Procurement Policy.

Where decisions have already been taken to change the service (including IRMP), which have capital investment implications, these are reflected in this strategy.

The main areas covered within the strategy are summarised below.

### **Estates Strategy- Capital Programme**

Since the last report the Estates Strategy has been further impacted by the sharp rise in utility costs putting pressure on the revenue budget and impacting the market costs to deliver the Capital Programme.

The December 2022 Estates Strategy Delivery Board agreed to continue with Phase 1 of the Capital Programme, that is to refurbish the Whole Time Stations to meet the Design Guide, deliver similar projects at Barcombe and Seaford as they have been allocated CIL match funding, complete a significant investment in training facilities (live fire and multi-purpose training hubs) and make health and safety improvements at our engineering workshops.

It was further agreed that the scope and programme of subsequent phases, covering all day crewed and the remaining 10 on call stations, will be reviewed later in 2023/24.

We continue to pursue options for further grant funding and collaboration to reduce the capital cost burden of updating the estate.

### **Estates Strategy– General Schemes**

Design development for Seaford and Barcombe will commence during 2023/24 with delivery planned for 2024/25.

Some capital investment is being made at Rye to provide improved welfare facilities to support the gender diversity of the crew.

A review of subsequent Design Guide project phases will be undertaken later in 2023/24.

### **Estates Strategy – Strategic Schemes**

Four years on from the launch of our Estates Strategy in 2018 we shall shortly complete our first Design Guide Project at Hove. The new sleeping accommodation is already in use and feedback has been very positive.

These schemes reflect the improvements necessary to deliver the standards set out in the 2018 Design Guide across our estate. The scope includes necessary reordering of internal spaces to mitigate the risk of contaminants, asset improvements to reduce energy consumption and remedial works identified in the condition surveys.

The programme for delivery of the remaining Whole Time Stations has been re-sequenced to prioritise the needs of delivering the IRMP.

Building on lessons learned from the first project at Hove a revised procurement strategy is being developed to expedite the delivery of the remaining Whole Time Stations during 2023/24, with the delivery of the new Multi-purpose training hubs (MPTH) being undertaken in parallel to achieve cost savings.

The new Access Control installation project has taken longer than expected to get under contract with works expected to start at the end of 2022/23 and conclude in the first half of 2023/24. This will provide enhanced security controls across our estate and extends the provision currently in place at Saxon House.

Enabling works are being scoped up for the replacement of the Live Fire Training facility at STC, the timing of the start of the detail design is under review to ensure the team has sufficient resource to fully commit to the scheme. Delivery will begin once Whole Time station refurbishments and MPTH are complete.

Our Carbon Footprint was established in 2022/23 and works are now underway to establish our Sustainability Strategy with a programme of betterment works to reduce energy consumption and our carbon emissions. This is a service wide initiative with communications to promote behavioural change being led by Estates. Metrics will be published regularly to demonstrate the reductions being made.

### **Estates Strategy – Shared Investment Schemes**

The 2018 Estates Strategy had a programme of property schemes which involved shared investment with partners either through the One Public Estates Programme (East Sussex and Greater Brighton) and the Integrated Transport Function (ITF).

As reported last year, whilst dialogue and a search for opportunities remains ongoing, commitment from partners has not been forthcoming. There remains potential for SECamb to take space at Eastbourne and Roedean.

### **Integrated Transport Function (ITF) – South Eastern Hub Workshop**

As reported last year the ITF, part of the wider Emergency Services Collaboration Project (ESCP), identified the need for a new workshop site in the South East of the Surrey / Sussex area and a grant fund was ringfenced.

Since the withdrawal from the scheme by various partners ESFRS is now progressing a further alternative which will be reviewed in early 2023.

In order to ensure the existing ESFRS engineering facilities remain compliant and fit for purpose a small capital investment is being made with improvement works being delivered in Q4 of 2022/23.

### **Integrated Transport Function (ITF) – Replacement Fuel Tanks**

The physical works were completed in 2021/22 within the budget, including the grant funding, and the transition to the new software and administrative system is being rolled out across the service.

### **Preston Circus Fire Station**

A main contractor has been appointed through the SCAPE framework to design and build the refurbishment works. With contracts in place for the detailed design and costing stages works are anticipated to start in Q1 2023/24 and conclude in Q2 2024/25.

There has been a prolonged period of design development and refinement to ensure that the scope can still be met against the rising construction costs. The establishment of a project specific Steering Group has ensured that all stakeholders are fully engaged and updated on progress. A further review on sequencing the works means that all works will now take place whilst the station remains operational providing a significant saving on the need to provide an alternative temporary station.

The revised cost forecast is reflected in this budget.

### **Fleet and Equipment Strategy**

The Authority has a rolling programme of replacing its vehicle fleet in line with its agreed lifing policy. This encompasses fire appliances (approximately three each year), aerial appliances, ancillary vehicles and the light fleet (cars and vans). An interim review of the fleet replacement programme was carried out in 2018/19 and reduced the total number of appliances required by three. As a result of the IRMP it was agreed to remove the Water tenders from 5 day crewed stations including 3 water tenders from Rye, Battle and Lewes. Eastbourne has one additional appliance introduced called a P2, and there are plans to introduce a P2 at Hastings. The three Appliances from Day crewed stations Bexhill, Newhaven & Crowborough would become operational spares for use across the entire county to maintain resilience in ensuring the risk profile of having 18 ORP pumps is met. As a result of the IRMP it was agreed not to proceed with the flexible fleet review and it would remain with the fire appliance single type design.

Also as part of the IRMP it was also agreed to remove the ARP from Eastbourne and replace it in 2022/23 with a dedicated aerial appliance to mirror the same build as the new aerial appliance for Hastings.

The worldwide supply chain disruption and associated inflation continues to impact significantly on the delivery of the Fleet & Equipment Strategy. This is requiring different choices to be made to mitigate the impact of price increases where possible and increases in scheme budgets where it is not e.g. heavy appliance chassis have increased on average by c 9%. We are also experiencing significant increases in delivery times leading to further slippage on the Capital Programme (9-12 months for light fleet and up to 18 months for heavy fleet). To mitigate this we have employed a vehicle build officer to manage these processes ensuring there is adequate capacity to deliver the capital programme.

The Authority has taken on a number of national resilience assets and receives a New Burdens grant for their maintenance. Future requirements for these assets once they reach end of life in 2022/23 is being reviewed nationally by the NFCC and the Home Office. Once the outcome of the review is known and the Government confirms funding for new assets a review of local need for any assets where replacement is not funded by Government will be carried out.

Most equipment replacement is funded through our revenue budget, however, schemes can be considered for capital funding where they meet certain criteria. A business case to SLT will be prepared to detail the new policy for capitalising equipment, the pros and cons of adopting this policy and the net financial impact on both capital and revenue budgets (increase in the cost of borrowing, savings on the revenue budget etc.). A new scheme for replacement of our existing Breathing Apparatus and ancillary equipment is included to the value of £1m over 2026/27 and 2027/28. This is being managed as a joint project through the 4F group (East & West Sussex, Surrey and Kent FRS).

Detailed strategies for Estates, and Fleet and Equipment are available as separate documents.

## **Funding**

The Capital Strategy is funded from a number of sources which are described below. In order to ensure the Strategy is sustainable and affordable we aim to maximise external funding, where it is available, so as to reduce the pressure on our own resources. This is becoming increasingly important in the light both of pressures on our revenue budget and the ending of general capital grant from central government.

### **- Capital Grant**

General capital grant allocations from central government for fire authorities ended in 2014/15 and grant funding thereafter is on a wholly bid-for basis. The Authority has not submitted any bids for the duration of this Strategy. As noted above there is the potential for grant funding to be accessed through the ITF project. The Authority has been successful in a bid for CIL grant funding from Lewes District Council to cover 50% of the cost of Design Guide works at Barcombe and Seaford Fire Stations.

### **- Partner Contributions**

The Authority is increasingly engaged in collaborative working with other public sector partners, particularly other emergency services. This includes capital

projects, and where the Authority is lead body for a scheme this may lead to partners making contributions towards the capital costs.

#### **- Capital Receipts**

Receipts from the disposal of existing capital assets may only be used to fund expenditure on new capital assets.

Historic capital receipts from the sale of service houses and 20 Upperton Road along with the sale of the former Newhaven Fire Station in Fort Road will be used to fund the Capital Strategy. As at 31 March 2023 it is estimated that there will be unapplied capital receipts of £0.526m (Capital Receipts Reserve), this includes the balance on the sale of Fort Road (£0.397m). It is the Authority's current policy to use capital receipts to fund the capital programme before using the Capital Programme Reserve (which is a revenue reserve).

#### **- Revenue Contributions**

The Authority can make revenue contributions to the cost of its capital expenditure either direct from its revenue budget or from reserves earmarked for capital schemes. As at 31 March 2023 it is estimated that there will be a balance of £3.906m in the Capital Programme Reserve (CPR). The Authority takes the opportunity to set aside additional funding from its revenue budget to help fund the costs of the Capital Programme when it can, in the absence of Government grant. An additional contribution is planned of £1.0m 2023/24 onwards, increasing over the life of the MTFP to £3.0m.

#### **- Community Infrastructure Levy (CIL)**

The Service has been successful in its bid for Community Infrastructure Levy (CIL) funding from Lewes District Council. £289,000 has been awarded which will fund the planned enhancements at Barcombe and Seaford Fire Stations, reducing the need for future borrowing.

#### **- Prudential Borrowing**

The Authority can use prudential borrowing to fund capital expenditure spreading the cost over the life of the asset. Overall our total borrowing must be sustainable and affordable. Borrowing commits the Authority to a long term cost which has implications for our revenue budget. Broadly speaking, every £1m of additional borrowing would add £80,000,000 - £90,000 of financing costs to the Authority's revenue budget. As capital related reserves are spent down to fund the Capital Strategy, the Authority will need to recommence borrowing to fund capital investment. The borrowing needed to finance the Capital Asset Strategy over the next five years is £13.710m and this has been fed into the MTFP and our future borrowing costs.

## MEDIUM TERM CAPITAL STRATEGY 2022/23 to 2026/27 – SCHEMES

Capital Programme Expenditure 2022-23 to 2026-27	Total Budget	Total Previous Years	Estimated Spend 2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Property</b>									
<b>Shared Investment Schemes</b>									
Integrated Transport Project			35				800		800
Roedean Betterment			25						
Bohemia Road Betterment			95						
Fort Road - RIBA Stages 1-2			45						
Preston Circus	3,287	122	453	1,062	1,650				2,712
<b>Total Shared Investment Schemes</b>	<b>3,287</b>	<b>122</b>	<b>653</b>	<b>1,062</b>	<b>1,650</b>	<b>-</b>	<b>800</b>	<b>-</b>	<b>3,512</b>
<b>Strategic Schemes</b>									
- Replacement Fuel Tanks	492	450	7	35					35
- Partner contribution	(292)	(292)							-
- Replacement fuel tanks net cost	200	158	7	35	-	-	-	-	35
Design Guide	356	356							-
Hove	491	64	454						-
Roedean	493	45	22	415					415
Eastbourne	600	74	45	468					468
Bohemia Road	535	28	40	456					456
Security	386	67	98	221					221
Sustainability	171	21	40	80	30				110
Eastbourne MPTH	259	7	30	222					222
Training Centre MPTH	308	7	36	265					265
Hove MPTH	278	7	35	236					236
Bohemia Road MPTH	258	8	39	210					210
Live Fire Training	4,000	48	15	20	437	2,500	980		3,937
<b>Total Strategic Schemes</b>	<b>8,335</b>	<b>890</b>	<b>861</b>	<b>2,628</b>	<b>467</b>	<b>2,500</b>	<b>980</b>		<b>6,575</b>
<b>General Schemes</b>									
General Schemes	830	830							-
Phase 1 General Costs	-		36						
Seaford CIL	296	3	7	5	281				286
Seaford CIL partner Contribution	(133)				(133)				(133)
Barcombe CIL	392	4	9	5	374				379
Barcombe CIL Partner Contribution	(156)				(156)				(156)
The Ridge	408				20	388			408
Hailsham	184	19	8		10	147			157
Rye	532	3	45		17	467			484
Battle	163	1				56	106		162
Herstmonceux	279						50	229	279
Bexhill	460						200	260	460
Heathfield	280	9	9		19	243			262
Uckfield	494	7				100	387		487
Lewes	577	6	1			241	330		571
Pevensey	181						30	151	181
Forest Row	197						30	167	197
Mayfield	203						30	173	203
Broad Oak	30							30	30
Burwash	30							30	30
Wadhurst	50							50	50
Seaford HVP Alterations	85	7	87						-
<b>Total General Schemes</b>	<b>5,382</b>	<b>889</b>	<b>202</b>	<b>10</b>	<b>432</b>	<b>1,642</b>	<b>1,163</b>	<b>1,090</b>	<b>4,337</b>
Bay Doors, Floors, IT	1,535		110	712	300	205	208		1,425
Training Towers	279		133	146					146
Temperature Control in Sleeping Pods	201		79	122					122
<b>Total Property</b>	<b>19,019</b>	<b>1,901</b>	<b>2,038</b>	<b>4,680</b>	<b>2,849</b>	<b>4,347</b>	<b>3,151</b>	<b>1,090</b>	<b>16,117</b>
Vehicle Cameras	150		75	75					75
Grant Funds	(118)		(59)	(58)					(58)
Breathing Apparatus	1,000						500	500	1,000
Aerials	2,228	690	218	1,320					1,320
Aerial Rescue Pump	22	22							-
Fire Appliances	8,636	2,564	1,306	921	904	887	932	1,122	4,766
Ancillary Vehicles	2,832	473	110	982	1,037	153		77	2,249
Cars	2,262	501	360	108	286	531	261	215	1,401
Vans	2,358	920	98	323	302	170	235	310	1,340
Equipment	70			70					70
<b>Total Fleet and Equipment</b>	<b>16,228</b>	<b>5,170</b>	<b>2,108</b>	<b>3,741</b>	<b>2,529</b>	<b>1,741</b>	<b>1,928</b>	<b>2,224</b>	<b>12,163</b>
<b>Total Expenditure</b>	<b>35,247</b>	<b>7,071</b>	<b>4,146</b>	<b>8,421</b>	<b>5,378</b>	<b>6,088</b>	<b>5,079</b>	<b>3,314</b>	<b>28,280</b>

## MEDIUM TERM CAPITAL STRATEGY 2023/24 to 2027/28 – FUNDING

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fleet and Equipment	3,741	2,529	1,741	1,928	2,224	12,163
Estates	4,680	2,849	4,347	3,151	1,090	16,117
<b>Original Capital Programme</b>	<b>8,421</b>	<b>5,378</b>	<b>6,088</b>	<b>5,079</b>	<b>3,314</b>	<b>28,280</b>
Funded by:						
Capital Receipts Reserve	526	-	-	-		526
Capital Programme Reserve	4,906	1,500	2,000	2,500	3,000	13,906
New Borrowing / Need to Borrow	2,989	3,878	4,088	2,579	314	13,848
<b>Updated Capital Programme</b>	<b>8,421</b>	<b>5,378</b>	<b>6,088</b>	<b>5,079</b>	<b>3,314</b>	<b>28,280</b>

Funding – Use of Reserves						
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000	
<b>Capital Receipts Reserve</b>						
Opening Balance	4,255	526	0	0	0	0
Transfers In	417	0	0	0	0	0
Transfers Out	(4,146)	(526)	0	0	0	0
<b>Closing Balance</b>	<b>526</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Programme Reserve</b>						
Opening Balance	3,080	3,906	-	-	-	-
Transfers In	826	1,000	1,500	2,000	2,500	3,000
Transfers Out	-	(4,906)	(1,500)	(2,000)	(2,500)	(3,000)
<b>Closing Balance</b>	<b>3,906</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>