

MEDIUM TERM CAPITAL STRATEGY 2017/18 to 2021/22

Overview

The Medium Term Capital Strategy has been developed in line with the Authority's purpose and commitments and its Integrated Risk Management Plan. 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. Where decisions have already been taken to change the service, which have capital investment implications, these are reflected in this strategy. It is likely that further changes to this strategy will be needed as further Service reviews are carried out, particularly as a result of the development of new IMD and Estates Strategies and our IRMP priorities.

The strategy reflects re-profiling of projects planned for delivery in 2016/17 which have been delayed across property, fleet and IMD.

The main areas covered within the strategy are summarised below.

Property – Major Schemes

The Authority has had a programme of major property schemes identified through its Property Asset Management Plan which involve either major refurbishment of existing sites or schemes for new build. In the current Strategy these include:

- **Preston Circus** – this station is the Authority's main asset in the City and we have determined that redevelopment of a modern, fit-for-purpose facility on the existing site is our preferred option. An initial feasibility study has been carried out and further work will shortly commence under the aegis of the Greater Brighton One Public Estate (OPE) bid for which funding has been provided by central government. This will include further assessment of options which include redevelopment with public / commercial office accommodation or residential. We anticipate being able to take a final decision in 2017/18 with work commencing in 2018/19. Provision is made for £2.5m based on the initial feasibility study.
- **Service HQ Disposal** – the Authority has completed a marketing exercise to dispose of its current HQ in Eastbourne and expects to complete the sale to its preferred bidder by the end of 2016/17 with the site finally vacated during Q1 2017/18.
- **Service HQ Relocation** – this scheme covers the relocation of staff currently located at Upperton Road in Eastbourne to a new shared HQ with Sussex Police in Lewes, Service Training Centre and Bexhill and Eastbourne Fire Stations. The majority of this scheme is expected to be completed in 2016/17.

- **Integrated Transport Function (ITF) – South Eastern Hub Workshop** – the ITF (part of the wider Emergency Services Collaboration Project (ESCP)) has identified the need for a new workshop site in the Bexhill area. The primary users of the site are expected to be this Authority and Sussex Police. The project is at an early stage with initial feasibility studies expected to be complete in early 2017/18. Should the project progress, some capital funding would be available from the Fire Transformation Grant awarded in 2015/16 to the fire partners in the ESCP. At this stage, an indicative sum of £1m is included in this strategy.

Property – General Schemes

This Strategy seeks to achieve property maintenance and improvements as identified by the most recent property condition survey undertaken in 2013. This informs us of the overall cost prioritisation of work and ensures that the building stock can be sustained in effective working order on a long term basis. It also reflects the capacity of the Estates Team to deliver the required day-to-day services effectively. This Strategy has identified that significant progress has been achieved with the previously identified investment schemes. Consequently, there have been changes to the current Capital Programme and changes to schemes starting in 2017/18 and beyond.

A fundamental review of the Estates Strategy is planned for 2017/18 and will set out a longer term view of the investment required to ensure that our built environment supports the effective delivery of our services.

The fuel tanks and fuel management scheme, which was identified as a strategic requirement within previous strategies, has been placed on hold as a consequence of ITF. This project is expected to commence implementation in 2017/18 and funding has been agreed from the Fire Transformation Grant. At this stage, it is not clear whether partner authorities will be expected to contribute towards the capital costs of this project so the previously agreed funding remains in this strategy.

Complementary to the wider Property Condition surveys, there are regular evaluations to assess future operational requirements within the context of the Integrated Risk Management Planning process, the Carbon Trust survey of energy usage, the Local Development Frameworks and Core Strategies for each of the planning authority areas, as well as the legal responsibilities of the Equality Act and other legislation such as the Control of Asbestos Regulations.

Information Management

The completion of the SCC project is currently the only IT capital scheme within this strategy. It is anticipated to be completed during 2017/18. A new IT Strategy is being developed and will be presented to Members for approval early in 2017/18. Any implications for future capital investment will be identified and approval to amend this Strategy will be sought in due course.

Fleet and Equipment

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). The current IRMP Review of Prevention, Protection and Response is considering the volume and type of incidents across the Service area and maps the prominent life and property risks with the type of equipment needed on front line appliances. Any further outcomes from the IRMP Review will be reflected in future versions of this Strategy, or indeed may require agreement for variation to the Strategy.

Most equipment replacement is funded through our revenue budget, however, schemes can be considered for capital funding where they meet certain criteria.

Detailed strategies for Property, IMD and Fleet and Engineering 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.

- 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. The Government did offer flexibilities for capital receipts generated between 2016/19, to be used to fund the revenue costs of transformation projects, however, given the Authority's position in terms of both funding of the capital programme (primarily through capital receipts) and the availability of one off revenue finance through its Reserves, the offer was not pursued. The disposal of the former Newhaven Fire Station in Fort Road (estimated at £0.515m in 2017/18) and the existing Service Headquarters (estimated at £2.380m in 2017/18) will be used to fund the Capital Strategy. As at 31 March 2017 it is estimated that there will be unapplied capital receipts of £4.889m (Capital Receipts Reserve). 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 2017 it is estimated that there will be a balance of £5.381m in the Capital Programme Reserve (CPR) and £0.996m in the RPE and Communications Reserve of which £0.720m is to fund the capital spend element of the project. As part of the savings proposals agreed in February 2014 the revenue contribution to the CPR has fallen from £1.0m to £0.5m in 2017/18 and beyond. The Authority has also agreed to set aside additional funding from its revenue budget between 2017/18 and 2021/22 to help fund the costs of the Capital Programme in the absence of Government grant.

- 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 £85,000 of financing costs to the Authority's revenue budget. The Authority is not currently planning any new external borrowing during the life of this Strategy.

SCHEME SUMMARY

Capital Programme Expenditure									
	Total Budget	Total Previous Year's Spend	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property – Major Schemes									
Newhaven Fire Station	3,560	3,509	49	2					3,560
Service HQ Relocation	650		624	26					650
Preston Circus	2,550			200	2,350				2,550
ITF South East Workshop	1,000				1,000				1,000
Total Property major	7,760	3,509	673	228	3,350	0	0	0	7,760
Property – General Schemes									
General Schemes	3,432	76	461	937	526	568	384	357	3,309
BA Chambers	360		216	144					360
Replacement Fuel Tanks	220			190	30				220
Sustainability	420	14	55	200	165	0	0	0	434
Security	150			100	50				150
Total Property General	4,582	89	732	1,571	771	568	384	357	4,473
Information Management									
Sussex Control Centre	1,791	1,396	121	274	0	0	0	0	1,791
Fleet & Equipment									
Aerial Appliances	675					675			675
Fire Appliances	6,470	417	793	970	1,240	800	1,045	1,245	6,510
Ancillary Vehicles	1,397	2		703	300	282	110		1,397
Cars & Vans	1,576	206	296	210	276	228	192	238	1,646
BA & Ancillary Equipment	750		30	720					750
Sub Total	10,868	625	1,119	2,603	1,816	1,985	1,347	1,483	10,978
Total Expenditure	25,001	5,619	2,645	4,677	5,937	2,553	1,731	1,840	25,002

SAXON HOUSE MEMORANDUM

	2013/14	2014/15	2015/16	Total previous years	2016/17	2017/18	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget							
Spend		1,044	2,467	3,511	49	0	3,560
Income		(277)	(565)	(842)			(842)
Net cost	0	767	1,902	2,669	49	0	2,718
Actual							
Spend	98	946	2,465	3,509	49	2	3,560
Income		(277)	(565)	(842)	0	0	(842)
Net cost	98	669	1,900	2,667	49	2	2,718
Variance							
Spend	98	(98)	(2)	(2)	0	2	0
Income	0	0	0	0	0	0	0
Net cost	98	(98)	(2)	(2)	0	2	0

Saxon House, the new Community Fire Station in Newhaven is a collaboration with Lewes District Council and Sussex Police. The cost of the Scheme is shown gross in the Capital Asset Strategy however both collaborators contributed financially to the Scheme. This table shows the expected contributions and those actually made, which vary depending of the changes to the costs of the different elements of the Scheme.

CAPITAL ASSET STRATEGY FUNDING

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Funding Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Grants							
Sussex Control Grant	121	274					395
Other grants							
Sub Total	121	274	0	0	0	0	395
Partner Contributions							
Newhaven – Lewes DC	8						8
Newhaven – Sussex Police	3						3
Sussex Safer Roads Partnership							
Sub Total	11	0	0	0	0	0	11
Useable Reserves							
Capital Receipts Reserve	1,549	2,907	4,526	351			9,333
Capital Programme Reserve				1,189	951	1,411	3,550
Breathing Apparatus Reserve	30	720					750
Sub total	1,579	3,627	4,526	1,540	951	1,411	13,633
Revenue Contributions	495	537	980	582	424	402	3,420
Internal Borrowing	439	239	431	431	356	28	1,924
Total funding	2,645	4,677	5,937	2,553	1,731	1,840	19,383

USE OF RESERVES

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Receipts Reserve						
Opening Balance	6,438	4,889	4,877	351	0	0
Transfers In	0	2,895	0	0	0	0
Transfers Out	1,549	2,907	4,526	351	0	0
Closing Balance	4,889	4,877	351	0	0	0
Capital Grant and Contributions Unapplied						
Opening Balance	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
Closing Balance	0	0	0	0	0	0
Capital Programme Reserve						
Opening Balance	4,631	5,381	5,881	6,381	5,692	5,241
Transfers In	750	500	500	500	500	500
Transfers Out	0	0	0	1,189	951	1,411
Closing Balance	5,381	5,881	6,381	5,692	5,241	4,330
Breathing Apparatus Reserve						
Opening Balance	1,026	996	0	0	0	0
Transfers In	0	0	0	0	0	0
Transfers Out	30	996	0	0	0	0
Closing Balance	996	0	0	0	0	0