

MEDIUM TERM CAPITAL STRATEGY 2021/22 - 2025/26

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

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.

Spend against budget is significantly reduced in 2020/21 due to the need to suspend works during Covid 19 lockdown and the legacy impact on the supply chain and their resources. Future plans have been adjusted accordingly.

Estates Strategy – Strategic 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.

We are now two years into the strategy and have developed five schemes to a good level of design. However it has become apparent that due to key issues beyond the control of the team such as outcome of IRMP and impact of Covid there is a need to review and re-sequence the programme of works to ensure both sufficient internal and external resource are available to support the successful project delivery.

This review and re-sequencing work is Work in Progress and being undertaken in consultation with operational colleagues, prioritising whole time stations, the need to support the implementation of the IRMP and the recommendations of the Condition surveys.

Since the last version of the Capital Asset Strategy was approved, planned Estates works have been re-packaged with generic upgrades e.g. heating, roofing etc. rolled

into Design Guide schemes for each station. In addition planned refurbishment of live fire training facilities at Service Training Centre is shown as a separate scheme. This has resulted in an overall reduction in the total cost of General Schemes and an increase in the total cost of 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. Batch 1 of this project was completed in August this year with the remaining scope due for delivery in 2021/22. Confirmation is awaited from Sussex Police as to whether they wish to continue to partner on this scheme; should they withdraw this will not impact the grant funding but could affect their £60,000 contribution.

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 currently working with SECAMB to assess the feasibility of a joint facility in Polegate. Should the project progress on a partnership basis £1.5m of funding would be available from the Fire Transformation Grant awarded to the ITF in 2015/16 in addition to the £1m provided from the Authority's own resources.

The impact of this delay to agreeing the brief is that the likely programme for delivery has slipped by about one year.

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 yet to be signed off at RIBA Stage 2 and is now subject to further review to ensure the appliance bays are fit for purpose for the current fleet.

As such the programme has not significantly progressed for almost a year and spend forecast have therefore been pushed on by a year.

The preferred option to maintain business as usual during project delivery is to take temporary off site accommodation, the costs are included within the overall project cost. 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.

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 a new fire station is provided as part of an emergency services hub at the rear of the current North Street Police Station and the adjacent Springman House site. Discussions remain ongoing 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.

Lewes District Council and its partners in the project have recently agreed to sell their landholdings to developer Human Nature (HN). We are currently awaiting a meeting with HN to understand their approach and timeline for the NSQ project and the Lewes Blue Light Hub.

Uckfield and Heathfield – These OPE projects to bring Sussex Police and SECAmb onto the existing fire station sites in Uckfield and Heathfield were approved in November 2018. Since that time and following changes to policing numbers locally and nationally Sussex Police confirmed that they would not be able to commit to these projects for several years. The Authority is therefore assessing the viability of proceeding solely with SECAmb as a partner and also reviewing the detriment to the budget of the loss of the partner contribution from Sussex Police.

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 2 water tenders from Rye and Battle. Eastbourne and Hastings would have one additional appliance called a P2. Three Appliances from the spares fleet would be based on 3 Day crewed stations Bexhill, Newhaven & Crowborough. 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 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.).

Detailed strategies for Estates, 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. 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. 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 sale of the former Newhaven Fire Station in Fort Road (£0.525m in 2020/21 & 2021/22) will be used to fund the Capital Strategy. As at 31 March 2021 it is estimated that there will be unapplied capital receipts of £5.752m (Capital Receipts Reserve) including the sale of ARP (£0.120m) plus the balance on the sale of Fort Road (£0.472m) will bring the amount available to £6.224m. 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 2021 it is estimated that there will be a balance of £2.209m in the Capital Programme Reserve (CPR). A revenue contribution to the CPR of £0.5m is included in the base budget annually from 2022/23. 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 £0.452m 2022/23 onwards.

- **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 part 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 £50,000 - £60,000 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 need to finance the Capital Asset Strategy over the next five years is £10.150m and this has been fed into the MTFP and our future borrowing costs.

MEDIUM TERM CAPITAL STRATEGY 2021/22 to 2025/26 – SCHEMES

Capital Programme Expenditure 2021-22 to 2025-26									
	Total Budget	Total Previous Year's Spend	Estimated Spend 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property									
Shared Investment Schemes									
Integrated Transport Project	1,000	0	20	180	800	0	0	0	1,000
- Partner contribution	0								
Integrated Transport Project net cost	1,000	0	20	180	800	0	0	0	1,000
One Public Estate									
- Heathfield	50	0	16	0	34	0	0	0	50
- Partner contribution	0								
- Heathfield net cost	50	0	16	0	34	0	0	0	50
- Lewes	250	4	0	0	0	246	0	0	246
- Partner contribution	0	0							0
- Lewes net cost	250	4	0	0	0	246	0	0	246
- Preston Circus	3,138	79	85	750	2,224	0	0	0	3,059
- Partner contribution	0	0							
- Preston Circus net cost	3,138	79	85	750	2,224	0	0	0	3,059
- Uckfield	100	0	6	0	0	94	0	0	100
- Partner contribution	0	0							
- Uckfield net cost	100	0	6	0	0	94	0	0	100
Total Shared Investment Scheme:	4,538	83	127	930	3,058	340	0	0	4,455
Strategic Schemes									
- Replacement Fuel Tanks	552	139	220	193	0	0	0	0	413
- Partner contribution	(352)	(137)	(215)	0	0	0	0	0	(215)
- Replacement fuel tanks net cost	200	2	5	193	0	0	0	0	198
Design Guide Schemes	5,605	60	120	1335	1015	874	1008	1193	5,545
BA Chambers works	399	399	0	0	0	0	0	0	0
STC live fire Training	1,340	0	25	200	1115	0	0	0	1,340
Sustainability	277	21	31	100	75	50	0	0	256
Security	215	0	65	20	50	40	20	20	215
Total Strategic Schemes	8,036	482	246	1,848	2,255	964	1,028	1,213	7,554
General Schemes	1,373	677	251	100	100	100	75	70	696
Total Property	13,947	1,242	624	2,878	5,413	1,404	1,103	1,283	12,705

	Total Budget	Total Previous Year's Spend	Estimated Spend 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Information Management									
- Sussex Control Centre	1,643	1,606	37	-	-	-	-	-	37
- Grant funds	(1,643)	(1,606)	(37)	-	-	-	-	-	(37)
Sussex Control Centre net cost	-	-	-	-	-	-	-	-	-
Fleet and Equipment									
- Vehicle cameras	118	-	-	118	-	-	-	-	118
- Grants funds	(118)	0	0	118	-	-	-	-	(118)
- Vehicle cameras net cost	-	-	-	-	-	-	-	-	-
RPE Project	993	961	32	-	-	-	-	-	32
- grant funds	(10)	(10)	0	-	-	-	-	-	0
Telemetry	70	-	-	70	-	-	-	-	70
Special Projects	1,053	951	32	70	-	-	-	-	102
Aerials	2,201	510	190	-	743	758	-	-	1,691
Aerial Rescue Pump	22	22	-	-	-	-	-	-	-
Fire Appliances	6,603	838	830	1,461	891	877	861	845	5,765
Ancillary Vehicles	2,926	300	191	1,149	381	391	368	146	2,626
Cars	1,699	112	175	316	254	64	272	506	1,587
Vans	1,675	689	253	104	-	179	288	162	986
Total Fleet and Equipment	16,179	3,422	1,671	3,100	2,269	2,269	1,789	1,659	12,757
Total Property	14,074	1,242	624	3,005	5,413	1,404	1,103	1,283	12,832
Total Expenditure	30,253	4,664	2,295	6,105	7,682	3,673	2,892	2,942	25,589

MEDIUM TERM CAPITAL STRATEGY 2021/22 to 2025/26 - FUNDING

	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fleet and Equipment	3,100	2,269	2,269	1,789	1,659	11,086
Estates	3,005	5,413	1,404	1,103	1,283	12,208
Original Capital Programme	6,105	7,682	3,673	2,892	2,942	23,294
Funded by:						
Capital Receipts Reserve	5,991	233	-	-	-	6,224
Capital Programme Reserve	-	3,209	500	500	500	4,709
Revenue Contributions to Capital Programme Reserve	-	-	-	-	-	-
Revenue Contributions to Capital	-	452	452	452	452	1,808
BR Pilot Economic Reserve	86	-	-	-	-	86
CIL	-	289	-	-	-	289
MRP / Internal Borrowing	28	-	-	-	-	28
New Borrowing / Need to Borrow	-	3,499	2,721	1,940	1,990	10,150
Updated Capital Programme	6,105	7,682	3,673	2,892	2,942	23,294

Funding – Use of Reserves							
	2020/21		2021/22	2022/23	2023/24	2024/25	2025/26
	£'000		£'000	£'000	£'000	£'000	£'000
Capital Receipts Reserve							
Opening Balance	7,518		5,752	233	0	0	0
Transfers In	173		472	0	0	0	0
Transfers Out	(1,939)		(5,991)	(233)	0	0	0
Closing Balance	5,752		233	0	0	0	0
Capital Programme Reserve							
Opening Balance	1,709		2,209	2,709	0	0	0
Transfers In	500		500	500	500	500	500
Transfers Out	0		0	(3,209)	(500)	(500)	(500)
Closing Balance	2,209		2,709	0	0	0	0
B R Pilot Economic Reserve							
Opening Balance	86		86	0	0	0	0
Transfers In	0		0	0	0	0	0
Transfers Out	0		(86)	0	0	0	0
Closing Balance	86		0	0	0	0	0