

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.

The main areas covered within the strategy are summarised below.

Estates Strategy- Capital Programme

Since the publication of the Estates Strategy in 2018 there have been a number of key developments and changes such as the withdrawal of key partners from Shared Investment Schemes, the impact of Brexit and the pandemic on costs and necessary additional scope requests. This has required a review of scope versus available budget and led to the Capital Projects realignment, approved by the Estates Strategy Delivery Board in December 2021

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.

As reported in the last version of the Capital Asset Strategy planned Estates works have been re-packaged with generic upgrades e.g. heating, roofing etc and rolled into Design Guide schemes for each station to achieve better value for money. In addition planned refurbishment of live fire training facilities at Service Training Centre and betterment of the BA Chambers are shown as a separate schemes. This has resulted in an overall reduction in the total cost of General Schemes and an increase in the total cost of Strategic Schemes.

Spend against budget is significantly reduced in 2021/22 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.

A Business Case to install electronic access control to support the Estates Security Strategy has also been approved and will be delivered in the first half of 2022 as a General Schemes Project.

Estates Strategy – Strategic Schemes

These Schemes reflect the improvements necessary to deliver the standards set out in the 2018 Design Guide across our estate. They scope reflect the condition surveys carried out in 2018 and the overall cost includes a contingency inflation.

We are now three years into the Strategy and it has become apparent that due to key issues beyond the control of the team such as outcome of the 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.

The Capital Realignment review carried out in the latter half of 2021 has recommended committing to the refurbishment of the five Whole Time Crewed Stations with a Task and Finish Group being established to review scope and programme for the remaining stations across the next 10 years to enable the works to be delivered within budget and available internal resource.

This review and re-sequencing work is being undertaken in consultation with operational colleagues and Health & Safety colleagues and will report to SLT in July 2022.

Two major Strategic Scheme projects have been developed to Full Business Case to support the Training Competency Framework; the Multipurpose Training Hubs which upgrades the existing BA chambers to provide a localised multipurpose training facility and an options appraisal to retain Live Fire Training Facility at Maresfield and address the risk that the burn licence will not be renewed due to levels of emissions and perceived nuisance.

Both Business Cases were approved by SLT and requests for the additional funding have been included with the Budget Setting for 2022/23.

The initial Sustainability Report was received in Dec 2021 and its recommendations will be incorporated into the scope of works for consideration during 2022 either through incorporation into the scope of the Strategic Schemes or a standalone project, where project funding allows.

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). Whilst dialogue and a search for opportunities remains ongoing, commitment from partners has not been forthcoming.

Integrated Transport Function (ITF) – South Eastern Hub Workshop – 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. This was originally planned as a partnership between ESFRS and Sussex Police on a site near Bexhill but initial feasibility studies confirmed that the proposal was unaffordable and Sussex Police withdrew from the project.

The Authority then worked with SECAMB to assess the feasibility of a joint facility in Polegate. After feasibility studies were costed SECAMB confirmed in 2021 that they did not have the capital allocation to commit to such a scheme and withdrew their support. Dialogue then commenced with West Sussex Fire and Rescue, as part of the Shared Service Initiative to assess the viability of collocated workshop on the East /West borders. Given that this is work in progress an interim budget has of £0.2m been allocated to ensure the Authority's existing workshop facilities remain compliant and fit for purpose. This Interim Project will form part of General Schemes.

Should the ITF 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 balance of 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 is currently unknown and has slipped by a further year.

Integrated Transport Function (ITF) – Replacement Fuel Tanks

This project upgrades the fuel tanks across the estate as part of the Integrated Transport Project and is part funded by Fire Transformation Grant held by Surrey CC on behalf of the ITF. In 2021 Sussex Police confirmed they could no longer commit additional funding to the scheme and the budget was reduced accordingly. The management software is now being installed and the project is near completion with spend profile as per forecast, less partner funding.

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 was subject to detailed scrutiny during 2021 to ensure the full scope could be achieved within budget and to the satisfaction of all stakeholders including Fleet and Representative bodies. It has now been signed off at RIBA Stage 2 including a change of strategy with regard retaining operations in situ during the works in lieu of an offsite decant.

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

A full and committed start to RIBA Stage 3 is planned for January 2022 with a target project completion date within FY 2023/24.

The original OPE funding has been fully expended and as such from 2022 this project will be reported on under Strategic Schemes.

Lewes Fire Station – the current Lewes Fire Station originally formed part of the planned North Street Quarter redevelopment. However, in January 2021 LDC sold their interests in the scheme to a new developer, Human Nature but excluded the site of the existing Fire Station and that of the rear of the current North Street Police Station and the adjacent Springman House where it was originally proposed to locate the new fire station. As such there is no longer a funding contribution from others to provide a

new station nor is there a sufficient allowance within the Estates Strategy to refurbish the existing station in line with Design Guide requirements.

The Service has met Human Nature regularly throughout 2021 to ascertain the viability of an alternative site versus new development surrounding the existing site and those discussions remain ongoing.

It has therefore been agreed by the ESDB that the refurbishment of Lewes Fire Station should now fall under Strategic Schemes rather than as a standalone project.

Uckfield and Heathfield – Since formal confirmation was received from Sussex Police in 2021 that they would not be able to commit to these OPE projects for several years the Authority has also been in discussions with SECAMB to assess the viability of proceeding with them as sole partner. Whilst they have expressed an interest in taking space within the stations SECAMB are unable to make a formal commitment of financial contribution at this stage and as such it has been agreed that these stations will form part of the wider Strategic Schemes project rather than as Shared Investment Schemes.

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.

To meet ever growing demands for additional non-response light fleet across the service, a light fleet review will take place in Q1 2022 to assess service need and utilisation with findings to be ready for Q2. Recommendations will be made to SLT from this report which will address current fleet size is sufficient or savings can be made from reduction.

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.

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 2022 it is estimated that there will be unapplied capital receipts of £4.017m (Capital Receipts Reserve), this includes the balance on the sale of Fort Road (£0.472m). There is a risk the amount receivable may reduce due to issues with planning permission for the site. 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 2022 it is estimated that there will be a balance of £2.709m 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 £0.5m 2023/24 onwards, increasing over the life of the MTFP to £1.5m.

- 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 £60,000 - £70,000 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 £14.148m 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 2021-22 to 2026-27									
	Total Budget	Total Previous Year's Spend	Estimated Spend						Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property									
Shared Investment Schemes									
Integrated Transport Project	1,000	-	5	195				800	995
Heathfield	280	8	10			19	243		262
Lewes	577	5	2				240	330	570
Preston Circus	3,287	87	40	1,335	1,825				3,160
Uckfield	494	7					100	387	487
Total Shared Investment Schemes	5,639	107	57	1,530	1,825	19	584	1,517	5,475
Strategic Schemes									
Replacement Fuel Tanks	492	332	38	122					122
Partner Contribution	(292)	(292)							-
Replacement Fuel Tanks net cost	200	40	38	122	-	-	-	-	122
Design Guide	355	355							
Hove	490		63	427					427
Roedean	493		22	471					471
Eastbourne	550		25	325	200				525
Bohemia Road	485		21	100	364				464
Security	386	60	3	223	100				323
Sustainability	171	21	30	10	80	30			120
MPTH	399	399							-
Eastbourne FBR	259		8	251					251
Training Centre FBR	308		8		300				300
Hove FBR	278		8	270					270
Bohemia Road FBR	258		8		250				250
FTU	4,000	-	20		500	2,500	980		3,980
Total Strategic Schemes	8,630	875	252	2,199	1,794	2,530	980	-	7,503
General Schemes									
General Schemes	826	826							
Seaford (CIL)	296		10		5	281			286
Seaford (CIL) - Partner Contribution	(133)					(133)			-
Barcombe (CIL)	392		5		95	292			387
Barcombe (CIL) - Partner Contribution	(156)					(156)			-
The Ridge	508					20	488		508
Hailsham	184		10			10	164		174
Rye	532		5			15	512		527
Battle	163		5				52	106	158
Herstmonceux	50							50	50
Bexhill	200							200	200
Seaford HVP Alterations	85	-	85						-
Total General Schemes	2,946	826	120	-	100	329	1,215	356	2,000
Total Property	17,215	1,808	429	3,729	3,719	2,878	2,779	1,873	14,978
- Vehicle cameras	118	-	118	-	-	-	-	-	-
- Grants funds	(118)	-	(118)	-	-	-	-	-	-
Telemetry	70	-	-	70	-	-	-	-	70
Aerials	2,036	695	5	743	593	-	-	-	1,336
Aerial Rescue Pump	22	22	-	-	-	-	-	-	-
Fire Appliances	7,374	1,377	1,740	891	850	835	819	862	4,257
Ancillary Vehicles	2,892	480	145	1,396	391	368	112	-	2,267
Cars	1,964	281	265	377	57	272	506	206	1,418
Vans	1,800	915	63	45	179	288	162	148	822
Equipment	70	-	35	-	35	-	-	-	35
Total Fleet and Equipment	16,227	3,770	2,253	3,521	2,105	1,763	1,599	1,215	10,203
Total Expenditure	33,442	5,578	2,682	7,250	5,824	4,641	4,378	3,088	25,181

MEDIUM TERM CAPITAL STRATEGY 2022/23 to 2026/27 - FUNDING

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Estates	3,729	3,719	2,878	2,779	1,873	14,978
Engineering	3,521	2,105	1,763	1,599	1,215	10,203
Capital Programme	7,250	5,824	4,641	4,378	3,088	25,181
Funded By:						
Capital Receipts Reserve	4,017	0	0	0	0	4,017
Capital Programme Reserve	3,209	952	952	952	952	7,017
Revenue Contributions to Capital	0	0	0	0	0	0
BR Pilot Economic Reserve	0	0	0	0	0	0
MRP/Internal Borrowing	0	0	0	0	0	0
New Borrowing/Need to Borrow	24	4,872	3,689	3,426	2,136	14,147
Capital Programme Funding	7,250	5,824	4,641	4,378	3,088	25,181

Funding – Use of Reserves					
	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Capital Receipts Reserve					
Opening Balance	4,017	0	0	0	0
Transfers In	0	0	0	0	0
Transfers Out	(4,017)	0	0	0	0
Closing Balance	0	0	0	0	0
Capital Programme Reserve					
Opening Balance	2,709	-	48	429	1,143
Transfers In	500	1,000	1,333	1,666	2,000
Transfers Out	(3,209)	(952)	(952)	(952)	(952)
Closing Balance	-	48	429	1,143	2,191

