

Appendix D

MEDIUM TERM CAPITAL STRATEGY 2019/20 to 2024/25

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. The Strategy reflects the interim review of the Fleet and Equipment Strategy (a full revision is planned following the conclusion of the ORR) and the re-phasing of the Estates Strategy, approved by Estates Strategy Delivery Board, which reflects a more realistic timescale for what is the biggest investment in our estate for decades.

The main areas covered within the strategy are summarised below.

Estates Strategy – General Schemes

This Strategy seeks to achieve property maintenance and improvements as identified by the most recent condition surveys undertaken in 2018 as part of the review of the Estates Strategy. 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 includes the Estates related costs of the investment in our station end IT equipment and investment in excess of £1m in the Fire Training Units at Service Training Centre.

Estates Strategy – Investment Schemes

These Schemes reflect the improvements necessary to deliver the standards set out in the Design Guide across our estate (including STC but excluding Shared Investment Schemes shown below). They reflect the condition surveys carried out in 2018 and the overall cost includes a contingency of c15% and provision for inflation for the last three years of the Strategy.

Estates Strategy – Strategic Schemes

This part of the Strategy includes key strategic schemes to improve security and renewables across the whole estate and also to deliver upgrades to fuel tanks. The latter project is part of the Integrated Transport Project and following the approval of an updated business case is part funded by Fire Transformation Grant held by Surrey CC on behalf of the ITF and a partner contribution from Sussex Police.

Estates Strategy – Shared Investment Schemes

The Authority has a programme of property schemes which involve shared investment with partners either through the One Public Estates Programme (East Sussex and Greater Brighton) and the Integrated Transport Function (ITF). This includes major refurbishments to existing sites and new build projects and these are summarised below:

- **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 South East of the Surrey / Sussex area. This was originally planned as a partnership between ESFRS and Sussex Police on a site near Bexhill but initial feasibility studies have confirmed that the proposal was unaffordable and Sussex police have subsequently withdrawn from the project. The Authority is working with SECamb to assess the feasibility of a joint facility in Polegate but this is at an early stage. 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 for this Authority's contribution is included.
- **Preston Circus Fire Station**– 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. The project has been signed off at RIBA Stage 2 and is currently being mobilised. Our preferred option for the surplus space on site is for this to be redeveloped as part of the project and let on a commercial basis. This will require additional investment in the project and a proposal will be brought once we have more certainty on the deliverability within with current scheme budget. Works are expected to commence on site during 2020/21.
- **Lewes Fire Station** – the current Lewes Fire Station site forms part of the planned North Street Quarter redevelopment. As part of the redevelopment it is proposed that Lewes District Council provide a new fire station as part of an emergency services hub at the rear of the current North Street Police Station and the adjacent Springman House site. Discussions are continuing and in principle the project should be at no cost to the Authority, at this stage a budget of £250,000 has been included to cover internal project management and other costs. A paper setting out the final proposals and seeking required approvals is expected in spring 2020.
- **Uckfield and Heathfield** – OPE projects to bring Sussex Police and SECamb onto the existing fire station sites in Uckfield and Heathfield have been approved. The majority of the cost will be borne by the partners with the Authority's contributions budgeted at £100,000 and £50,000 respectively. The project proposals are being revisited following the announcement nationally of increases in police numbers which will change Sussex Police's space requirements.

Information Technology Strategy

The SCC project is currently the only IT capital scheme within this strategy and is expected to be completed by the end of 2019/20. The IT Strategy has been prepared covering the period 2017-2022 however at this stage none of the Strategy has been identified as Capital Expenditure. As more detail of Strategy item proposals are identified the classification will be kept under review and, if required approval to amend this Strategy will be sought in due course.

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. Plans to pilot small and medium rescue pumps in 2019/20 as part of a move from a single type of pumping appliance to a more flexible fleet have been paused pending the outcomes of the ORR and a full scale review of the Fleet and Equipment Strategy will follow in 2020/21. The main amendments to this part of the CAS are to reflect re-profiling of projects planned for delivery in 2019/20 and some re-phasing of planned purchases of fire appliances.

The Authority has taken on the 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. Funding for replacement of these assets on a like for like basis has been removed from the capital strategy reducing costs overall by £1,008,000. 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.

Detailed strategies for Estates, ITG 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. Historic capital receipts from the sale of service houses and 20 Upperton Road along with the expected sale of the former Newhaven Fire Station in Fort Road (estimated at £0.515m in 2019/20) will be used to fund the Capital Strategy. As at 31 March 2020 it is estimated that there will be unapplied capital receipts of £7.119m (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 2020 it is estimated that there will be a balance of £1.708m in the Capital Programme Reserve (CPR). A revenue contribution to the CPR of £0.5m is included in the base budget annually. 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. No additional contribution is planned in 2020/21 but additional contributions are planned to resume thereafter.

- **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 £76,000 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 consider recommencing borrowing and the MTFP currently reflects the revenue impacts from 2022/23.

**MEDIUM TERM CAPITAL STRATEGY 2019/20 to 2024/25
SCHEME SUMMARY AND FUNDING**

Capital Programme Expenditure									
	Total Budget	Total Previous Year's Spend	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property									
Shared Investment Schemes									
Integrated Transport Project	1,000			100	800	100			1,000
- Partner contribution									
Integrated Transport Project net cost	1,000	0	0	100	800	100	0	0	1,000
One Public Estate									
- Heathfield	50		10	40					50
- Partner contribution									
- Heathfield net cost	50	0	10	40	0	0	0	0	50
- Lewes	920		20	100	700	100			920
- Partner contribution	(670)				(570)	(100)			(670)
- Lewes net cost	250	0	20	100	130	0	0	0	250
- Preston Circus	3,138	19	150	750	2,000	219			3,119
- Partner contribution									
- Preston Circus net cost	3,138	19	150	750	2,000	219	0	0	3,119
- Uckfield	100		10	60	30				100
- Partner contribution									
- Uckfield net cost	100	0	10	60	30	0	0	0	100

Capital Programme Expenditure									
	Total Budget	Total Previous Year's Spend	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total Shared Investment Schemes	4,538	19	190	1,050	2,960	319	0	0	4,519
Strategic Schemes									
- Replacement Fuel Tanks	552	2	220	330					550
- Partner contribution	(330)			(330)					(330)
- Replacement fuel tanks net cost	222	2	220	0	0	0	0	0	220
Design Guide Schemes	2,353	20	20	30	492	768	477	546	2,333
BA Chambers works	405	399	6						6
Sustainability	417	21	20	320		7	21	28	396
Security	134				70	22	18	24	134
Total Strategic Schemes	3,531	442	266	350	562	797	516	598	3,089
General Schemes	4,709	232	378	1,199	1,234	429	473	764	4,477
Total Property	12,778	693	834	2,599	4,756	1,545	989	1,362	12,085
Information Management									
- Sussex Control Centre	1,643	1,606	37						37
- Grant funds	(1,643)	(1,606)	(37)						(37)
Sussex Control Centre net cost	0	0	0	0	0	0	0	0	0
Fleet and Equipment									
- Vehicle cameras	118			118					118
- Grants funds	(118)			(118)					(118)

Capital Programme Expenditure									
	Total Budget	Total Previous Year's Spend	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
- Vehicle cameras net cost	0	0	0	0	0	0	0	0	0
- BA & Ancillary Equipment	1,118	681	437						437
- grant funds	(10)		(10)						(10)
- BA & Ancillary Equipment Net cost	1,108	681	427	0	0	0	0	0	427
Aerial Rescue Ladder	1,458		500	200			758		1,458
Aerial Rescue Pump	25		25						25
Fire Appliances	8,202	4	840	1,717	874	2,218	1,721	828	8,198
Ancillary Vehicles	2,949		279	1,015	709	350	276	319	2,948
Cars	1,119	100	12	179	308	309	57	155	1,020
Vans	1,454	576	147	212	120	39	105	255	878
Telemetry	70			70					70
Total Fleet and Equipment	16,385	1,361	2,230	3,393	2,011	2,916	2,917	1,557	15,024
Total Expenditure	29,163	2,054	3,064	5,992	6,767	4,461	3,906	2,919	27,109

CAPITAL ASSET STRATEGY FUNDING

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Funding Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Useable Reserves							
Capital Receipts Reserve	2,872	5,540	1,579				9,991
Capital Programme Reserve			2,708	500	500	500	4,208
Breathing Apparatus Reserve	192						192
Sub total	3,064	5,540	4,287	500	500	500	14,391
Revenue Contributions	0	452	452	452	452	452	2,260
Need to borrow	0	0	2,028	3,509	2,954	1,967	10,458
Total funding	3,064	5,992	6,767	4,461	3,906	2,919	27,109

USE OF RESERVES

Funding – Use of Reserves	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Receipts Reserve						
Opening Balance	9,476	7,119	1,579	0	0	0
Transfers In	515	0	0	0	0	0
Transfers Out	2,872	5,540	1,579	0	0	0
Closing Balance	7,119	1,579	0	0	0	0
Capital Programme Reserve						
Opening Balance	4,761	1,708	2,208	0	0	0
Transfers In	500	500	500	500	500	500
Transfers Out	3,553*	0	2,708	500	500	500
Closing Balance	1,708	2,208	0	0	0	0
Breathing Apparatus Reserve						
Opening Balance	192	0	0	0	0	0
Transfers In	0	0	0	0	0	0
Transfers Out	192	0	0	0	0	0
Closing Balance	0	0	0	0	0	0

* Part contribution toward Project 21