

Overview

The Medium Term Capital Strategy has been developed in line with the Authority's vision and aims 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. In the light of the need to deliver substantial revenue savings over the next five years, the Authority is reviewing all of its operational and support services through the Changing the Service, Shaping our Future programme. 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. 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:

- **Newhaven Fire Station** – whilst this scheme completes in the current year (2015/16) it is retained within the strategy as retention values will remain post occupation and be subject to snagging or other outstanding works. The disposal of the Fort Road site is subject to discussion with public and voluntary sector partners, however, the Authority has agreed that disposal is the preferred option and has previously been advised of the approximate market value.
- **Preston Circus** – Over many years officers have been working with Brighton & Hove City Council and other partners to maximise the practical use at the current site and discussions have been on-going, with a variety of options still to be considered and appraised. Consequently, there remains the need to budget approximately £420,000 over the next five years, within the General Property Strategy, to maintain existing facilities and services. However, other options may need to be explored, for example, increasing the current provision to undertake adaptations and more substantial refurbishment to ensure it remains fit for purpose, alternatively, the Authority may wish to explore partial disposal or rental to public or third sector entities. The Strategic Property Assets Collaboration in East Sussex Programme (SPACES) have identified a central Brighton location as being key to the future provision of collaborative workspace. There are a number of partners, who as a result of their own property rationalisation programmes, may require space in this location for shared workspace. This would support the approach being taken by SPACES to make best use of existing strategically located operational sites which, as a result of their operational needs, are in fixed locations and the national remit to deliver greater efficiencies in the public estate. As part of any future options appraisal, this opportunity should also be fully considered, prior to any major investment being made to the building.

- **Service HQ Disposal** – at its AGM the Authority agreed that the current HQ site would be disposed of, subject to the detail and validation of the draft disposal strategy as presented. Since that time the Authority has considered a further report with various options in regard to disposal. These options will be likely to result in differing disposal values.
- **Service HQ Relocation** – at its AGM the Authority agreed with the recommendations set out in the Service HQ – Stage 3 Report to relocate to the Sussex Police site in Lewes. As part of this programme, there are identified capital costs of £650,000 which include: remodelling and refurbishment of two dispersal sites; Programme Management support to deliver the project; and one-off costs associated to document management solutions. These costs have been included within this report and are off-set by the anticipated capital receipt from the disposal of the existing SHQ site. The Heads of Terms are yet to be finalised and there remains an option in regard to financing the rental charge of space by way of a capital contribution, however, advice is being sought in regard to using capital in this way.

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 2015/16 and beyond. One such scheme, which is added to this Strategy, is the Fire Training Units (FTU) at Service Training Centre. This facility remains a critical part of the Service and ensures that we maintain firefighter competency within the operational environment.

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 the sub-regional Integrated Transport Function (ITF) project led by the Emergency Services Collaborative Programme (ESCP), the Authority remains committed to this project. This will consider a collaborative means of purchasing, managing and storing fuel stock for emergency vehicles across the blue light partners.

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 Information Management Strategy is currently undergoing a major review as the Authority seeks to implement a new model for its service delivery through the IMD Transformation Programme. The procurement process is underway and, although this allows suppliers to present revenue and capital options, it is too early, at this stage, to include any firm investment plans in this Strategy. The position will be reviewed once the procurement is complete.

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 3 each year), aerial appliances, ancillary vehicles and the light fleet (cars and vans). The current IRMP Review of Prevention, Protection and Response will consider the volume and type of incidents across the Service area and map the prominent life and property risks with the type of equipment needed on front line appliances. This now includes the provision of two smaller appliances following the IRMP Phase 3 project. 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.

The Technical Rescue Unit review is being undertaken by the Service Transformation Team and has yet to conclude with any clear recommendation. The timing of any outcome which impacts on capital (purchase or disposal) will clearly impact on this programme and will need to be reported as a variation should this occur after the ratification of the programme by the Authority at its budget setting meeting in February 2016.

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

Emergency Services Collaborative Partnership (ESCP)

The Authority is working with Surrey and Sussex Police, West Sussex and Surrey Fire & Rescue Services and SECamb to develop a Strategy for an Integrated Transport Function (ITF). The Partnership has been successful in securing £6.0m in grant funding from central government but has not yet developed a final business case. At this stage no capital investment implications have been identified for inclusion in this Strategy. 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 submitted two bids for 2015/16, however these were unsuccessful. We were successful in gaining £6.0m grant as part of the ESCP. We do not expect there to be any capital or transformation grant funding from DCLG as part of the 2016/17 Settlement.

- 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. The Newhaven Fire Station Scheme (Saxon House) aims to deliver a community hub with office space with our partners, Lewes District Council and Sussex Police, contributing £0.977m to the cost of the scheme.

- Capital Receipts

Receipts from the disposal of existing capital assets may only be used to fund expenditure on new capital assets. The Government is consulting on new flexibilities for capital receipts generated between 2016/19, to be used to fund the revenue costs of transformation projects. Given the Authority's current 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, then the new arrangements are unlikely to offer any benefit to the Authority. The position will be kept under review. The disposal of a number of the Authority's assets including all remaining service housing (as a result of the Rural Review in 2010), the site of the current Newhaven Fire Station (estimated at £0.515m in 2016/17) and the existing Service Headquarters (SHQ) (estimated at £2.38m in 2017/18) will be used to fund the capital strategy. As at 31 March 2016 it is estimated that there will be unapplied capital receipts of £6.484m (Capital Receipts Reserve) with the two receipts mentioned above to be added to this sum during 2016/17 and 2017/18. 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 2016 it is estimated that there will be a balance of £4.631m in the Capital Programme Reserve (CPR) and £0.75m in the BA Reserve. For a number of years there has been provision in the revenue budget to pay £1.0m each year into the CPR. As part of the savings proposals agreed in February 2014 this will reduce to £0.75m in 2016/17 and £0.5m in 2017/18. The Authority has also agreed to set aside additional funding from its revenue budget between 2016/17 and 2018/19 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 implication for our revenue budget. Broadly speaking, every £1m of additional borrowing would add £100,000 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.

**MEDIUM TERM CAPITAL STRATEGY 2016/17-2020/21
SCHEME SUMMARY AND FUNDING**

Capital Programme Expenditure									
	Total Budget	Total Previous Year's Spend	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property – Major Schemes									
Crowborough Fire Station	997	980	17						17
Newhaven Fire Station	3,560	1,044	2,467	49					2,516
Day Crewed Plus – Roedean & the Ridge									0
Service HQ Relocation	650		26	624					650
Sub Total	5,207	2,024	2,510	673	0	0	0	0	3,183
Property – General Schemes									
General Schemes	2,976		110	705	595	594	569	280	2,853
Replacement Fuel Tanks	220				190	30			220
Sustainability	420		55	155	105	105			420
Sub Total	3,616	0	165	860	890	729	569	280	3,493
Information Management									
Sussex Control Centre	2,027	1,421	0	607	0	0	0	0	607
Fleet & Equipment									
Aerial Appliances	680						680		680
Fire Appliances	5,165		310	935	865	1,240	800	1,045	5,195
Ancillary Vehicles	1,457		26	556	200	300	282	110	1,474
Cars & Vans	1,321		230	185	230	276	228	192	1,341
BA & Ancillary Equipment	750			750					750
Sub Total	9,373	0	566	2,426	1,295	1,816	1,990	1,347	9,440
Total Expenditure	20,223	3,445	3,241	4,566	2,185	2,545	2,559	1,627	16,723

Funding	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Funding Total
	£'000						
Grants							
Sussex Control Grant		607					607
Transformation Grant							0
Sub Total	0	607	0	0	0	0	607
Partner Contributions							
Newhaven – Lewes DC	477	8					485
Newhaven – Sussex Police	195	3					198
Sussex Safer Roads Partnership	10						10
Sub Total	682	11	0	0	0	0	693
Useable Reserves							
Capital Receipts Reserve	1,044	2,264	1,605	1,882	2,128	1,271	10,194
Capital Programme Reserve							0
Other Earmarked reserves		750					750
Capital grants & capital contributions Unapplied	123						123
Sub total	1,167	3,014	1,605	1,882	2,128	1,271	11,067
Revenue Contributions	1,097	495	341	232	0	0	2,165
Internal Borrowing	295	439	239	431	431	356	2,191
Total funding	3,241	4,566	2,185	2,545	2,559	1,627	16,723

a) To part fund the IMD Transformation earmarked reserve

Funding – Use of Reserves	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Receipts Reserve						
Opening Balance	4,361	6,484	4,735	5,510	3,628	1,500
Transfers In	3,167	515	2,380			
Transfers Out	1,044	2,264	1,605	1,882	2,128	1,271
Closing Balance	6,484	4,735	5,510	3,628	1,500	229
Capital Grant and Contributions Unapplied						
Opening Balance	123	0	0	0	0	0
Transfers In						
Transfers Out	123					
Closing Balance	0	0	0	0	0	0
Capital Programme Reserve						
Opening Balance	4,629	4,631	5,381	5,881	6,381	6,881
Transfers In	1,000	750	500	500	500	500
Transfers Out	998					
Closing Balance	4,631	5,381	5,881	6,381	6,881	7,381
Breathing Apparatus Reserve						
Opening Balance	750	750	0	0	0	0
Transfers In						
Transfers Out		750				
Closing Balance	750	0	0	0	0	0