

Policy & Resources Panel

31 October 2019



Membership:

Councillors: Peltzer Dunn (Chairman), Galley, Tutt, Pragnell, Scott, Powell and Sheppard
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You are requested to attend this meeting to be held in the County Hall, East Sussex County Council, St Anne's Crescent, Lewes BN7 1UE at 11.30 am

Quorum: 3

Contact:	Ellie Simpkin, Democratic Services Officer 01323 462085 democraticservices@esfrs.org
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Agenda

9. Declarations of Interest

In relation to matters on the agenda, seek declarations of interest from Members, in accordance with the provisions of the Fire Authority's Code of Conduct for Members.

10. Apologies for Absence/Substitutions

11. Notification of items which the Chairman considers urgent and proposes to take at the end of the agenda/Chairman's business items

Any Members wishing to raise urgent items are asked, wherever possible, to notify the Chairman before the start of the meeting. In so doing, they must state the special circumstances which they consider justify the matter being considered urgently.

12. Minutes of the last Policy & Resources meeting held on 25 July 2019 5 - 10

13. Callover

The Chairman will call the item numbers of the remaining items on the open agenda. Each item which is called by any Member shall be reserved for debate. The Chairman will then ask the Panel to adopt

without debate the recommendations and resolutions contained in the relevant reports for those items which have not been called.

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|--|-----------------|
| 14. Revenue Budget & Capital Programme Monitoring 2019/20 | 11 - 36 |
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ABRAHAM GEBRE-GHIORGHIS
Monitoring Officer
East Sussex Fire Authority
c/o Brighton & Hove City Council

Date of Publication: 23 October 2019

Information for the public

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POLICY & RESOURCES PANEL

Minutes of the meeting of the POLICY & RESOURCES PANEL held at County Hall, East Sussex County Council, St Anne's Crescent, Lewes BN7 1UE at 11.30 am on Thursday, 25 July 2019.

Present: Councillors Peltzer Dunn (Chairman), Boorman, Powell, Pragnell, Scott, Tutt and Barnes (In place of Councillor Galley)

Also present:

Mark Andrews (Assistant Chief Fire Officer), Mark Matthews (Assistant Director Safer Communities), Liz Ridley (Assistant Director Planning & Improvement), Duncan Savage (Assistant Director Resources/Treasurer), Ellie Simpkin (Democratic Services Officer), Warren Tricker (Finance Manager), Dawn Whittaker (Chief Fire Officer & Chief Executive) and Liz Woodley (Deputy Monitoring Officer)

1 Declarations of Interest

Councillor Tutt declared a personal interest in relation to agenda item 8 as a Member of East Sussex County Council. He chose to disqualify himself from taking part in any discussion or voting on the matter.

Councillor Barnes, Councillor Scott and Councillor Boorman also declared a personal interest in agenda item 8 as Members of East Sussex County Council, however, they would not be precluding themselves from taking part in debate or voting.

2 Apologies for Absence/Substitutions

Apologies had been received from Councillor Galley. Councillor Barnes was attending as his substitute. Apologies for lateness were received from Councillor Pragnell.

3 Notification of items which the Chairman considers urgent and proposes to take at the end of the agenda/Chairman's business items

It was noted that a supplementary agenda regarding a report on Guaranteed Minimum Pension (GMP) Reconciliation Stalemate Cases had been circulated in advance of the meeting.

The Panel recorded their thanks to all staff who had worked on recent incidents at The George, Rye and Lydd in Kent.

4 Minutes of the last Policy & Resources meeting held on 5 June 2019

RESOLVED: That the minutes of the meeting of the Policy & Resources Panel held on 5 June 2019 be approved as a correct record and signed by the Chairman.

5 Callover

Unconfirmed minutes – to be confirmed at the next meeting of the Policy & Resources Panel

Members reserved the following items for debate:

- 6 Revenue Budget & Capital Programme Monitoring 2019/20
- 8 GMP Reconciliation – Stalemate Cases

RESOLVED: That all other reports be resolved in accordance with the recommendations as detailed below.

6 Revenue Budget & Capital Programme Monitoring 2019/20

The Panel received a report from the Assistant Director Resources/Treasurer (ADR/T) on issues arising from the monitoring of the 2019/20 Revenue Budget and Capital Programme as at 30 June 2019.

It was noted that given the early stage in the financial year with the focus on financial close and the preparation of the draft accounts, the report focused principally on the risks to the revenue and capital budgets. There was currently a small forecast underspend for both revenue and capital budgets. The main risks were set out in section 5 of the report. There had been some flexibility in the corporate contingency however, this was now fully committed. It was noted that the 2019/20 capital programme of £7.4m was a significant undertaking with it being the largest programme delivery to date. Slippage in fleet and estates was expected. It was acknowledged that the treasury management forecast needed to be revisited given changes in interest rate predictions.

The Panel requested further clarification on the risks associated with the Swift Water Rescue dispute. The Chief Fire Officer (CFO), explained that the team had been established on a voluntary basis approximately 10 years ago, however, a local dispute had been registered by the FBU claiming that Additional Responsibility Allowance should be paid. The matter had been through the Advisory, Conciliation and Arbitration Service (ACAS). An offer had been made but this had been rejected and, as such, the matter had now progressed to binding arbitration. The Panel noted that Swift Water Rescue was a statutory service in both Wales and Scotland. The ADR/T confirmed that there was no requirement for a provision to be made in the 2018/19 but the matter was noted as a contingent liability. If a payment was required, it would have to be met from the revenue budget or reserves.

The Panel asked a number of questions with regards to apprenticeships and noted that a significant effort had been made by HR in the last 6 months to develop and promote the scheme. The Service offered a range of apprenticeships, the majority of uptake being existing staff utilising the development opportunities. It was hoped that professional apprenticeships for firefighters and business safety officers would be introduced, however, delays in the development of national standards meant that this had not yet been possible. The use of the apprenticeship levy funding would be monitored and the Panel updated accordingly.

Unconfirmed minutes – to be confirmed at the next meeting of the Policy & Resources Panel

Discussion was had over funding opportunities both nationally, given the change in Government leadership, and locally with significant housing developments planned. The CFO confirmed that work was being undertaken on accessing alternative funding sources, such as Section 106 and Community Impact Levy funds, in collaboration with partner agencies. The recently developed area risk profiles now provided an evidence base from which the impact of housing developments could be assessed. The ADR/T added that the National Fire Chiefs Council (NFCC) was coordinating a response to the Comprehensive Spending Review (CSR). The CSR would now not be carried out in full in 2019 due to Government focus on Brexit preparations and although this allowed for additional time to provide input, it also meant that there was a risk to one-off grants. There had been two formal recommendations to Government regarding funding reform following the first tranche of Her Majesty's Inspectorate of Constabulary and Fire & Rescue Service (HMICFRS) reports. The Panel highlighted the need to ensure that the Home Office was aware that the Service was not demand but risk based.

The Panel also asked for clarification of the HR and OD budget review. The CFO informed Members that she had requested a more detailed report on the Occupation Health contract financials and that further information would be available in due course. The HR restructure proposals did not involve any reductions in staff.

The Panel asked about pension investments, given the recent press article concerning East Sussex Pension Fund investments in oil and gas companies. The ADR/T clarified that the Service ran in two schemes – the Firefighter Pension Scheme (FPS), an unfunded scheme, and the Local Government Pension Scheme (LGPS) which was backed by investments and administered by East Sussex County Council (ESCC). East Sussex Fire & Rescue Service (ESFRS) had no direct influence over the investments made by the scheme. Councillor Tutt commented that he was a member of the ESCC Pension Committee and would be happy to discuss the matter further outside of the meeting.

The Panel asked about the latest position on West Sussex County Council's (WSCC) exit from the Sussex Control Centre and the cost recovery process given the potential impact on future funding flexibility. The ADR/T highlighted that ESFRS was broadly expecting a 50/50 split in costs and officers were seeking recovery of costs where appropriate. ESFRS had now been informed that WSCC intended to charge rent for the occupation of the control centre, however, as ESFRS had funded 50% of the capital investment to make the building fit for purpose, it had been made clear that ESFRS was not willing to pay rent. The Panel agreed an additional recommendation to highlight the need for the Treasurer to consider the replenishment of reserves following the final financial settlement.

RESOLVED: That the Panel:

1. Notes:

Unconfirmed minutes – to be confirmed at the next meeting of the Policy & Resources Panel

- (i) the risks to and the projected Revenue Budget underspend;
 - (ii) the risks to and the projected underspend in the Capital Programme;
 - (iii) the use of reserves;
 - (iv) the monitoring of savings taken in 2019/20;
 - (v) the current year investments; and the slippage in the Capital Programme.
2. Approves the variations to the Capital Programme by £70,000 for the provision of vehicle telemetry to be funded from underspends in the 2019/20 Fleet Capital Programme and £118,000 for vehicle cameras to be funded by Integrated Transport Function Grant.
 3. Directs the Treasurer to consider replenishing reserves as part of the budget setting process for 2020/21.

7 Provision of Finance Support Services

The Panel considered a report from the ADR/T on the future arrangements for the provision of finance support services.

RESOLVED: That the Panel:

1. agrees that finance support services continue to be provided by East Sussex County Council (ESCC) for an initial period until 31 March 2022 with an option to extend for two further years until 2024;
2. delegates authority to the Assistant Director Resources / Treasurer to agree the detail of the new collaboration agreement with ESCC;
3. notes that the Authority is intending to seek an alternative public sector provider for Fire Pension Administration and Pension Payroll; and
4. notes that, in accordance with ESFA Contract Standing Orders (CSOs) 7.2, the Treasurer, after consultation with the Monitoring Officer, Procurement Manager and the relevant Member, has approved a waiver of CSO13.7-13.8 with regard to the provision of Finance Support Services and also for the provision of Fire Pension Administration and Pension Payroll.

8 GMP Reconciliation - Stalemate Cases

The Panel received a report from the ADR/T which sought approval on matters in relation to the Guaranteed Minimum Pensions (GMP) Reconciliation exercise, a national exercise to reconcile pension records held by HMRC and individual pension schemes to ensure that the GMP due were being paid correctly. JLT / Mercers had been commissioned to carry out this exercise on behalf of the Authority for the Firefighters Pension Scheme.

Unconfirmed minutes – to be confirmed at the next meeting of the Policy & Resources Panel

The report had, with agreement by the Chairman, been circulated as a supplementary to the original agenda as a matter of urgency in accordance with Section 100B(4)(b) of the Local Government Act 1972 as a decision on the matter was required before the next scheduled meeting of the Policy & Resources Panel.

The GMP reconciliation exercise had, inevitably, bought up some cases that could not be resolved using the standard GMP reconciliation process and had reached 'stalemate'. Advice from JLT / Mercer had been that mismatches in records were most likely due to errors in HMRC records. The Panel was being asked to agree that the Fire Authority's records were accurate and proceed on this basis. If an individual disagreed with the Authority's decision, they would be asked to provide evidence which would be considered. The Panel noted the cost of any additional GMP liability as a result of these cases would fall upon the Home Office through the Firefighter Pension Top Up Grant.

RESOLVED: That the Panel agrees:

1. the resolutions to stalemate cases as set out in appendix 1 to the report;
2. that no provision be made at this stage for the potential additional liabilities identified by JLT/ Mercer in appendix 1 to the report; and
3. that responsibility be delegated to the Treasurer to sign the GMP Reconciliation Stalemate Log.

The meeting concluded at 12.35 pm

Signed

Chairman

Dated this

day of

2019

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EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting Policy & Resources Panel

Date 31 October 2019

Title of Report Revenue Budget and Capital Programme Monitoring 2019/20

By Duncan Savage – Assistant Director Resources/Treasurer

Lead Officer Warren Tricker – Finance Manager

Background Papers None

Appendices

- Appendix 1: 2019/20 Revenue Budget – Functional Analysis
- Appendix 2: 2019/20 Capital Budget Monitoring
- Appendix 3: All Years Capital Budget Monitoring (to 2023/24)
- Appendix 4: 2019/20 Reserves Projections
- Appendix 5: Monitoring of Savings 2019/20 - 2019/20
- Appendix 6: Investment as at 30 September 2019

Implications

CORPORATE RISK		LEGAL	
ENVIRONMENTAL		POLICY	
EQUALITY IMPACT		POLITICAL	
FINANCIAL	✓	OTHER (please specify)	
HEALTH & SAFETY		CORE BRIEF	
HUMAN RESOURCES			

PURPOSE OF REPORT To report on issues arising from the monitoring of the 2019/20 Revenue Budget and Capital Programme as at 30 September 2019.

EXECUTIVE SUMMARY At this point in the financial year, forecasts are becoming clearer but there is still some uncertainty. This report highlights the risks to the Revenue and the Capital budgets.

The Revenue Budget is forecast to be £48,000 underspent, (previously £36,000 underspent), reflecting where forecasts can be made with some certainty.

The overall Capital Programme is projected to be £179,000 underspent (previously £90,000 underspent) and the current year's Capital Programme is projected to be underspent by £2,214,000 (previously £952,000 underspent). The movement in forecast underspend relates primarily to detailed monitoring of the Property Shared Investments Schemes that are now slipping.

The Authority maintains Earmarked and General Reserves in order to assist it in managing its spending plans across the financial year (Earmarked Reserves) and making provisions for the financial risks it faces (General Reserves). A summary of the current planned use of Reserves, updated with the latest operational position, can be found at Appendix 4.

A summary of the savings, £0.413m, already taken from the 2019/20 budget, is set out in Appendix 5.

RECOMMENDATION**The Panel is asked to:**

Note:

- (i) the risks to and the projected Revenue Budget underspend,
- (ii) the risks to and the projected underspend in the Capital Programme,
- (iii) the use of reserves,
- (iv) the monitoring of savings taken in 2019/20, and
- (v) the current year investments
- (vi) the increase in the scheme budget for BA and Radio Equipment Scheme by £115,000 to £437,000 funded from underspends in the Fleet Capital Programme and £10,000 from Marauding Tactical Firearms Attack grant

Approve:

- (vii) the variation the Capital Programme by £25,000 for improvements to the Combined Aerial Rescue Pump (CARP), and
 - (viii) the drawdown of up to £160,000 from General Balances to fund the in-year consequences of decisions taken by the Principal Officers Appointment Panel regarding the Principal Officer's terms and conditions review and the role and remuneration of the Treasurer.
 - (ix) That the capital scheme for the Animal Rescue Vehicle is increased from £200,000 to £322,000.
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1. Introduction

- 1.1 This report is based upon enquiries as at 30 September 2019. The Report discloses the main risks and issues.

	This report £'000	Last report £'000	Difference
Revenue (see paragraph 2)	(48)	(36)	(12)
Capital in year (see paragraph 4)	(2,214)	(952)	(1,262)

- 1.2 This is the third report to Members, the second to Policy & Resources, for 2019/20 financial year and there continue to be elements both internal and external that will influence the final position. Pressures on both the Finance Team and Budget Managers has resulted in monitoring focusing on areas evaluated to possess a higher level of risk.
- 1.3 The current forecast is for a Revenue Budget underspend of £48,000 (previously £36,000 underspent).
- 1.4 At £7.7m the 2019/20 Capital Programme is the largest for many years. The delivery of key schemes has been reviewed in the light of factors such as the availability of project management resources and as a result the in-year spend is now forecast to be £2,214,000 underspent (previously £952,000 underspent).
- 1.5 This Report highlights risks to the 2019/20 Revenue Budget that may result in significant change to the projections. While certainty increases as the year progresses circumstances change and new risks arise. This Report considers the risks faced.
- 1.6 This report reflects the situation at 31 September 2019 and therefore does not reflect the financial implications of any decisions taken by the Fire Authority at its meeting on 25 October regarding Project 21 and the Authority's future mobilising strategy.

2. Revenue Budget Commentary

- 2.1 **Training & Assurance:** On target.
- 2.2 **Resources/Treasurer:** The overall position is a projected underspend of £11,000 (previously reported as on target).
- 2.2.1 **ITG:** The ITG Manager has reported a projected overspend of £96,000 of which the main components are revisions to timings for the roll out of Office 365 (£50,000) and an error in the budget for telephony (£27,000). The balance being made up of smaller, mainly one-off items. Not included in this projection is the additional cost of £37,000 for Microsoft SQL / Server licenses resulting from IT Strategy projects (CRM, Business Intelligence system, FireWatch and Hydrants) not identified in the original business cases. Officers are currently evaluating whether this cost can be met from the IT Strategy budget in 2019/20. It will represent an additional pressure for the 2020/21 budget.

- 2.2.2 **Estates:** The Estates Manager has reported a projected underspend of £67,000 on Business Rates, the budget had an additional £80,000 added in 2019/20 but this has not proved to be necessary in full and represents a savings opportunity for 2020/21.
- 2.2.3 **Finance, Risk and Insurance:** The Finance Manager has reported a projected underspend on the Financial Services contract with Orbis of £40,000.
- 2.3 **Planning & Improvement:** On target.
- 2.4 **Human Resources & OD:** On target.
- 2.5 **Safer Communities:** By far the largest budget and with the biggest influence on the overall financial performance of the Service the current forecast is on target although subject to a number of risks as described in the Risks section of this report. Monitoring is currently being hampered by a high level of payroll mis-codings and un-actioned payroll changes which are being addressed by the new Payroll Manager.
- 2.6 **Operational Support & Resilience:** There are pressures on the Engineering budget where necessary alterations to vehicles is putting pressure on the revenue budget. Officers are confident options to contain this pressure within the existing budget can be found, including funding the improvements to the Combined Aerial Rescue Pump (CARP) from capital and the forecast remains on target. It is recommended that the alterations to the CARP (£25,000) are added as a new scheme to the capital programme.
- 2.7 **CFO Staff:** There is a forecast overspend of £14,000 relating to the 15% increase NFCC subscription which is being contained at present. Following decisions made by the Principal Officer Appointment Panel regarding the Principal Officer terms and conditions Review and the role and remuneration of the Treasurer there will an impact on the revenue budget in year of up to £160,000, and an ongoing pressure of approximately £60,000. It is recommended that the in-year pressure is funded by a draw down from General Balances.
- 2.8 **Treasury Management:** There is some uncertainty surrounding interest rates for the rest of the year, especially given the situation regarding the UK's exit from the EU. Amounts available to invest are forecast to reduce over the year as the Authority continues to invest in its IT, estate and fleet. The projections have been reviewed and it is prudent to anticipate income of £160,000 against a budget of £80,000 giving an underspend of £80,000 at this stage (previously £60,000 underspend)
- 2.9 **Non Delegated Costs:** There is a projected overspend on the central non Delegated budget of £29,000 (previously £24,000 overspent). The latest forecast for Ill Health retirement costs is on target however there is a projected overspend of £24,000 on Injury Awards and the balance reflects unallocated income budgets held centrally for which no income is now anticipated.
- 2.10 **Corporate Contingency:** This budget is intended to provide some flexibility for SLT to manage in year budget pressures and was set at £563,700 for 2019/20. For the purposes of this report the budget is assumed to be spent in full. The table below shows how the contingency has been allocated, to date, with £6,700 remaining.

Corporate Contingency 2019/20	£
Original Budget	563,700
Carry forward funding	150,000
Business safety (impact of use of reserves)	50,000
Release of SCC carry forward	22,000
Total budget	785,700
Committed	
Ops P & P 42 secondment 10 months	44,300
Hep B Vaccinations	15,000
Fire cadet Scheme year one set up only	13,200
Additional internal audit costs 2019/20	6,600
SCC	250,000
Webex Implementation - one off	32,900
Ship alongside training 19/20 only	20,000
Talent Link, estimated part year revenue impact	12,000
Corporate Wi-Fi, estimated part year revenue effect	18,000
Employee pressures from budget setting (net)	22,000
Additional asbestos medicals	18,000
Temporary support for Payroll	30,000
Carry forwards:	
Operational Response Review Team	90,000
Programme Management Office	42,000
Malling Large Refurbishment	20,000
Engineering Equipment	138,000
Uniform and PPE	7,000
Total committed	779,000
Total Remaining	6,700

3. Monitoring of Savings

- 3.1 Appendix 5 shows the savings to be achieved in 2019/20. The relevant budgets have already been reduced in preparing the 2019/20 budget and as at 30 September 2019 the savings have been achieved, although the Other Operational Savings item is dependent on the outcome of the review of Offshore Maritime capability.

4. Capital Programme Commentary

- 4.1 The Panel is reminded that at £7.7m this is the largest Capital Programme for some years and that the average annual spend in recent years has been £1.6m so delivering to plan will be challenging. The forecast is for an in-year underspend of £2,214,000 (previously £952,000 underspend) of which £2,035,000 will slip to 2020/21 and an overall Strategy underspend of £179,000 (previously £90,000

underspent). Some underspend has been used to support additional spending on the BA & Ancillary Equipment scheme and recommended to fund enhancements to the Combined Aerial Rescue Pump (CARP).

- 4.2 In this Report the presentation of the Capital Programme has been changed to make it clear when schemes rely on scheme specific funding. This was always the case for some property schemes and has now been expanded to all such schemes. This means that the totals for the Programme, in appendices two and three have reduced by the value of the specific funding now included and does not change the overall planned investments.
- 4.3 **Shared Investments:** The Scheme Manager has advised that the shared investments schemes are slipping into 2020/21. This means that the scheme will underspend by £1,051,000, in the current year (previously on target). This position reflects a number of factors including changes in partner requirements, extensive engagement with staff and consultation with the FBU on scheme proposals and time taken to secure additional project management resources.
- 4.4 **Design Guide Schemes:** Problems putting in place resources to deliver the Estates Strategy have resulted in the Estates Manager forecasting this scheme will underspend by £200,000, to be slipped into 2020/21 (as previously reported).
- 4.5 **Replacement Fuel Tanks:** A revised business case was submitted to SLT in August and can be found elsewhere on the agenda. Appendix two will be updated once the Panel has debated the report. The total scheme cost will be £400,000 which will be offset by ITF / FTF grant funding of £270,000. This means that only £130,000 is required from the existing ESFRS scheme meaning the scheme will underspend by £90,000 (as previously reported). It is understood that since the business case for this project was approved by SLT additional drainage works costing £90,000 have been identified which will utilise the currently forecast underspend. The capital programme will be updated once the business case has been approved by Policy and Resources Panel.
- 4.6 **Sustainability:** The Scheme Manager has advised that this scheme can be accelerated and the spend in the 2020/21 Programme (£110,000) could be made this year (previously on target). This shows as an overspend in the in-year Capital Programme however overall the scheme is on target.
- 4.7 **Security:** The Scheme Manager has advised that this scheme will underspend by £42,000 (as previously reported), this amount will need to be slipped into 2020/21.
- 4.8 **General Schemes:** The Scheme Manager has advised that this scheme will underspend by £245,000, this amount will need to be slipped into 2020/21 (as previously reported).
- 4.9 **Aerial Appliances:** A number of enhancements have been made to the CARP totalling £25,000. The costs can properly be categorised as capital and in order to take the strain from the Engineering Revenue Budget it is recommended that the Capital Programme is varied by £25,000 for these improvements.

- 4.10 **Fire Appliances:** The Scheme Manager has advised that five of the six appliances planned for delivery this year will be delivered, with one slipping into 2020/21. The scheme forecast underspend of £400,000 (previously on target) is the result of working with supplier to achieve savings of £100,000 per appliance, the remaining appliance will be delivered in 2010/21 resulting in slippage of £300,000. The £100,000 saving is used to part fund the increase in the BA and Radio scheme.
- 4.11 **Ancillary Vehicles 2019/20:** The Strategic Engineering Manager is forecasting an in-year underspend of £406,000 (previously £375,000 underspend) of which £5,000 is used to part fund the increase in BA and Radios scheme. The work on replacement of various vehicles and equipment has achieved savings of £94,000, the remaining £307,000 will be slipped into 202/21. It has been identified that the actual cost of the Animal Rescue Vehicle will exceed the budget allocated. This is due to a misunderstanding between the Finance and Engineering teams in setting the budget. It is recommended that the scheme budget is increased to £322,000.
- 4.12 **BA & Radio Equipment (RPE Project):** Principal Officers and Strategic Authority Advisers (POSAA) has received a report on the impact of the procurement process and the market for these projects maturing and has agreed that this Scheme be varied by an increase of £115,000 taking the revised budget to £437,000. This increase will be funded by underspends in the Fleet Capital Programme highlighted in this report and £10,000 from Marauding Tactical Firearms Attack (MTFA) grant.

5. Revenue Budget and Capital Programme Risks

- 5.1 **Safer Communities:** The Safer Communities budget makes up 53% of the Service's overall revenue budget and overspent in 2019/20. It remains a risk in the current year but a number of factors should improve its management:

- the implementation of the Service Delivery Review with clarity of structure, fewer temporary posts and clearer expectations including budget management
- additional funding in the budget (£0.370m base and £0.240m one off for resilience crewing)
- use of Safer Business Training Reserve to fund a number of related activities (£0.105m), (subject to detailed plans)
- regular Resource Planning meetings involving Safer Communities, HR and Finance to manage the operational (Grey Book strength compared to establishment)

Monitoring through the Resource Planning meeting is still developing but currently indicates that actual strength is close to or marginally above the level allowed for by the budget allocated. Overtime spend continues to be a pressure but is being actively monitored and is being contained within the flexibility provided in the Safer Communities budget overall.

- 5.2 **Safer Communities Wholetime pay:** There are currently a large amount of Wholetime pay miscodes, this is making it extremely difficult to accurately project Wholetime pay. The overall cost can be projected, but Departmental costs may swing as miscodes are found and corrected, Finance will be working closely with the new resources in payroll to resolve any issues. .

5.3 **Swift Water Rescue:** The FBU has registered a local dispute claiming that an Additional Responsibility Allowance (ARA) should be paid in relation to Swift Water Rescue. This could have potential financial impacts both one off (for back pay) and ongoing and these are now being estimated. The matter has now progressed to binding arbitration and at this stage no provision is being made in the Authority's accounts.

5.4 **Sussex Control Centre:** a report was presented to the Fire Authority on 3 July 2019 setting out a way forward for the four work streams of the SCC project:

- Phase 2
- Exits Strategy
- Project 21
- SCC Operations

The cost, has been forecast as £1.8m (excluding the cost of implementing the Project 21 solution which will be the subject of a full business case to a Fire Authority meeting in the autumn). Funding will come from existing sources (£0.425m) and the balance of £1.375m from the Authority's reserves (see paragraph 6.2).

5.5 There are a number of risks and consequences resulting from this:

- General Balances will be reduced below the minimum set out in the
- Authority's Reserves Policy
- Capacity for investment in improvement and efficiency projects will be reduced significantly
- The Authority's financial flexibility and ability to manage risks will be reduced
- Revenue income from short term investments will reduce (£1m invested at 1% would provide £10,000pa) and the need for external borrowing to fund other programmes will be brought forward increasing revenue costs.
- The Business Rates Pilot Reserve is vulnerable to volatility in business rates income

The Authority will need to consider the extent to which it intends to replace the amounts drawn down from its Reserves as part of its future financial planning, potentially, by generating additional / earlier revenue savings.

5.6 **Apprenticeship Levy:** From May 2019 any unutilised apprenticeship levy funding is lost on a month by month basis. Significant effort has been made and there has been an increase the number of apprenticeships but the Service is missing out on funding and the amount of levy lost so far this year is £29,000. The Service currently has 10 apprentices and another 25 are enrolling which will prevent any further Levy being surrendered.

6. Reserves

6.1 The table in Appendix 4 shows the planned use of reserves for 2019/20.

6.2 Slippage in the Capital Programme is resulting in a reduction in the planned use of Capital Receipts of £1.3m and although use of Earmarked reserves and General Fund balances are being drawn down more than planned, £2.9m against a planned £2.4m overall Useable reserves are forecast to stand at £26.9m by the end of the year, £0.5m higher than expected. However Capital Receipts can only be used to

support capital expenditure so the reduction in Earmarked reserves is reducing the Service's flexibility to fund Revenue projects.

7. Borrowing and Investment

7.1 As at the 30 September 2019, the Authority held cash balances of £27.65m which were invested as set out in Appendix 6 in accordance with the Treasury Management Strategy.

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East Sussex Fire Authority
2019/20 Revenue Budget – Objective Analysis

	Original Budget	Revised Budget	Projected Outturn	Variance	Variance	Variance last report
	£'000	£'000	£'000	£'000	%	£'000
Training and Assurance	2,333	2,358	2,358	0	0.0	
Resources/Treasurer	7,100	7,194	7,183	(11)	(0.2)	
Planning and Improvement	1,331	1,454	1,454	0	0.0	
Total Deputy Chief Fire Officer	10,765	11,005	10,994	(11)	(0.1)	0
Human Resources and OD	1,147	1,168	1,168	0	0.0	
Safer Communities	20,562	20,805	20,805	0	0.0	
Operational Support	3,689	4,108	4,108	0	0.0	
Total Assistant Chief Fire Officer	25,397	26,081	26,081	0	0.0	0
CFO Staff	657	685	699	14	2.0	
Treasury Management	856	856	776	(80)	(9.3)	(60)
Non Delegated costs	(828)	(1,096)	(1,067)	29	(2.6)	24
Corporate Contingency	506	96	96	0	0.0	
Transfer from Reserves		(274)	(274)	0	0.0	
Transfer to Reserves	1,683	1,683	1,683	0	0.0	
Total Corporate	2,874	1,950	1,913	(37)	(1.9)	(36)
Total Net Expenditure	39,037	39,037	38,989	(48)	(0.1)	(36)

Financed By:						
Council Tax	(27,215)	(27,215)	(27,215)	0	0.0	
Business Rates	(11,346)	(11,346)	(11,346)		0.0	
S31 Grants	(375)	(375)	(375)	0	0.0	
Collection Fund Surplus/Deficit	(101)	(101)	(101)	0	0.0	
Total Financing	(39,037)	(39,037)	(39,037)	0	0.0	0
Total Over / (Under) Spend	(0)	0	(48)	(48)	(0.1)	(36)

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East Sussex Fire Authority
2019/20 Capital Budget Monitoring

Capital Programme Expenditure						
	Total Budget	Revised Budget	Projected spend	Variance	Variance	Variance last report
	£'000	£'000	£'000	£'000	%	£'000
Property						
Shared Investment Schemes						
Integrated Transport Project	100	100	100	0	0.0	0
- Partner contribution						
Integrated Transport Project net cost	100	100	100	0	0.0	0
One Public Estate						
- Heathfield	50	50	20	(30)	(60.0)	0
- Partner contribution						
- Heathfield net cost	50	50	20	(30)	(60.0)	0
- Lewes	200	250	100	(150)	(60.0)	0
- Partner contribution						
- Lewes net cost	200	250	100	(150)	(60.0)	0
- Preston Circus	1,000	1,031	200	(831)	(80.6)	0
- Partner contribution						
- Preston Circus net cost	1,000	1,031	200	(831)	(80.6)	0
- Uckfield	70	80	40	(40)	(50.0)	0
- Partner contribution						
- Uckfield net cost	70	80	40	(40)	(50.0)	0
Total Shared Investment Schemes	1,420	1,511	460	(1,051)	(69.6)	0
Strategic Schemes						
- Replacement Fuel Tanks	220	220	130	(90)	(40.9)	(90)
- Partner contribution						
- Replacement Fuel Tanks net cost	220	220	130	(90)	(40.9)	(90)
Design Guide Schemes	727	707	507	(200)	(28.3)	(200)
BA Chambers works	0	6	6	0	0.0	0
Sustainability	180	180	290	110	61.1	0

Capital Programme Expenditure						
	Total Budget	Revised Budget	Projected spend	Variance	Variance	Variance last report
	£'000	£'000	£'000	£'000	%	£'000
Security	42	42		(42)	(100.0)	(42)
Total Strategic Schemes	1,169	1,155	933	(222)	(19.2)	(332)
General Schemes	786	786	541	(245)	(31.2)	(245)
Total Property	3,375	3,452	1,934	(1,518)	(44.0)	(577)
Information Management						
- Sussex Control Centre	0	37	37	0	0.0	0
- Grant funding		(37)	(37)	0	0.0	0
- Sussex Control Centre net cost	0	0	0	0	0.0	0
Fleet and Equipment						
- Vehicle Cameras		118	118	0	0.0	0
- Grant funding		(118)	(118)	0	0.0	0
- Vehicle Cameras net cost	0	0	0	0	0.0	0
- BA & Ancillary Equipment		437	437	0	0.0	0
- grant funding		(10)		10	0.0	0
- Vehicle Cameras net cost	0	427	437	10	2.3	0
Aerial Appliances	700	700	700	0	0.0	0
Fire Appliances	1,600	1,700	1,400	(300)	(17.6)	0
Ancillary Vehicles	828	1,083	677	(406)	(37.5)	(375)
Cars	84	84	84	0	0.0	0
Vans	141	141	141	0	0.0	0
Telemetry		70	70	0	0.0	0
Total Fleet and Equipment	3,353	4,205	3,509	(696)	(16.6)	(375)
Total Expenditure	6,728	7,657	5,443	(2,214)	(28.9)	(952)

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East Sussex Fire Authority
2019/20 - 2023/24 Capital Budget Monitoring

Capital Programme Expenditure						
	Original Budget	Revised Budget	Projected spend	Variance	Variance	Variance last report
	£'000	£'000	£'000	£'000	%	£'000
Property						
Shared Investment Schemes						
Integrated Transport Project	1,000	1,000	1,000	0	0.0	0
- Partner contribution						
Integrated Transport Project net cost	1,000	1,000	1,000	0	0.0	0
One Public Estate						
- Heathfield	50	50	50	0	0.0	0
- Partner contribution						
- Heathfield net cost	50	50	50	0	0.0	0
- Lewes	250	300	300	0	0.0	0
- Partner contribution						
- Lewes net cost	250	300	300	0	0.0	0
- Preston Circus	3,138	3,169	3,169	0	0.0	0
- Partner contribution						
- Preston Circus net cost	3,138	3,169	3,169	0	0.0	0
- Uckfield	100	110	110	0	0.0	0
- Partner contribution						
- Uckfield net cost	100	110	110	0	0.0	0
Total Shared Investment Schemes	4,538	4,629	4,629	0	0.0	0
Strategic Schemes						
Design Guide Schemes	4,021	4,001	4,001	0	0.0	0
BA Chambers works	405	411	411	0	0.0	0
Replacement Fuel Tanks	220	220	130	(90)	(40.9)	(90)
Sustainability	445	445	445	0	0.0	0
Security	160	160	160	0	0.0	0
Total Strategic Schemes	5,251	5,237	5,147	(90)	(1.7)	(90)

Capital Programme Expenditure						
	Original Budget	Revised Budget	Projected spend	Variance	Variance	Variance last report
	£'000	£'000	£'000	£'000	%	£'000
General Schemes	3,925	3,925	3,925	0	0.0	0
Total Property	13,714	13,791	13,701	(90)	(0.7)	(90)
Information Management						
- Sussex Control Centre	1,643	1,680	1,680	0	0.0	0
- Grant funding	(1,643)	(1,680)	(1,680)	0	0.0	0
- Sussex Control Centre net cost	0	0	0	0	0.0	0
Fleet and Equipment						
- Vehicle Cameras		118	118	0	0.0	0
- Grant funding		(118)	(118)	0	0.0	0
- Vehicle Cameras net cost	0	0	0	0	0.0	0
- BA & Ancillary Equipment	1,003	1,440	1,440	0	0.0	0
- grant funding	0	(10)	(10)	0	0.0	0
- Vehicle Cameras net cost	1,003	1,430	1,430	0	0.0	0
Aerial Appliances	1,400	1,400	1,400	0	0.0	0
Fire Appliances	7,320	7,420	7,420	0	0.0	0
Ancillary Vehicles	3,451	3,706	3,617	(89)	(2.4)	0
Cars	1,646	1,646	1,646	0	0.0	0
Vans	546	546	546	0	0.0	0
Telemetry		70	70	0	0.0	0
Total Fleet and Equipment	15,366	16,218	16,129	(89)	(0.5)	0
Total Expenditure	29,080	30,009	29,830	(179)	(0.6)	(90)

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**East Sussex Fire Authority
2019/20 Reserves Projections**

Description	Opening Balance 01/04/19 £'000	2019/20 Planned Transfers In £'000	2019/20 Planned Transfers Out £'000	2019/20 Actual Transfers In £'000	2019/20 Actual Transfers Out £'000	Projected Closing Balance 31/03/20 £'000
Earmarked Reserves						
Improvement and Efficiency	1,303		(675)		(1,185)	118
Sprinklers	490	150	(250)	150	(347)	293
Insurance	249					249
RPE and communications	192				(192)	0
ESMCP ESFRS readiness	1,425		(765)		(660)	765
ESMCP Regional Programme reserve	799	249	(485)	249	(485)	563
Responding to new risks Revenue	18				(18)	0
Safer Business Training	476		(164)		(105)	371
IT Strategy	3,370	483	(1,200)	516	(1,949)	1,937
Wholetime Firefighter recruitment	308		(308)		(308)	0
SCC	175		(455)	1,048	(1,223)	0
Business Rates Retention Pilot	0	550		550		550
Carry Forwards	193				(150)	43
Capital Programme Reserve	4,761	500		500		5,261
Total Earmarked Reserves	13,759	1,932	(4,302)	3,013	(6,622)	10,150
General Fund	2,417				(298)	2,119
Total Revenue Reserves	16,176	1,932	(4,302)	3,013	(6,920)	12,269
Capital Receipts Reserve	9,477	515	(6,296)	515	(4,554)	5,438
Total Capital Reserves	9,477	515	(6,296)	515	(4,554)	5,438
Total Usable Reserves	25,653	2,447	(10,598)	3,528	(11,474)	17,707

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CUMULATIVE CURRENT SAVINGS		Budget	Forecast	Variance
Category	Description	2019/20	2019/20	2019/20
		£'000	£'000	£'000
Operational	Unachievable 0.5% on Grey Book Pay 2018/19	95	95	0
2017/18 budget setting	Management Restructure	(30)	(30)	0
2019/20 budget setting	Green Book 1% Vacancy Factor.	(57)	(57)	0
2019/20 budget setting	Relocation expenses	(8)	(8)	0
2019/20 budget setting	NHS charges	(5)	(5)	0
2019/20 budget setting	Advertising	(5)	(5)	0
Efficiency Strategy	Telemetry	(5)	(5)	0
Efficiency Strategy	Insurance costs (FRIC)	(188)	(188)	0
2019/20 budget setting	Finance - Orbis costs	(18)	(18)	0
2019/20 budget setting	Estates - Planned Maintenance	(5)	(5)	0
2019/20 budget setting	Estates - Reactive Maintenance	(4)	(4)	0
2019/20 budget setting	Procurement - consultants fees	(3)	(3)	0
2019/20 budget setting	Estates - Improvement Works	(1)	(1)	0
2019/20 budget setting	RDS Pay	(50)	(50)	0
2019/20 budget setting	Group Prevention Budgets	(40)	(40)	0
2019/20 budget setting	Other operational savings	(49)	(49)	0
2019/20 budget setting	Safer Communities - Projects	(13)	(13)	0
2019/20 budget setting	Petroleum Licensing	(9)	(9)	0
2019/20 budget setting	Training Budget	(13)	(13)	0
2019/20 budget setting	Health, Safety and Wellbeing	(5)	(5)	0
TOTAL		(413)	(413)	0

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Investment as at 30 September 2019

Counterparty & Type	Amount invested	Rate %
Barclays Bank 95 Day Notice (base + 0.20%)	£4.0m	0.95%
Santander 95 Day Notice (base +0.25%)	£4.0m	1.00%
Lloyds / HBOS 175 Day Notice (Base + 0.38%)	£4.0m	1.13%
Goldman Sachs 95 Day Notice (Base + 0.25%)	£4.0m	0.95%
Aberdeen MMF	£4.0m	0.74%
Insight MMF	£4.0m	0.71%
Deutsche MMF	£3.65	0.72%
Total	£27.65m	

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EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting Policy & Resources Panel

Date 31 October 2019

Title of Report Treasury Management - Half Year Review for 2019/20

By Assistant Director Resources / Treasurer

Background Papers

Fire Authority reports:
 13 June 2019 - Agenda Item 13 Treasury Management – Stewardship report for 2018/19
 14 February 2019 - Agenda Item 85: Treasury Management Strategy for 2019/20

CIPFA Treasury Management in the Public Services code of practice and cross sector guidance notes

Local Government Act 2003

CIPFA Prudential Code

Appendices None

Implications (please tick ✓ and attach to report)

CORPORATE RISK		LEGAL	
ENVIRONMENTAL		POLICY	
FINANCIAL	✓	POLITICAL	
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	
EQUALITY IMPACT ASSESSMENT			

PURPOSE OF REPORT The treasury management half yearly report is a requirement of the Fire Authority's reporting procedures and covers the treasury activity for the first six months of 2019/20. The report includes an update on the first half year of Prudential Indicators which relate to treasury activity.

EXECUTIVE SUMMARY The Fire Authority has complied with its approved Treasury Management Strategy and Prudential Indicators during the first 6 months of the year.

In challenging economic conditions the average rate of interest received through Treasury Management activity was 0.92%. This reflected the Fire Authority's continuing prioritisation of security and liquidity over yield. The Bank of England (BOE) base interest rate during the period was 0.75%.

The Authority has been exploring with its advisers opportunities for investment which would offer improved returns whilst maintaining acceptable levels of security and liquidity. It is anticipated that this will be reported back to Fire Authority in December together with any recommendations for changes in our Treasury Management Strategy. Options will take into account the reductions in funds available for investment as a result of planned investment through the Authority's Capital Strategy and the funding implications of the Authority's Mobilising Strategy through Project 21.

No new borrowing has been undertaken in 2019/20 to date. On the 30th September 2019 total Public Works Loan Board (PWLB) loan debt outstanding was £10.773m at an average interest rate of 4.60%. The next loan repayment is due on the 31st March 2021 (£75k) with the PWLB. There have been no beneficial opportunities to reschedule debt so far during the year. The projected outturn of the Fire Authority's Capital Financing Requirement (CFR), a measure of the underlying need to borrow, is £10.773m.

On the 9 October the Government announced an unexpected increase to the PWLB interest rate for all new loans. The increase added 1% to the cost of borrowing. It also increased the statutory limit on how much the PWLB can have lent out at once, from £85bn to £95bn. The increase to future borrowing cost will have an impact and will be factored into the developing Capital Strategy.

RECOMMENDATION

The Panel is recommended to:

- (i) Note the treasury management performance for the first half year of 2019/20.
- (ii) Note that a further report on Treasury Management opportunities will be brought to the Authority in December.
- (iii) Identify any further reassurance the Panel requires in relation to the delivery of the Treasury Management Strategy.

1. **Introduction**

1.1 The Fire Authority's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- a) The Local Government Act 2003 (the Act) and supporting regulations require the Authority to "have regard to" the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice when setting Prudential and Treasury Indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.
- b) The Act therefore requires the Authority to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act) which sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- c) Under the Act the Ministry of Housing, Communities and Local Government (MHCLG) has issued Investment Guidance to structure and regulate the Authority's investment activities.

1.2 The Fire Authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates its treasury management service in compliance with this Code and the above requirements. These require that the prime objective of the treasury management activity is the effective management of risk, and that its borrowing activities are undertaken on a prudent, affordable and sustainable basis and its treasury management practices demonstrate a low risk approach.

1.3 The Code requires the regular reporting of treasury management activities to:

- a) Forecast the likely activity for the forthcoming year (in the Annual Treasury Strategy Report);
- b) Review actual activity for the preceding year;
- c) Review mid-year activity (this report) ; and
- d) Report changes to our Strategy (when required)

1.4 This report sets out information on:

- a) A summary of the strategy agreed for 2019/20 and the economic factors affecting the strategy in the first six months of this year;
- b) The Fire Authority's treasury activity during the first six months on borrowing and short term investments.

2. 2019/20

2.1 Original Strategy for 2019/20

2.1.1 At its meeting on 14 February 2019, the Fire Authority agreed its treasury management strategy for 2019/20, taking into account the economic scene including forecast levels of interest rates. At the same time, the Treasury Management Policy Statement was agreed for 2019/20 as set out below.

2.1.2 East Sussex Fire Authority defines its treasury management activities as:

The management of the organisation's cash flows, its banking, money market and capital market transactions, the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The Fire Authority regards the successful identification, monitoring and management of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

This Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

Borrowing

2.1.3 The Fire Authority will need to recommence borrowing in the short to medium term in order to fund its Capital Strategy. However any new future new borrowing taken out will be completed with regard to the limits, indicators the economic environment, the cost of Carrying this debt ahead of need, and interest rate forecasts set out above. No new PWLB borrowing has taken place since January 2008.

2.1.4 Opportunities to reschedule debt have been monitored but have not yet arisen. The PWLB increased all of its lending rates on the 20 October 2010 (the day of the Government's Comprehensive Spending Review) by 1% on all rates.

2.1.5 On the 9 October 2019 the Government announced an unexpected increase to the PWLB interest rate for all new loans. The increase added a further 1% to the cost of borrowing. It also increased the statutory limit on how much the PWLB can have lent out at once, from £85bn to £95bn. However, it did not increase the rate of interest used for repaying debt so that not only had the cost of our future borrowing increased but the opportunity to restructure our debt when market conditions allow had been significantly reduced.

Investment

- 2.1.6 When the strategy was agreed in February of this year, the advice given to us by our advisors, Link Asset Service, was that short term rates were expected to remain low for a considerable time. The economic outlook and structure of market interest rates and government debt yields had several key treasury management implications:
- (a) Investment returns are likely to remain relatively low during 2019/20 and beyond periods;
 - (b) Borrowing interest rates have been volatile so far in 2018-19 and while they were on a rising trend during the first half of the year, they have backtracked since then until early January. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when the Fire Authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt; returns are likely to remain relatively low during 2018/19 and beyond;
 - (c) There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

Investment and Borrowing Strategy agreed for 2019/20

- 2.1.7 The Authority's investment policy has regard to the MHCLG's Guidance on Local Government Investments (the Guidance), the 2017 revised CIPFA Treasury Management in Public Services Code of Practice and Link Asset Services Guidance Notes (including CIPFA TM Code).
- 2.1.8 The Fire Authority has always adopted a prudent approach on its investment strategy and, in the last few years, there have been regular changes to the list of the approved organisations used for investment of short term surpluses. This list is regularly reviewed to ensure that the Authority is able to invest at the best available rates consistent with low risk; the organisations are regularly monitored to ensure that their financial strength and low risk has been maintained. The 2019/20 strategy continues the prudent approach and ensures that all investments were only to the highest quality rated banks and financial institutions.
-

2.1.9 The Authority will make use of the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- credit default swap (CDS) spreads to give early warning of likely changes in credit ratings; and
- sovereign ratings to select counterparties from only the most creditworthy countries.

2.1.10 The modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative credit worthiness of counterparties. These colour codes are used by the Authority to determine the duration for investments. The strategy provides scope to invest in AAA rated foreign banks. However, the Authority proposes to only use counterparties within the following durational bands that are domiciled in the UK.

- Yellow 2 years
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No Colour, not to be used



2.1.11 Officers regularly review the investment portfolio, counterparty risk and construction, market data, information on government support for banks and the credit ratings of that government support. Latest market information is arrived at by reading the financial press and through city contacts as well as access to the key brokers involved in the London money markets.

2.1.12 The use of Specified Investments - Investment instruments identified for use in the financial year are as follows:

The Table below set out the types of investments that fall into each category, counterparties available to the Authority, and the limits placed on each of these.

Counterparty	Country/ Domicile	Instrument	Max. investment	Max. maturity period
Counterparties in UK				
Debt Management and Deposit Facilities (DMADF)	UK	Term Deposits	unlimited	1 yr
Government Treasury bills	UK	Term Deposits	unlimited	1 yr
Local Authorities	UK	Term Deposits	unlimited	1 yr
RBS/NatWest Group • Royal Bank of Scotland • NatWest	UK	Term Deposits (including callable deposits), Certificate of Deposits	£4m	1 yr
Lloyds Banking Group • Lloyds Bank • Bank of Scotland	UK		£4m	1 yr
Barclays	UK		£4m	1 yr
Santander UK	UK		£4m	1 yr
HSBC	UK		£4m	1 yr
Goldman Sachs IB	UK	Term Deposits	£4m	1 yr
Standard Chartered Bank	UK	Term Deposits	£4m	1 yr
Individual Money Market Funds	UK / Ireland Domiciled	AAA rated Money Market Funds	£4m	Liquidity/instant access
Enhanced Money Market / Cash Funds (EMMFs) VNAV	UK/Ireland/EU Domiciled	AAA Bond Fund Rating	£4m	Liquidity

2.1.13 Non Specified Investments are any other types of investment that are not defined as specified. The identification and rationale supporting the selection of these other investments are set out below:

Non Specified Investments	Minimum credit criteria	Period
Local Authorities	Government Backed	2 years
Mixed Asset Fund(s)	Appropriate rating	2 - 5 years
Pooled Property Fund(s)	N/A	5+ years

The Fire Authority does not have any Non Specified Investments currently.

- 2.1.14 The net borrowing requirement within Table 3.2.1 below shows that, based on current estimates, the Authority does not need to borrow in the immediate term, to support the capital programme. However, any future new borrowing taken out will be completed with regard to the limits, indicators, the economic environment, the cost of carrying this debt ahead of need, and interest rate forecasts set out above. The Assistant Director Resources / Treasurer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.
- 2.1.15 Treasury staff will regularly review opportunity for debt rescheduling, but there has been a considerable widening of the difference between new borrowing and repayment rates, which has made Public Works Loan Board (PWLB) debt restructuring now much less attractive. Consideration would have to be given to the large premiums which would be incurred by prematurely repaying existing PWLB loans. It is very unlikely that these could be justified on value for money grounds if using replacement PWLB refinancing. However, some interest savings might still be achievable through market loans where a facility is available to agree terms but the borrower does not draw down the loan until a forward date when the funds are required.
- 2.1.16 The reasons for any rescheduling to take place will include:
- the generation of cash savings and / or discounted cash flow savings;
 - helping to fulfil the treasury strategy;
 - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- 2.1.17 Consideration will also be given to identifying if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
- 2.1.18 All debt rescheduling will be agreed by the Assistant Director Resources / Treasurer.
- 2.2 **Economic performance to date and outlook (commentary supplied by our advisors Link Asset Services). September 2019.**
- 2.2.1 The first half of 2019/20 has seen UK economic growth fall as Brexit uncertainty took a toll. In its Inflation Report of 1 August, the Bank of England was notably downbeat about the outlook for both the UK and major world economies. The Monetary Policy Committee (MPC) meeting of 19 September reemphasised their concern about the downturn in world growth and also expressed concern that the prolonged Brexit uncertainty would contribute to a build-up of spare capacity in the UK economy, especially in the context of a downturn in world growth. This mirrored investor concerns around the world which are now expecting a significant downturn or possibly even a recession in some major developed economies.

- 2.2.2 The MPC left Bank Rate unchanged at 0.75% throughout 2019, so far, and is expected to hold off on changes until there is some clarity on what is going to happen over Brexit. However, it is also worth noting that the new Prime Minister is making some significant promises on various spending commitments and a relaxation in the austerity programme. This will provide some support to the economy and, conversely, take some pressure off the MPC to cut Bank Rate to support growth.
- 2.2.3 Inflation (CPI) has been hovering around the Bank of England's target of 2% during 2019, but fell to 1.7% in August. It is likely to remain close to 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was a no deal Brexit, inflation could rise towards 4%, primarily as a result of imported inflation on the back of a weakening pound.
- 2.2.4 In the labour market, despite the contraction in quarterly GDP growth of -0.2%q/q, (+1.3% y/y), in quarter 2, employment continued to rise, but at only a muted rate of 31,000 in the three months to July after having risen by no less than 115,000 in quarter 2 itself: the latter figure, in particular, suggests that firms are preparing to expand output and suggests there could be a return to positive growth in quarter 3. Unemployment continued at a 44 year low of 3.8% on the Independent Labour Organisation measure in July and the participation rate of 76.1% achieved a new all-time high. Job vacancies fell for a seventh consecutive month after having previously hit record levels. However, with unemployment continuing to fall, this month by 11,000, employers will still be having difficulty filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to a high point of 3.9% in June before easing back slightly to 3.8% in July, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.1%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months.
- 2.2.5 The latest GDP statistics also included a revision of the savings ratio from 4.1% to 6.4% which provides reassurance that consumers' balance sheets are not over stretched and so will be able to support growth going forward. This would then mean that the MPC will need to consider carefully at what point to take action to raise Bank Rate if there is an agreed Brexit deal, as the recent pick-up in wage costs is consistent with a rise in core services inflation to more than 4% in 2020.
- 2.2.6 The latest GDP statistics also included a revision of the savings ratio from 4.1% to 6.4% which provides reassurance that consumers' balance sheets are not over stretched and so will be able to support growth going forward. This would then mean that the MPC will need to consider carefully at what point to take action to raise Bank Rate if there is an agreed Brexit deal, as the recent pick-up in wage costs is consistent with a rise in core services inflation to more than 4% in 2020.

2.2.7 Link Asset Services, has provided the following forecast as at 30th September 2019.

Link Asset Services Interest Rate View											
	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25
3 Month LIBID	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20
6 Month LIBID	0.80	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40
12 Month LIBID	1.00	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60
5yr PWLB Rate	1.20	1.30	1.50	1.60	1.70	1.70	1.80	1.90	2.00	2.00	2.10
10yr PWLB Rate	1.50	1.60	1.80	1.90	2.00	2.00	2.10	2.20	2.30	2.30	2.40
25yr PWLB Rate	2.10	2.30	2.40	2.50	2.60	2.70	2.70	2.80	2.90	3.00	3.00
50yr PWLB Rate	2.00	2.20	2.30	2.40	2.50	2.60	2.60	2.70	2.80	2.90	2.90

2.3 Interest on short term balances

2.3.1 The average base interest rate during the six months was 0.75%.

2.3.2 There have been continued uncertainties in the markets during the year to date as set out in section 2.2 above.

2.3.3 The strategy for 2019/20, agreed in February 2019, continued the prudent approach and ensured that all investments were only to the highest quality rated banks and only up to a period of one year.

2.3.4 The total amount received in short term interest for the six months to 30th September 2019 was £120k at an average rate of 0.92%. This was above the average of base rates in the same period (0.75%) and succeeded in the aim to secure investment income of at least base rate on the Fire Authority's general cash balances.

2.3.5 In August the Authority placed a £4m notice account deposit with Goldman Sachs at 0.95%, the notice period for withdrawals is 95 days. Funds are invested across notice accounts with Lloyds/HBOS, Barclays and Santander, their margins are priced over base rate between 0.20%-0.38% depending on duration of notice, 95 to 175 days. A 6 month £2m Local Authority Deposit matured in June 2019 and was not reinvested in the Local Authority Market as rates have reduced over the period. The investments held comply with our Treasury Management Strategy and the Fire Authority has continued to follow an extremely prudent approach with security and liquidity as the main criteria before yield.

2.4 Long term borrowing

2.4.1 The cost of new borrowing in excess of the rate achievable on our investments. No new PWLB borrowing has taken place since January 2008 and is unlikely in the immediate future, however in the short to medium term external borrowing will be required to fund the current capital programme.

2.4.2 The average interest rate of all debt at 30 September 2019 (£10.773m) was 4.60% and will be unchanged at 31 March 2020 as long as no new loans are taken and no beneficial rescheduling of debt is available.

2.4.3 Opportunities for cost effective repayment of existing debt and restructuring opportunities were constantly monitored but none emerged in the first six months of the year.

3. Prudential Indicators and Limits Relating to Treasury Management Activities

3.1 The limits set for 2019/20

The Strategy Report for 2019/20 set self-imposed prudential indicators and limits. There are on an annual basis and monitored. They comprise:

None of the limits has been exceeded in 2019/20 to date.

Prudential Indicator	Compliant
Capital Expenditure	Yes
Ratio of Financing Costs to Net Revenue Stream	Yes
Capital Financing Requirement (CFR)	Yes
Net external Borrowing compared to the medium term CFR	Yes
Upper limits for fixed interest rate exposure and variable interest rate exposure	Yes
Upper limit for total principal sums invested over 365 days	Yes
Actual External Debt	Yes
Authorised Limit for External Debt	Yes
Operational Boundary for External Debt (see 3.2)	Yes
Maturity Structure of Fixed Rate Borrowing (see 3.4)	Yes
Maturity Structure of Investments (see 3.6)	Yes
Incremental Impact of Capital Investment Decisions	Yes
Adoption of the CIPFA Treasury Management Code (see 3.5)	Yes
Interest rate exposures (see 3.3)	Yes
Interest rate on long term borrowing	Yes
Interest on investments	Yes
Minimum Revenue Provision (see 3.7)	Yes

3.2 Authorised limit for borrowing

3.2.1 The table below sets out the actual 2018/19, original estimate and projected outturn in 2019/20 for borrowing.

	2018/19 Actual	2019/20 Original Estimate	2019/20 Projected Outturn
	£000	£000	£000
Opening CFR	10,773	10,773	10,773
Capital Investment	1,010	6,727	5,443
Sources of Finance	(579)	(6,296)	(5,012)
MRP	(431)	(431)	(431)
Movement in year	-	-	-
Closing CFR	10,773	10,773	10,773
less Finance Lease Liability	-	-	-
Underlying Borrowing Requirement	10,773	10,773	10,773
Actual Long Term Borrowing	10,773	10,773	10,773
Over / (Under) Borrowing	-	-	-
Operational Boundary	11,241	11,241	11,241
Authorised Limit	13,630	13,630	13,630

3.2.2 The Operational boundary for borrowing was based on the same estimates as the Authorised limit. It reflected directly the authorised borrowing limit estimate without the additional amount for short term borrowing included to allow, for example, for unusual cash movements. The Operational boundary represents a key management tool for in year monitoring and long term borrowing control.

3.2.3 The Authorised limit was consistent with the Fire Authority's current commitments, existing plans and the proposals for capital expenditure and financing, and with its approved treasury management policy statement and practices. It was based on the estimate of most likely, prudent but not worst case scenario, with in addition sufficient headroom (short term borrowing) over and above this to allow for day to day operational management, for example unusual cash movements or late receipt of income. Risk analysis and risk management strategies were taken into account as were plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.

3.2.4 The Authorised limit is the "Affordable Borrowing Limit" required by S3 of the Local Government Act 2003 and must not be breached. The estimated long term borrowing at 31 March 2020 of £10,773,000 is under the Authorised limit set for 2019/20 of £13,630,000.

3.3 Interest rate exposure

The Fire Authority's Prudential Indicator continued the practice of seeking competitive fixed interest rate exposure for borrowing, lending and a combined figure of borrowing and lending.

Interest Rate Exposure	<u>2019/20</u> <u>Upper</u>	<u>2020/21</u> <u>Upper</u>	<u>2021/22</u> <u>Upper</u>
Limits on fixed interest rates based on net debt*	100%	100%	100%
Limits on variable interest rates based on net debt*	0%	0%	0%

*Net debt is borrowings less investments

No new borrowing undertaken and all lending at fixed rates

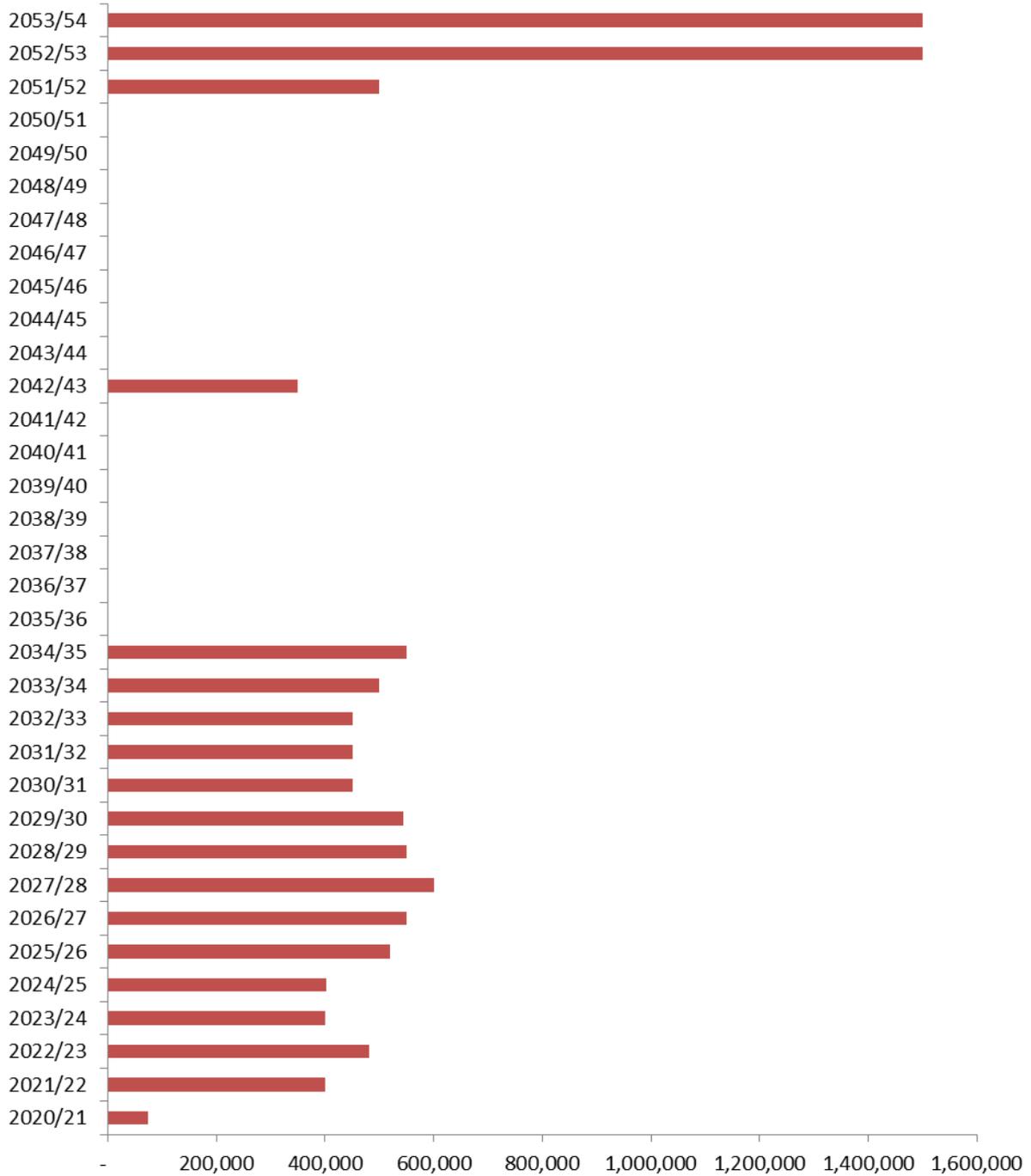
3.4 Maturity structure of debt

The Fire Authority set upper and lower limits for the maturity structure of its borrowings as follows.

	<u>Estimated</u> <u>Lower Limit</u>	<u>Estimated</u> <u>Upper Limit</u>	<u>Current</u>
Under 12 months	0%	25%	0%
12 months and within 24 months	0%	40%	1%
24 months and within 5 years	0%	60%	12%
5 years and within 10 years	0%	80%	24%
10 years and within 20 years	0%	80%	27%
20 years and within 30 years	0%	80%	3%
30 years and within 40 years	0%	80%	33%
Over 40 years	0%	80%	0%

Any new borrowing undertaken would give due consideration to the debt maturity profile, ensuring that an acceptable amount of debt is due to mature in any one financial year. This helps to minimise the authority's exposure to the risk of having to replace a large amount of debt in any future years when interest rates may be unfavourable. No new borrowing has been undertaken in 2019/20 to date. The following graph shows when the debt will mature.

East Sussex Fire Authority PWLB debt maturity profile September 2019



3.5 Compliance with the treasury management code of practice

East Sussex Fire Authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. CIPFA is currently conducting a review of the Treasury Management Code of Practice and the Prudential Code. This review will particularly focus on non-treasury investments and especially on the purchase of property with a view to generating income. The Authority has been part of the consultation process and will await CIPFA's guidance, amending where necessary for future strategies.

3.6 Maturity structure of investments

The authority has continued the current policy and not invested any sums for more than 364 days.

3.7 Minimum Revenue Provision Statement

The Fire Authority's Borrowing Need (the Capital Financing Requirement)

3.7.1 The prudential indicator is the Authority's Capital Financing Requirement (CFR). The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the underlying borrowing need.

3.7.2 The Fire Authority approved the Capital Finance Requirement projections for 2019/20 in its Strategy approved in February. These are in the original estimate below:

	2018/19 Actual	2019/20 Original Estimate	2019/20 Projected Outturn
	£000	£000	£000
Opening CFR	10,773	10,773	10,773
Closing CFR	10,773	10,773	10,773
Movement in CFR	-	-	-
Movement in CFR represented by:			
Net financing	431	431	431
MRP	(431)	(431)	(431)
Movement in year	-	-	-

3.7.3 The Fire Authority is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge called the Minimum Revenue Provision (MRP), although it is also allowed to undertake additional voluntary payments.

3.7.4 The Authority sets aside a Minimum Repayment Provision based on basic MRP of 4% each year to pay for past capital expenditure and to reduce its CFR. For any new borrowing the Asset Life Method will be used to calculate MRP.

3.7.5 Over the past years the regulatory and economic environment has changed significantly and led some Authorities to consider more innovative types of investment activity. The government has also monitored changes in the practices used for calculating MRP. MHCLG issued guidance in February 2018 the Authority was part of the consultation process and will amend where necessary for future strategies.

4. Treasury Management Advisors

4.1 The Strategy for 2019/20 explained that the Fire Authority uses Link Asset Services as its treasury management consultant through the contract that exists with East Sussex County Council. The company has provided a range of services which have included:

- a) Technical support on treasury matters, capital finance issues and advice on reporting;
- b) Economic and interest rate analysis;
- c) Debt services which includes advice on the timing of borrowing;
- d) Debt rescheduling advice surrounding the existing portfolio;
- e) Generic investment advice on interest rates, timing and investment instrument;
- f) Credit ratings from the three main credit rating agencies and other market information;
- g) Assistance with training on treasury matters.

4.2 Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice, the final decision on treasury matters remains with the Authority. This service remains subject to regular review.

4.3 Link is the largest provider of Treasury Management advice services to local authorities in the UK and they claim to be the market-leading treasury management service to their clients. The advice will continue to be monitored regularly to ensure an excellent level of service provided to the Authority.

5. Conclusion

5.1 The prime objective of Treasury Management is the effective management of risk and that its activities are undertaken in a prudent affordable and sustainable basis.

5.2 This report confirms the Authority has continued to follow a prudent approach with the main criteria of security and liquidity before yield. The current emphasis must continue to be able to react quickly if market conditions change.

EAST SUSSEX FIRE AUTHORITY

Panel Policy and Resources

Date 31 October 2019

Title of Report Fuel Tank and Pump Replacement Project

By Duncan Savage – Assistant Director Resources/Treasurer

Lead Officer Maureen Cherry – Interim Estates Manager

Background Papers Policy & Resources Panel – 7 July 2016 – Item 025 -
Emergency Services Collaboration Programme - Integrated
Transport Function – Fuel Project

Appendices Appendix 1 – Full Business Case

Implications (please tick ✓ and attach to report)

CORPORATE RISK		LEGAL	✓
ENVIRONMENTAL	✓	POLICY	
FINANCIAL	✓	POLITICAL	
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	
EQUALITY IMPACT ASSESSMENT			

PURPOSE OF REPORT To seek approval to the full business case for the Fuel Tank & Pump Replacement Project

EXECUTIVE SUMMARY The project forms part of the blue light integrated transport function (ITF), to improve efficiency and effectiveness of operations across the Partnership.

Following the original business case and detailed site surveys, a revised business case has now been developed to take into account all associated costs of the project.

The proposed programme will deliver refuelling capability across the Partnership and also ensure safer, more resilient facilities that meet environmental compliance.

The project has a total capital cost of £400,000, of which the ITF Partnership will fund £270,000, resulting in net East

Sussex Fire & Rescue Service (ESFRS) contribution of £130,000. This delivers a saving of £90,000 against the current capital programme.

There is a revenue pressure of c£12,000 pa resulting from the license costs of the new software and inspection and maintenance of the tanks etc. This is funded for two years from the ITF project but will need to be built into the base budget thereafter. The business case assumes that any additional costs resulting from new processes can be contained within existing budgets.

The large majority of installations will be completed by the end of the financial year March 2020.

Detailed site by site delivery programmes will be developed with Station Managers to ensure that the impact of delivery is reduced and the project is managed on site to minimise operational risk.

Discussions are ongoing with Sussex Police regarding funding for the additional costs at Bohemia Road which are required to meet their needs.

RECOMMENDATION

The Panel is asked to:

- a) Approve the revised business case for the East Sussex Fire & Rescue Service sites covered by the ITF fuel tank project, and;**
 - b) Note the requirement to vary the existing Fuel Tanks scheme under the capital programme, increasing its gross capital cost to £400,000, against partner contributions / grant funding of £270,000 resulting in a net cost of £130,000, against existing £220,000 budget.**
-

1. INTRODUCTION

- 1.1 The blue light partners (East Sussex Fire and Rescue Service, West Sussex Fire and Rescue Service, Surrey Fire and Rescue Service, Surrey and Sussex Police) across Surrey and Sussex are working together to create an integrated transport function (ITF), to improve efficiency and effectiveness of operations.
- 1.2 This project is one of a series of coordinated initiatives enabling the collaboration and integration of the Transport functions of 'blue light' partners involved in the wider Emergency Services Collaboration Programme (ESCP), across Sussex and Surrey.
- 1.3 The Fuel project will enable a more efficient fuel procurement, distribution and administration system, reducing the administrative burden on individual officers and administrative support. This also supports the ESFRS ambition to remove legacy administrative systems based on manual completion of paperwork.
- 1.4 The original business case was submitted to all partners and was approved by P&R Panel in July 2016. This proposed an ESFRS project at a cost of c£200,000 which was fully funded by ITF grant funding. This original business case was based on a desktop assessment across the estate of the requirements and costs. Subsequently more detailed site surveys identified more complex requirements and led to a significant increase in costs. Therefore, a revised business case has now been developed.
- 1.5 A comprehensive assessment of the current underground fuel tanks and associated pumps on ESFRS sites has been undertaken, supported by detailed site surveys and specialist design input.

2. APPROACH & DELIVERY

- 2.1 Across the wider programme area, the proposed changes will see 7 bulk fuel tanks closing, reducing the total number from 56 to 49 and 12 of the remaining 49 tanks will need to be replaced. There is then a varying requirement to upgrade the other associated components at each of the 49 sites to the standard needed to operate an integrated fuel management system.
- 2.2 The required investment will be partially offset by the savings made through the avoidance of future capital and revenue expenditure to maintain and/or remove life expired bulk fuel infrastructure. As well as by purchasing bulk fuel at a cheaper rate from joint contract frameworks, by increasing the percentage of bulk fuel that is used, through shared use of sites, as litre for litre, it is cheaper than fuel purchased at commercial forecourts.
- 2.3 Currently Partners (Surrey FRS, West Sussex FRS, East Sussex FRS, Surrey and Sussex Police) have separate arrangements for buying, storing and managing vehicle fuel. The project will enable one consistent way of working; improve administration; enable financial savings and increasing resilience. Key goals identified by the Integrated Transport Function include;
 1. To reduce the number of bulk fuel tanks thus reducing risk of environmental impacts,

2. To reduce the overall bulk fuel capacity with no detrimental impact on fuel resilience,
3. Through shared access 24/7, to improve fuel resilience,
4. Through a period of transition, improve the administration and management of fuel,
5. To reduce expenditure on fuel infrastructure,
6. Through joint contract frameworks, bulk fuel will be purchased at the best possible price,
7. Through greater shared access to bulk fuel sites, reduce expenditure on (more expensive) fuel purchased at commercial forecourts

2.4 Existing below ground tanks will be replaced with new above ground tanks. This approach will reduce environmental risks and with the tanks being able to be moved; provide greater flexibility for any estate changes in the future. The operational site requirements have also been considered to minimise the impact of a reduction in usable training space (i.e. drill/training yards).

2.5 The project will deliver new integrated bulk fuel facilities to ten of our ESFRS sites, providing an overall capacity of 77,000 litres. Incorporating new above ground tanks, with integrated dispensing and fuel management systems.

2.6 The revised programme will deliver refuelling capability across the wider partnership while maintaining our own business continuity arrangements and complete the already identified need for asset replacement or upgrade across the estate.

2.7 ESFRS Programme Details:

Bohemia Road	New 20,000 ltr above ground tank with dual pumping capability
Bexhill	Decommission
Broad Oak	Dispensing Upgrade – already above ground tank
Eastbourne	New 10,000 ltr above ground tank
Hove	New 5,000 ltr above ground tank
Preston Circus	New 10,000 ltr above ground tank
The Ridge	Decommission
Roedean	New 5,000 ltr above ground tank
Rye	New 5,000 ltr above ground tank
Maresfield Training Centre	New 5,000 ltr above ground tank
Uckfield	Dispensing Upgrade
Lewes	Dispensing Upgrade

2.8 The only sites retaining an underground tank are Uckfield and Lewes. The tank at Uckfield was installed in 1996 with a double contained fibreglass tank with Class 2 leak detection wet system sensor connected and remains within its intended 30-40 year lifespan. The Lewes site is being considered under a potential relocation appraisal and therefore will remain in its current form until a decision has been made on the long-term location of the site.

- 2.9 The delivery of the project will be closely managed, using both internal project management and external contract administration services, together with regular liaison with Station Managers and on-site personnel to ensure that any disturbance to day-to-day operational activities are kept to a minimum.
- 2.10 The roll out of the new equipment and systems will be coordinated between Estates and Engineering departments, together with the contractor supply chain. The delivery team will also coordinate activities and communications with the wider stakeholder group including ITF Partners.

3. **FINANCIAL**

- 3.1 The project budget costs allow for: To supply and install new above ground fuel tanks with new dispensing at 7 locations (Bohemia Road, Eastbourne, Hove, Preston Circus, Roedean, Rye, and Maresfield training centre) plus the supply and install of new dispensing at 3 locations (Broad Oak, Uckfield, and Lewes) and the decommissioning of fuel facilities at 12 locations (those listed above plus Bexhill and The Ridge) once the new facilities are operational. To supply and install new below ground petrol/water interceptors at Bohemia Road and Roedean and connect to existing drainage systems.

- 3.2 The project budget is broken down as follows;

Capital Costs

Works, Tanks & Decommissioning as above:	£307,000
Sub-contractor management fee for OTS.	£ 9,000
Contingency Sum for the proposed site works.	£ 25,000
Contingency Sum for management fee for Principle Contractor PH Beck	£ 6,000
External consultant fee for the Principle Designer - BLB Surveyors.	£ 34,000
Internal (capitalised) management fee for the ESFRS Estates team.	£ 19,000
Total	£400,000

Ongoing Revenue Costs

To provide yearly maintenance and testing of all the new equipment at 10 locations.	£ 8,000
To provide yearly testing of the existing retained below ground tanks at 2 locations.	£ 1,000
To provide fuel management third party software support at 10 locations.	£ 3,000
Total	£ 12,000

3.3 Projected Cashflow

Financial year	Project stage	Estates-Engineering expenses	Project capital expenses	Recurrent revenue costs
Year 1	Year 1 – Project Inception	£1,544.00	£0.00	£0.00
FY 2018 / 19				
Year 2	Year 2 – Project Delivery	£18,127.00	£361,950.00	£0.00
FY 2019 / 20				
Year 3	Year 3 – Project Closure	£873.00	£19,050.00	£12,000.00
FY 2020 / 21				
Year 4	Year 4 – Ongoing Charges	£0.00	£0.00	£12,000.00
FY 2021 / 22				
Year 5	Year 5 – Ongoing Charges	£0.00	£0.00	£12,000.00
FY 2022 / 23				

- 3.4 Currently, ESFRS have £220,000 allocated in the capital programme to cover the original programme of fuel tank upgrades. Surrey County Council is holding a central fund of £270,000 under the ITF blue lights collaboration to support the fuel project. Therefore, the net cost to ESFRS is £130,000.
- 3.5 The ITF will also cover the revenue costs for the first 3 years of the project.
- 3.6 Although site surveys have been undertaken, the detailed surveys and design of the interceptor drainage systems have not yet been finalised. The costs are currently based on budget estimates. This presents a risk to the budget, however, a contingency of £25,000 is included within the project budget which would be used in the event that final costs exceeded the estimated budget costs for this element.
- 3.7 Based on the project budget, there will be an underspend of £90,000 against the capital programme. This can either be redirected to support other priorities in the wider programme or offered as a saving when the capital programme is reviewed as part of budget setting.
- 3.8 As part of the project delivery stage, it will be important for the Partnership to agree a Service Level Agreement (SLA) which together with day-to-day operating procedures will also need to confirm how future revenue costs (beyond the initial 3yr ITF funding

period) will be apportioned across each Partner, to include the share of initial stock order to fill the tanks. The SLA will also need to consider how future lifecycle capital replacement/upgrades will be met across the Partnership members in future years.

4. ENVIRONMENTAL

- 4.1 The storage of diesel in underground storage tanks is covered by the Environmental Permitting (England and Wales) Regulations 2010. The Blue Book and PETEL 65/34 guidance covers the decommissioning of underground storage tanks. The Control of Pollution (Oil Storage) (England) Regulations 2001 apply to above ground oil storage.
- 4.2 This project and the proposal to decommission old underground tanks and replace with modern above ground tanks with automated alarms will ensure we comply without legal duties and reduce the environmental risks of pollution across the Service estate.

5. LEGAL

- 5.1 The legal form of contract being used to deliver the project has not yet been confirmed. Our external professional advisors (BLB providing Contract Administration duties) will be proposing the relevant form of contract which best manages risks between the client and supply chain. Legal and Procurement advice will be sought ahead of entering into any legally binding contract and delivery.

6. CONCLUSION

- 6.1 This is a key project for ESFRS that represents a key commitment to both reducing the environmental risks associated with fuel storage sites and also the emergency services collaboration. The joint approach being proposed will enable one consistent way of working; a fully electronic system reducing the administrative burden on staff, improved audit trail of transactions, automated alarms covering low stock levels and leak detection, greater resilience through shared use of critical infrastructure and financial savings delivered via framework purchasing contracts.
- 6.2 The net saving of £90,000 for ESFRS against the original capital programme provision demonstrates a clear and deliverable benefit to the Service.
- 6.3 Approval is now sought to deliver new bunkered above ground fuel tanks and associated civil engineering works to complete the East Sussex Fire Service programme, which will deliver refuelling capability across the wider partnership while maintaining our own business continuity arrangements.

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East Sussex
Fire & Rescue Service

Fuel Tank & Pump Replacements

Full Business Case

Prepared by: Adrian Turner
Title: Senior Estates Surveyor
Business area: Estates
Filename: FBC (v4) for Fuel Tank & Pump Replacements – 05.08.19

1. Document Details

1.1 Document Location

The source of the document will be found on: G:/PREMISES/

1.2 Revision History

Revision date	Previous revision date	Summary of Changes	Changes marked	Author
0.1	n/a	First draft issue for comment	n/a	Adrian Turner
0.2	24.06.19	Second draft issue for comment	no	Adrian Turner
0.3	10.07.19	Third draft issue for comment	Tracking	Adrian Turner
0.4	05.08.19	Fourth draft issue for comment	Tracking	Adrian Turner

1.3 Approvals

This document requires the following approvals.

Signed approval forms are filed in the Gateway section of the project files.

Line Manager Name	Signature	Role	Date of Issue	Version
Duncan Savage				V4
Maureen Cherry				V4

Governance	Approval Y/N	Date Approved	Version	Comments / Recommendations
SLT	Y	21/8/19	V4	
Mark O'Brien	Y	21/8/19	V4	
Mark Andrews	Y	21/8/19	V4	
Bill Brewster	Y	21/8/19	V4	

1.4 Distribution

Once approved, this document has been distributed to:

Name	Role	Date of Issue	Version
Adrian Turner	Senior Supplier Estates & Project Manager		
Steve E Brown	Senior Supplier Engineering		
PMO	Project Management Scrutiny		

2. Purpose of this document

The purpose of the full business case is to document the justification for the undertaking of a project usually based on the estimated cost of development and implementation against the risks and the anticipated business benefits and savings to be gained. The Full Business Case should define the initiative in a way that will form the basis for decision making around viability laying out key factors for delivery.

Whilst devising the Full Business Case please consider the following;

- Ensure sufficient planning time
- Business benefits must be considered
- Links to strategic objectives must be considered
- Value for money (economy, efficiency and effectiveness, efficiencies should be categorised as cashable or non-cashable)
- Consider all options adequately with enough detail
- Support from key stakeholders where applicable such as Ops, IT, Estates, Comms, HR and Finance
- Project will be properly governed and managed throughout its life cycle
- Who will be accountable and how will the project be measured
- Review the Business Case by someone else with a critical eye

The Executive / Project Owner is responsible for creating the Full Business Case and will get help from other stakeholders / SMEs, such as the Senior User, Senior Supplier and Project Manager/s.

There are two primary uses of the document:

- To ensure that the project is a viable venture for the organisation and that all aspects have been considered
- To support planning and gateway for decision making as part of the PMO Governance structure

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4. Full Business Case

4.1 Proposed Project:

ESFRS Fuel Tank & Pump Replacements

4.2 Executive Summary

The blue light partners (East Sussex Fire and Rescue Service, West Sussex Fire and Rescue Service, Surrey Fire and Rescue Service, Surrey and Sussex Police) across Surrey and Sussex are working together to create an integrated transport function, to improve efficiency and effectiveness of operations.

Following an estate/engineering audit/assessment of the current underground fuel tanks and associated pumps on ESFRS sites agreement is sought to deliver new bunkered above ground fuel tanks and associated civil engineering works to complete the East Sussex Fire Service arrangements to deliver refuelling capability across the wider partnership while maintaining our own business continuity arrangements and to complete the already identified need for asset replacement or upgrade.

The upgraded infrastructure will be new over ground tanks taking a common-sense approach to both environmental issues whilst providing new assets that futureproof any significant estates changes meaning over ground tanks can be freely moved as required and importantly that we manage operational site requirements to minimise the impact of a reduction in usable training space. (ie drill/training yards)

4.3 Project Definition

Objective: To provide new 'blue lights' integrated bulk fuel facilities at 10 of our ESFRS premises during 2019-20 with an overall capacity of 77,000 litres. (70,000 litres in 7 sites as at Estates paper of 2013) and decommission all existing old facilities as required.

Measure: A smooth transition from the existing below ground tanks where possible to new above ground tanks, dispensing and fuel management system.

Baseline Performance: For completion (as at Estates paper of 2013 without blue lights integration) by the end of 2015.

Target: For completion during 2019 - 20 financial year as outlined in the approved 2018 -25 Estates Strategy.

Update: On target to complete before Christmas 2019 despite delays with station below ground drainage surveys, with framework procurement options, and with enhanced funding allocation

4.4 Background

The report to CMT-SLT of 17 January 2013 by Julian Salmon (former Estates Manager) gained approval on 30 January as recommended of Option 4: to replace existing underground tanks with above ground tanks with integrated pump unit and fuel management system and to reduce the number of diesel fuel tanks (12 to 7) across ESFRS sites to key locations. The budget established in the paper was £160k and assumed that a 10,000 litres capacity would be provided at each of Hove, Preston Circus, Roedean, Bohemia Road, Eastbourne, Maresfield training centre and at one other location in the north of the county. The Capital Strategic budget at the time had £220k identified for the project but the paper did not mention any collaboration with blue light partners or any common funding source. **The main issues to be resolved by the project were described at the time as: 1) Majority of underground storage tanks and fuel pumps are now over thirty years old and consideration needs to be given to replacement or refurbishment. 2) Limited capability for leak detection with existing installations, resulting in higher risks to ESFRS. 3) Currently have manual paper based recording procedures and monitoring. Increased need for remote fuel management capability.** The rejected options presented at the time were: Option 1: remain as existing, Option 2: reline existing underground tanks and install new pumps with fuel management system, and Option 3: replace existing underground tanks with above ground tanks with integrated pump unit and fuel management system. (Retaining all 12 existing fuel locations)

The report to P&R panel of 7 July 2016 by Gary Walsh the former CFO (through lead officers Mark O'Brien and Bill Brewster) looked to update panel members on an integrated fuel collaboration project and to seek support to progress with development of this project through the Integrated Transport Function (ITF) of the Emergency Services Collaboration Programme (ESCP) for ESFRS, WSFRS, SFRS, and Surrey & Sussex Police through Transformation Fund grant. The report advised that this grant is held by Surrey as a syndicated grant along with East Sussex Fire Authority and West Sussex County Council and would see the overall number of tanks of the partners reducing from 56 to 49. The report outlined the costs of the transformation at ESFRS to be £198,840 capital and £9,600 revenue out of a total investment implementation cost of £424,900 for all partners and we understand that this part of the fund has been ring fenced ready for our use. The report referenced the previous background paper as approved by CMT-SLT, stating that '**The report concluded that remaining as we are is not an option and that above ground fully bunded tanks provide much better control in the event of failure or damage and the risks of leaks and environmental impacts are significantly reduced.**'. The report also referenced the blue lights partners Project Brief of 8 April 2015 by Ian Thompson (ESCP Strategic Lead) for ITF Fuel, and the Business Case of 18 December 2015 by Russell Pearson which stated that an overall partner project of £409k (£340k savings over four years) would be less than 7% of the £5.96m Fire Transformation Fund at that time as governed by the ITF Programme Delivery Board. **The approved ITF Business Case stated goals as re-stated below in 4.6 of 1) to reduce the number of bulk fuel tanks thus reducing risk of environmental impacts, 2) to reduce the overall bulk fuel capacity with no detrimental impact on fuel resilience, 3) through shared access 24/7, to improve fuel resilience, 4) Through a period of transition, improve the administration and management of fuel, 5) to reduce expenditure on fuel infrastructure, 6) Through joint contract frameworks, bulk fuel will be purchased at the best possible price, 7) Through greater shared access to bulk fuel sites, reduce expenditure on (more expensive) fuel purchased at commercial forecourts.**

4.5 Summary of Pre-Project Activity

Estates Stage	Deliverable
Inception – Stages 1 & 2 RIBA 0 (strategic definition) RIBA 1 (preparation & brief) RIBA 2 (concept design)	Outline Business Case – Completed with earlier CMT-SLT papers of 2013 & 2016 as referenced in section 1.1
	Project Plan – Estates Strategy overall project Gantt chart tracking progress of all capital projects as part appended to this PID (as from March 2019)
	RAID Log – Standard PMO document (as from Oct 2018)
	Project Status Report – Standard PMO document (as from Oct 2018)
	Project Scaling Review – Standard PMO document completed May 2019
	Gateway 1 Approval – Completed with approval of Estates Strategy by SLT and then P&R panel (as from April 2019)
	Project Initiation Document – Standard PMO document (as from August 2019)
	Gateway 2 Approval – Authorisation to proceed as PID by SLT project board key management signatures (due in August 2019)
Delivery – Stages 3 & 4 RIBA 3 (developed design) RIBA 4 (technical design) RIBA 5 (construction)	Full Business Case – perhaps an unnecessary duplication of earlier work
	Fully defined and detailed technical design by principle designer (BLB Surveyors) and by principle contractor designate (Oil Tank Supplies) and their sub-contractors as signed off by project manager (due in August 2019)
	‘Tender’ report by BLB confirming costs from all project supply chain and those that would be taken forward into the proposed formal building contract with (Oil Tank Supplies) as reconciled PID first issue together with the agreed main contract program confirming commencement and completion dates for the works across all 12 site locations (due in August 2019)
	Project Initiation Document – Standard PMO document updated from first issue as related to revised costs and program just prior to construction works (due in August 2019)
	Gateway 3 Approval – Authorisation to proceed as updated PID by SLT project board key management signatures (due in August 2019)
	Exception Report - Standard PMO document used during site works
	Highlight Report - Standard PMO document used during site works
	Project Initiation Document – Standard PMO document updated during site works after Highlight and Exception reports confirming any client variations made outside of agreed contingency tolerances outlined in section 5
Closure – RIBA 6 (handover & close out)	‘Snagging’ Quality Inspection – as required before formal handover at each of the completed 12 site locations.

RIBA 7 (in use)	'Handover' – as required certification of completion of the building contract by BLB (due December 2019)
	Lessons Learned review meeting (due in January 2019)
	Lessons Learned report - Standard PMO document
	Project Closure review meeting (due in February 2020)
	Gateway 4 Approval - Project Closure report (standard PMO document)
Defects –	'12 Month Defects' Quality Inspection – as required to release retention monies held under the building contract by BLB (due December 2020)

4.6 Business Objective and value

The fuel project is one of a series of initiatives enabling collaboration and integration between blue light partners involved in the Transport element of the Emergency Services Collaboration Programme.

Currently Partners (Surrey FRS, West Sussex FRS, East Sussex FRS, Surrey and Sussex Police) have separate arrangements for buying, storing and managing vehicle fuel. The project will enable one consistent way of working; improve administration; enable financial savings and increasing resilience. The project will:

- Reduce the number of bulk fuel tanks thus reducing the risk of environmental impacts
- Reduce the overall bulk fuel capacity with no detrimental impact on fuel resilience
- Through shared access 24/7, improve fuel resilience
- Through a period of transition, improve the administration and management of fuel
- Reduce revenue expenditure on fuel processing, infrastructure maintenance
- Through joint contract frameworks, bulk fuel is purchased at the best possible price
- Through greater shared access to bulk fuel sites, reduce expenditure on (more expensive) fuel purchased at commercial forecourts.

4.6.1 This project is in a series of coordinated initiatives enabling the collaboration and integration of the Transport functions of 'blue light' partners involved in the wider Emergency Services Collaboration Programme (ESCP), across Sussex and Surrey.

4.6.2 The ESCP forms an integral part of the public service reform agenda and its activities are aligned to the published prospectus on Devolution from the three Southern Counties (3SC). These transformational plans provide the opportunity for the emergency services partners to work closer together, improving service to the public, reducing costs, increasing resilience, reducing overlap and responding to the changing pattern of demand. The ESCP strategic board reviewed its vision to concentrate on a three fire principle where closer collaboration of the three fire services within the partnership will seek to align collaborative projects and procurements whilst supporting the work of other blue light partners

4.6.3 The Fuel project will enable a more efficient fuel procurement, distribution and administration system, reducing the administrative burden on individual officers and administrative support. This also supports the ESFRS ambition to remove legacy administrative systems based on manual completion of paperwork.

4.6.4 The availability of bunkered fuel at a much wider range of sites will reduce costs and increase efficiencies in terms of reducing either the miles driven to use bunkered fuel or the increased costs of forecourt fuel purchases.

4.6.5 The increased resilience provided by the development of a strategic network of bunkered fuel sites is a significant benefit.

4.6.6 The availability of bunkered fuel sites throughout Sussex and Surrey available to the ESFRS fleet 24/7.

4.6.7 Enabling staff to have shared access to bulk fuel sites across the region is one of the key drivers in reducing the percentage of (more expensive) fuel being purchased at forecourts. As part of the integrated fuel management system, agreements will need to be reached with other blue light partners to enable a smooth transition through security arrangements.

4.6.8 All planned changes are taken in view of maintaining or enhancing resilience. This includes maintaining sufficient reserve stock levels, enabling 24/7 access at more sites and enhancing supply chain management through improved re-ordering processes.

4.6.9 The proposed changes will see 7 bulk fuel tanks closing, reducing the total number from 56 to 49 and 12 of the remaining 49 tanks will need to be replaced. There is then a varying requirement to upgrade the other associated components at each of the 49 sites to the standard needed to operate an integrated fuel management system.

4.6.10 The required investment will be partially offset by the savings made through the avoidance of future capital and revenue expenditure to maintain and/or remove life expired bulk fuel infrastructure. As well as by purchasing bulk fuel at a cheaper rate from joint contract frameworks, by increasing the percentage of bulk fuel that is used, through shared use of sites, as litre for litre, it is cheaper than fuel purchased at commercial forecourts. Greater savings should be achieved through the further integration that this project enables.

4.6.11 The development of the shared access element of the proposal relates to the need to allow partner organisations access to each-others' bulk fuel sites. Whilst the initial analysis of the proposed 49 sites has not identified any insurmountable issues, a site by site assessment will be undertaken in advance of the infrastructure changes to assess and define any issues.

4.6.12 The proposal of the integrated fuel management system has been approved by the ESCP Strategic Board, in accordance with the Programme's governance arrangements, to utilise the Fire Transformation Fund Grant. This grant is held by Surrey as a syndicated grant with East and West Sussex Fire and Rescue Authorities.

4.7 Service / Business Expected Outcome and Benefits

Please refer to the section 4.4 above and the associated internal and external business cases as mostly relating to the need to replace our aged below ground fuel tanks and the need to collaborate with our blue lights partners through a common hardware/software system and accessible dispensing locations.

According to Triscan Systems there are six essential components for an onsite fuel management system:

Tank for storage of fuel

Pump for dispensing of fuel

Tank gauge

Fuel management system

Fuel access device

Software

The proposed Triscan Systems – Timeplan hardware (Sigma 750) and software (Fuel Manager) offer us:

24hour unmanned fuelling

High security RFID tags

Alpha-numeric keypads

Wireless access option

Mechanical or electrical pump connections

The three main steps of Fuel management are:

- 1) Measuring tank stock levels
- 2) Identifying drivers and vehicles
- 3) Viewing clean data reports

4.8 Expected Dis-benefits

Loss of fuel capability at The Ridge and Bexhill.

Reduced fuel capability at Eastbourne, Hove, and Roedean.

Loss of a car parking space at most of the stations to accommodate the new above ground tank.

Disruption of yard activities when other 'blue lights' partners fill their vehicles.

Granting of yard access to other 'blue lights' partners involving distribution of barrier keys/fobs.

4.9 Project Description

The scope of the project includes:

Generally:

To supply and install a new single phase 230v ac electrical supply from local distribution board with new RCD protection on light duty galvanised tray.

To supply and install a new stainless fill cabinet with lockable roller shutter including fill pipe assembly, all valves including PRV, and interconnecting 28mm stainless steel mapress pipework.

To supply and install safety barriers for the new tanks and dispensing to protect them from vehicular damage.

To supply and install new dispenser and sigma 750 head into end mounted cabinet and install all interconnecting pipework.

To supply and install cat 5e data cable from station network to new dispenser head.

To mark out re-fuelling zone with yellow hatching.

Liaise with site, isolate existing pump supplies and pipework, disconnect then remove and dispose of existing dispenser. Make good all surfaces. (only when new facility is operational)

To uplift tank bottoms and dispose of at a licensed waste recycling facility. (only when new facility is operational)

Bohemia Road: (dual dispensing installation with new interceptor)

Rear of premises –

Form a new 150mm reinforced concrete tank base in position agreed to suit the new tank dimensions.

Supply and install new 20,000 ltr above ground integrally bunded steel tank complete with bund alarm, overflow alarm, and light. Location to be agreed with station manager beside the existing generator fuel tank.

Foam fill and decommission existing below ground tank 9,000 ltr and vents. (only when new facility is operational)

Front of premises –

Liaise with site, cut back vegetation to front left of station forecourt and excavate to form a new dispenser base adjacent to the forecourt. Form the new dispenser base from reinforced concrete.

Supply and install Pressure Regulating Valve to cabinet as environmental protection.

Adapt below ground drainage runs to incorporate a new 20,000 ltr Enviroceptor oil/water separator used to protect the front refuelling point and new tank/pump.

Supply and install new ACO drainage around the new front fuelling point as detailed on the drawing and connect via 150mm pipework to adapted drainage. Backfill and make good.

Bexhill: (decommission only)

Liaise with site, isolate existing pump supplies and pipework, disconnect then remove and dispose of existing dispenser. Foam fill and decommission existing below ground tank 4,500 ltr and vents. Make good all surfaces.

Broad Oak: (dispensing only)

Liaise with site, isolate dispenser electrical supplies, disconnect pipework and remove for disposal off site at a licensed waste handling facility.

Form a small concrete dispenser base adjacent to existing wall mounted dispenser position.

Supply and install new dispenser and sigma 750 head into end mounted cabinet and install all interconnecting pipework to the existing 2,500 ltr above ground tank.

Reconnect wiring and test.

Eastbourne:

Form a new 150mm reinforced concrete tank base in position agreed to suit the new tank dimensions.

Supply and install new 10,000 ltr above ground integrally bunded steel tank complete with bund alarm and end mounted dispenser cabinet with lockable roller shutter. Location to be agreed with station manager beside the existing car training compound.

Foam fill and decommission existing below ground tank 13,500ltr and vents. (only when new facility is operational)

Hove:

Form a new 150mm reinforced concrete tank base in position agreed to suit the new tank dimensions.

Supply and install new 5,000 ltr above ground integrally bunded steel tank complete with bund alarm, overfill alarm, light and lockable end mounted dispenser cabinet from existing electrical supply. Location to be agreed with station manager outside the existing gym building.

Foam fill and decommission existing below ground tank 9,000 ltr and vents. Dismantle, remove and dispose of the two dispensers and break out concrete base. (only when new facility is operational)

Preston Circus:

Isolate pump supplies and pipework, disconnect, remove and dispose of existing dispenser. Make good concrete.

Form a new 150mm reinforced concrete tank base in position agreed to suit the new tank dimensions.

Supply and install new 10,000 ltr above ground integrally bunded steel tank complete with bund alarm, overfill alarm, and light. Location to be agreed with station manager adjacent to the existing generator building.

Foam fill and decommission existing below ground tank 9,000ltr and vents. (only when new facility is operational)

The Ridge: (decommission only)

Liaise with site, uplift tank bottoms and dispose of at a licensed waste recycling facility.

Foam fill and decommission existing below ground tank 5,500 ltr and vents.

Roedean: (with new interceptor)

Liaise with site to clear fenced compound to rear of site.

Excavate and expose existing drainage within workshop compound to suit the size of the new fuel storage tank. Backfill, make good to match existing.

Form a new 150mm reinforced concrete tank base in position agreed to suit the new tank dimensions.

Supply and install new 5,000 ltr above ground integrally banded steel tank complete with bund alarm and end mounted dispenser cabinet with lockable roller shutter. Location to be agreed with station manager beside the existing car training compound.

Foam fill and decommission existing below ground tank 9,000 ltr and vents. (only when new facility is operational)

Rye:

Form a new 150mm reinforced concrete tank base in position agreed to suit the new tank dimensions.

Supply and install new 5,000 ltr above ground integrally banded steel tank complete with RCD protected electrical distribution board, bund alarm, overfill alarm, Light and lockable end mounted dispenser cabinet. Decommission, safely remove sand dispose of the existing above ground tank 2,500 ltr and vents. (only when new facility is operational)

Maresfield Training Centre:

Isolate pump supplies and pipework, disconnect, remove and dispose of existing dispenser. Make good concrete.

Form a new 150mm reinforced concrete tank base in position agreed to suit the new tank dimensions.

Lay new ACO drain to road side of tank base, adapt existing drain gulley to accommodate ACO - Make good.

Supply and install new 5,000 ltr above ground integrally banded steel tank complete with bund alarm, overfill alarm, light and lockable side mounted dispenser cabinet.

Foam fill and decommission existing below ground tank 4,500ltr and vents. (only when new facility is operational)

Uckfield: (dispensing only)

Liaise with site, isolate pump supplies and pipework, disconnect, remove and dispose of existing dispenser.

Adapt base mount as required for new dispenser and head.

Adapt suction pipe connection as required.

Adapt and re-connect power to new dispenser and head.

Supply and install cat 5e data cable from main building to dispenser via 50mm duct laid in soft verge.

Prime dispenser and test.

Lewes: (dispensing only)

Liaise with site, isolate pump supplies and pipework, disconnect, remove and dispose of existing dispenser.

Adapt base mount as required for the installation of the new dispenser and head.

Adapt suction pipe connection as required.

Adapt and re-connect power to new dispenser and head.

Supply and install cat 5e data cable from main building to dispenser via 50mm cable tray mounted to perimeter wall.

Prime dispenser and test.

The scope of the project excludes the following:

That no adjustments are being made to the existing below ground drainage systems to serve the purposes of a more robust approach for foam training at the premises.

4.10 Options Appraisal and Proposed Solutions

The re-lining of the existing tanks has been re-considered by the project team at the request of senior management and vetoed to make a constraint for this PID, even though the overall budget costs would be slightly lower (between 3% and 8% based on 2018 budget estimates), for the following reasons:

- 1) The 2013 and 2016 papers to CMT as referenced above (and as related to the ITF approved business case) had considered re-lining of the existing tanks but rejected this option in favour of new above ground tanks.
- 2) The ITF blue lights framework from which contractors are selected for the project does not include this specialised area of work as an option from which to select.
- 3) As stated in the earlier approved papers 'The report concluded that remaining as we are is not an option and that above ground fully bunded tanks provide much better control in the event of failure or damage and the risks of leaks and environmental impacts are significantly reduced.'
- 4) The age of our existing fuel tanks range from 1938 at Preston Circus to 1996 at Uckfield and water contamination has occurred historically at Roedean (1957) and Eastbourne (1973) where tank has been 'off the run' since July 2019, and at Bexhill (1971) where tank has been 'off the run' since July 2018.

Please note that the proposal, as described in section 4.9 above, does retain the below ground fuel tank at Uckfield which was installed in 1996 (as double contained fibreglass not steel and with a class 2 leak detection wet system sensor connected) and remains within its intended 30-40 year lifespan.

The below ground fuel tank at Lewes (1972) is only retained as a station relocation is currently being considered.

4.11 Scope, Impact and Interdependencies

The following assumptions were identified during the planning of the project:

That the brief formed from the project sponsor’s liaison with our Sussex Police colleagues has given us a suitable spread of ten bunkered fuel locations and relevant local and overall capacity (77,000 litres) of the new tanks to serve both our needs and theirs going forward over the next five years of our current Estates Strategy. That the ongoing ESFRS Operational Review does not make any recommendations that will significantly affect our portfolio of premises and the vehicles that use them. That the fleet of vehicles, both ESFRS and Sussex Police, will not make a transition to be powered by other sources of fuel such petrol, gas or electric and therefore reduce the need for so much bunkered liquid diesel fuel capacity. That the expensive dual dispensing facility proposed for Bohemia Road (£59,000 over the normal single dispensing cost) is a worthwhile provision as this new installation, including interceptor, at the accessible front of the premises is just to serve Sussex Police and would not be used by ESFRS. That the proposed Timeplan (Triscan) fuel management hardware & software will be suitable for our needs and will be continued to be used by Sussex Police. That planning applications are not required for the proposed works and that building regulations consent is only required for the Bohemia Road and Roedean projects. That our senior users (station managers) and their respective group managers support the goals of the project and are willing to, in most situations, sacrifice an existing car parking space to accommodate a new above ground fuel tank, together with affording access to our premise for our blue lights colleagues to use the new facilities. That the fuel stock at all premises will be run down before transition to the new facility.

4.12 Dependencies

Dependency Description	Dependency Party	To / From	Type [External / Internal]	Milestone Date
External funding of at least £270,000 to support the collaborative elements of the project.	Integrated Fuel Transformation Board.	To date contract is signed for ESFRS works from when early budget split was agreed between blue light partners.	External	Required after completion of project and before end of 2019-20 financial year.
Fuel management hardware unit installation on dispensing equipment with wireless connectivity to web based access portal - yearly licensing	Triscan - Timeplan	To future continued operational use from date of installation and training.	External & Internal	New support contract decision required during first year of use.

Maintenance of fuel pump dispensing equipment after new warranties expire.	Maintenance contractor to be confirmed after 3 quotes obtained.	To future continued operational use from one year past date of installation.	External	New support contract decision required during first year of use.
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4.13 Outline Plan / Timescales / Project Schedule

	Status	Task (as agreed Estates process)	Date Due	Responsibility
1	Ongoing	Project Inception (Stage 1 – Gateway 1 – Stage 2 – Gateway 2)	July 2019	Adrian Turner
2	Preparing	Project Delivery (Stage 3 – Gateway 3 – Stage 4)	Aug – Dec 2019	Adrian Turner
3	TBC	Project Closure (Gateway 4)	Feb 2020	Adrian Turner

4.14 Resources and Cost Benefit Analysis with key assumptions (financial /non-financial)

Project Team	
Name	Estates Strategy Delivery Board or ITF Programme Board?
Purpose	The Project Board is ultimately accountable for the success and failure of the project. It is comprised of all key related project decision makers. They provide direction and support for the Estates Project Manager and give authorisation at all Gateway stages of the project.
Key responsibilities	<ul style="list-style-type: none"> • Outline Business Case approval • Business Case approval • PID approval • Change Control Document approval where outside of PID tolerances • Gateway 1 – 4 approval during the life of the project

Project Sponsor	
Name	Bill Brewster – Head of Engineering
Purpose	This role is the key link between the project manager and project team to the organisation’s senior management. Although the Project Manager is the day to day manager of the project the Project Sponsor has the overall responsibility for the project.
Key responsibilities	<ul style="list-style-type: none"> • Preparing the Outline Business Case for internal and external funding approval with Estates Manager and blue light collaboration partners for authorisation by senior managers (Gateway 1) • Preparing the Data Privacy/Equality/Environmental impact assessments

	<p>with the Estates Manager and blue light collaboration partners</p> <ul style="list-style-type: none"> • Preparing the brief for the Project Manager after coordination with blue lights collaboration partners • Approving all draft documentation prepared by the Project manager for SLT (project board) approval including PID • Preparing the Full Business Case with Estates Manager for authorisation by senior managers (Gateway 3) • Communication with our blue lights collaboration partners
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Senior Supplier – Estates and Project Manager	
Name	Adrian Turner – Senior Estates Surveyor (with external resource support)
Purpose	The Senior Supplier – Estates & Project Manager is the person who has overall responsibility for the overall delivery of the project through all the project life cycle stages of initiation, planning, design, execution, monitoring, controlling and closure of the project. They are responsible for co-ordinating resources, managing the project team, ensuring risks, issues and exceptions are reported and managed, and are the central keystone of the project.
Key responsibilities	<ul style="list-style-type: none"> • Overall control and management of the construction project at ESFRS premises • Providing and updating of standard Project Status reports and RAID logs to the Project Management Office for the duration of the project • Preparing the Project Initiation Document for authorisation by senior managers (Gateway 2) as a mandate, through external resource, to develop full design and costing ready for contract documentation • Acting as ‘client’ in the building contract and responsible for authorising variations (within agreed tolerances) through the external resource contract administrator BLB Surveyors • General liaison between stakeholders including senior users & senior suppliers and other internal and external partners • Preparing the Project Closure report for authorisation by senior managers (Gateway 4) after a Lessons Learned meeting

Senior Supplier - Engineering	
Name	Steve Brown – Engineering Development Manager (with Claire Harris as support)
Purpose	The Senior Supplier - Engineering supports the Project Sponsor with the project brief and also represents the end users of the equipment that the project will deliver.
Key responsibilities	<ul style="list-style-type: none"> • Project delivery of the fuel management system through hardware ‘Sigma 750’ connected to the dispensing pump with web based software ‘Fuel Manager’ through preferred supplier Triscan Systems - Timeplan • Supply of information in development of new or revised working – operating systems – manual notes with senior users (and any required training exercises) in advance of the agreed ‘go live’ date(s) for each fuel site location • Agreement of maintenance regime for new equipment after 12 month

	defect period through Estates term contracts (revenue) or by separate internal or external resource managed directly by Engineering
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Senior Users - ESFRS	
Name	All of the Station Managers where works are taking place
Purpose	The Senior User represents the end users of the equipment that the project will deliver. Their role is to ensure the Users agree the Acceptance Criteria and the end products meet that criteria. The Senior Users are represented on the Estates Strategy Board by their Group Managers in rotation.
Key responsibilities	<ul style="list-style-type: none"> • Providing communication on the project at a local station wide level • Agreement to the proposed locations of the new equipment and to the methods of working for contractors during the delivery of the site works

Principle Designer & Contract Administrator (external resource)	
Name	Derek Raven – BLB Surveyors
Purpose	Key external construction (multi-disciplinary) professional services resource to facilitate project delivery of the required construction main contract covering the 12 site locations
Key responsibilities	<ul style="list-style-type: none"> • All generally as ESFRS term contract appointment of multi-disciplinary consultant through the Orbis consultant framework including: • Site assessments at all locations during briefing with ESFRS client and providing full scope of works documentation • Collection and assimilation of all survey information including below ground drainage by Sweeptech as arranged by ESFRS client • Principle Designer including pre-construction phase planning under CDM 2015 • Planning and Building Regulations applications as required as agent to ESFRS Estates client • Project general arrangement drawings and approval of contractors detailed drawings • Cost reports as required throughout the life of the project • Chair of pre-start meetings at all stations where work is to be carried out • Contract Administrator for the building contract from commencement to completion acting for ESFRS Estates client and for valuations and certifying stage payments to the main contractor • Checking of the Health & Safety File for the project at completion handover as produced by main contractor • Contract Administrator for the building contract twelve month defect inspection and for certifying release of retention monies to main contractor

Principle Contractor (external resource)	
Name	Steve Gain – Oil Tank Supplies (still to be confirmed by ITF Procurement) or alternatively Neil Haughton – PH Beck with OTS as a named sub-contractor.

Purpose	Key external specialist supplier of new equipment acting as main contractor or sub-contractor to lead the supply chain in the delivery of the new above ground replacement fuel tanks and dispensing equipment together with the decommissioning of existing facilities at agreed operational stations
Key responsibilities	<ul style="list-style-type: none"> • All generally as Blue Lights ITF Fuel contractor framework • Principle Contractor including construction phase planning under CDM 2015 • Management of all sub-contractors required for the works including site specific inductions of all operatives for ESFRS premises in accordance with current ESFRS 'Guidance for the Control of Contractors on Sites.' • Health & Safety File for the project at completion handover

4.15 Financial Appraisal

To supply and install new above ground fuel tanks with new dispensing at 7 locations (Bohemia Road, Eastbourne, Hove, Preston Circus, Roedean, Rye, and Maresfield training centre) plus the supply and install of new dispensing only at 3 locations (Broad Oak, Uckfield, and Lewes) and the decommissioning of fuel facilities at 12 locations (those listed above plus Bexhill and The Ridge) once the new facilities are operational. To supply and install new below ground petrol/water interceptors at Bohemia Road and Roedean and connect to existing drainage systems. **£307,000**

Sub-contractor management fee for OTS. **£9,000**

Contingency Sum for the proposed site works. **£25,000**

Contingency Sum for management fee for Principle Contractor PH Beck £6,000

External consultant fee for the Principle Designer - BLB Surveyors. **£34,000**

Internal (capitalised) management fee for the ESFRS Estates team. **£19,000**

TOTAL BUDGET CAPITAL INVESTMENT COST

£400,000

To provide yearly maintenance and testing of all the new equipment at 10 locations. **£8,000**

To provide yearly testing of the existing retained below ground tanks at 2 locations. **£1,000**

To provide fuel management third party software support at 10 locations. **£3,000**

TOTAL BUDGET ONGOING YEARLY REVENUE COST

£12,000

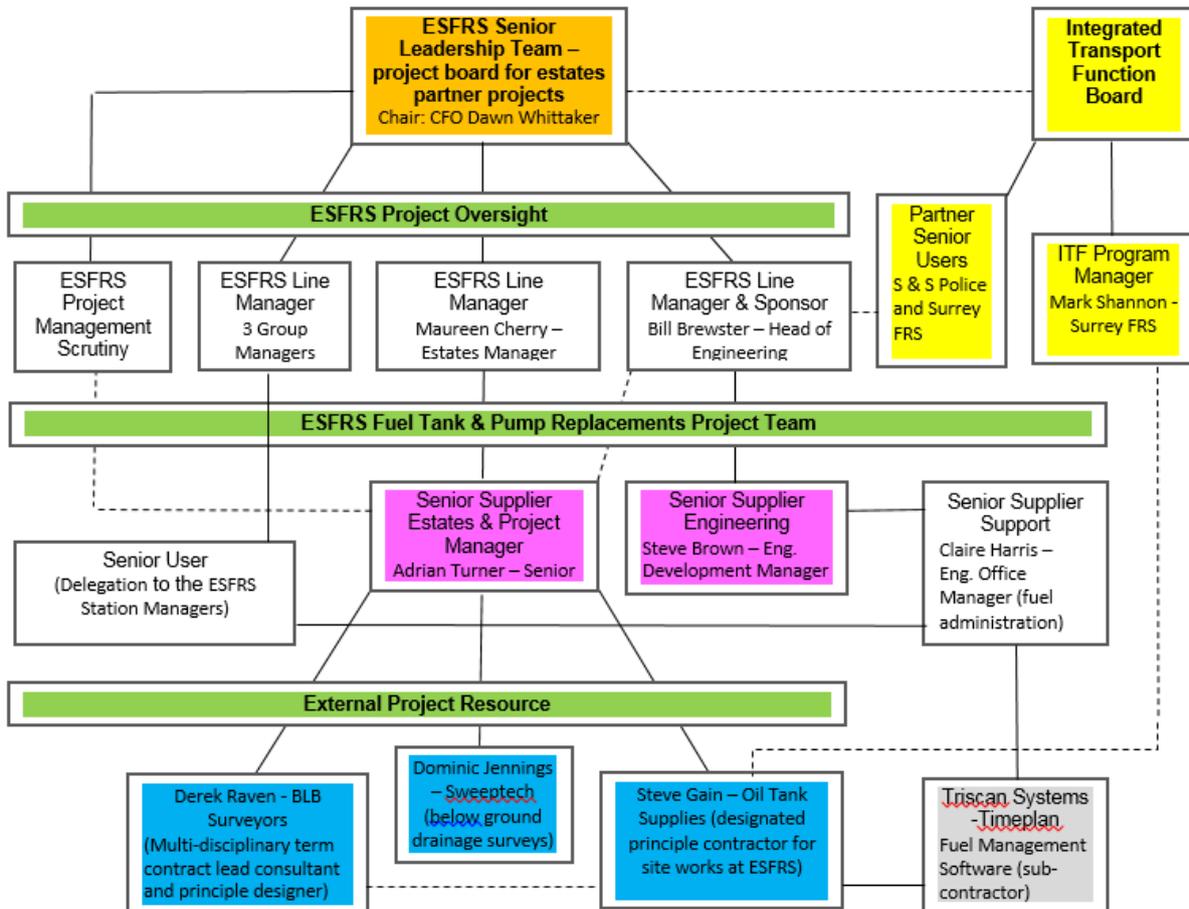
Financial year	Project stage	Estates-Engineering expenses	Project capital expenses	Recurrent revenue expenses
Year 1	Year 1 – Project Inception	£1,544.00	£0.00	£0.00

FY 2018 / 19				
Year 2	Year 2 – Project Delivery	£16,583.00	£361,950.00	£0.00
FY 2019 / 20				
Year 3	Year 3 – Project Closure	£873.00	£19,050.00	£0.00
FY 2020 / 21				
Year 4	Year 4 – Ongoing Charges	£0.00	£0.00	£12,000.00
FY 2021 / 22				
Year 5	Year 5 – Ongoing Charges	£0.00	£0.00	£12,000.00
FY 2022 / 23				

The original business case as approved by P&R Panel in July 2016 set out a total one off cost of £198,840 which was to be covered in full by the ITF Grant, with revenue costs for the first 3 years also covered by grant funding. The service has however continued to include funding of £220,000 for a pre-existing scheme for fuel tank replacement within its Capital Programme.

The budget above assumes that the costs of the project would be settled, as the project progresses, through our ESFRS capital budget which currently has a budget of £220,000 for financial year 2019 – 2020 but that there is also a supplementary central fund available to ESFRS of £270,000 being held by Surrey County Council for our part of the ITF blue lights collaboration. If this Paper is approved at these estimated costs then we would hope that the appropriate adjustments are made to the financial projections, including monies held over for payment of retentions at end of 12 month defects, as currently we are predicting a capital underspend (from the two combined funds) of £90,000 even without reducing the scope of works proposed at Bohemia Road, or seeking direct reimbursement from Sussex Police for the £59,000 extra costs to meet their needs there.

4.16 Project Governance



4.17 Progress Reporting

Report	Frequency	Author	Distribution
Project Status report	Monthly from Inception	Adrian Turner	Senior Supplier (sponsor)/Line Manager/PMO/Consultant Resource
Project RAID log	Monthly from Inception	Adrian Turner	Senior Supplier (sponsor)/Line Manager/PMO/Consultant Resource
Project Initiation Document	At Inception then for change control process during Delivery	Adrian Turner	SLT Project Board/Senior Supplier (sponsor)/Line Manager/PMO/Consultant Resource
Highlight report	Monthly during site works Delivery	Adrian Turner	Senior Supplier (sponsor)/Line Manager/PMO/Consultant Resource
Exception report	Monthly during site works Delivery	Adrian Turner	Senior User (sponsor)/Line Manager/PMO/Consultant Resource
Lesson Learned report	Once at Closure	Adrian Turner	Senior Supplier (sponsor)/Line Manager/PMO/Consultant Resource/Senior Users
Project Closure report	Once at Closure	Adrian Turner	SLT Project Board/Senior Supplier

(sponsor)/Line
Manager/PMO/Consultant
Resource

4.18 Risks

Risk	Date Identified	Date Reviewed	Description	Likelihood Certain - 4 Very likely - 3 Low - 2 Unlikely - 1	Impact Critical - 4 Serious - 3 Significant - 2 Minor - 1	Score (1-16)	↓ ↑	Action Required / Mitigation	Residual Risk Post Mitigation (4x4)			Owner	Status Open / Closed
									Likelihood	Impact	Risk Score		
R1	06.10.18	08.02.19	That the existing completed ITF 'Blue Lights' procurement is not fit for our purposes.	2	3	6		To consider a timeline that includes possible new tender exercise and also the partial delivery of any required additional works by others.	1	1	1	AT/BB	Closed
R2	06.10.18	06.11.18	That the multi-disciplinary consultant tender is delayed and impacts on delivery timeline.	2	3	6		To consider project delivery using an existing framework consultant appointment.	1	1	1	AT	Closed
R3	06.11.18	08.02.19	That the updated 'business case' required to replace or re-line the fuel tanks with new dispensing is delayed or not approved.	2	2	4		To ensure that budget costs are updated when surveys are received and the PID written and presented to the project board to inform the updated business case.	1	1	1	AT/MC	Open
R4	10.12.18		That if a two phase project is approved, the delivery of the earlier and earlier site works does not impact the later programmed phase in time or budget.	3	2	6		To ensure that budget costs are regularly updated by the consultant and have suitable contingency sums to allow for unforeseen circumstances.	2	1	2	AT/MC	Open
R5	10.12.18	09.05.19	That the civil engineering costs for the new petrol interceptors required extend beyond the average cost of £15,350 in the tender submission by OTS from the ITF procurement.	3	3	9		To ensure that BLB benchmark these costs with other recently completed public sector projects to ensure best value is achieved. To allocate some funds from Estates general schemes budget for potential extra civil engineering costs for whilst on site circumstances.	2	2	4	AT/MC	Open
R6	14.01.19	08.02.19	That the project board reject the proposal for the above ground tank solutions (despite approval in original strategic partner's 2016 business case) and fuel supply continuity is compromised in a re-lining strategy of the retained existing below ground tanks.	2	3	6		To ensure that the costs of temporary tanks is added to the 're-lining' option cost appraisal and that designs for the above ground tank option consider continuity of access to current fuel supplies and dispensing.	2	1	2	AT/MC	Open

A risk is a foreseeable/potential problem/event that will impact on the ability to deliver your project's outcomes. This section should outline the risks to the overall delivery of the project for example: timelines, budget constraints, other known projects that have an impact, changes to legislation, single points of failure, etc. Also outline how those risks will be managed throughout the project. In addition, outline any high level or key risks that would arise by undertaking the project on the business / the organisation. These can be risks to existing processes, other projects, funds available, certain operations, business continuity, reputation risks, financial risks, etc. You can also outline risks of not undertaking the project. Make sure you highlight those separately.

NOTE: Risks outlined here should be risks to the overall Project Delivery not more detailed project workstream risks which will be identified during the delivery of the project.

EAST SUSSEX FIRE AUTHORITY

Panel Policy and Resources Panel

Date 31 October 2019

Title of Report Estates Strategy Delivery Model Review

By Assistant Director Resources / Treasurer

Lead Officer Maureen Cherry – Interim Estates Manager

Background Papers SLT 24-04-2019 Item 9 – Estates Service Delivery Model ESFRS Estates Strategy & appendices

Appendices Appendix 1 – Full Business Case – Estates Strategy Delivery Model Project

Implications (please tick ✓ and attach to report)

CORPORATE RISK	✓	LEGAL	
ENVIRONMENTAL		POLICY	
FINANCIAL	✓	POLITICAL	
HEALTH & SAFETY	✓	OTHER (please specify)	
HUMAN RESOURCES	✓	CORE BRIEF	
EQUALITY IMPACT ASSESSMENT			

PURPOSE OF REPORT To outline the challenges faced with regards to the delivery of the Estates Strategy, and;

To provide recommendations with regards to, revised Estates Strategy Delivery models.

EXECUTIVE SUMMARY With the recent approval of the East Sussex Fire & Rescue Service (ESFRS) Estates Strategy 2018 – 2026 the Service needs to make a step change in how estates services are delivered to support the implementation of the Estates Strategy and to meet the KPIs outlined in the Action Plan.

The current estates function has been traditionally geared towards reactive works and delivery of minor planned improvements and as such there are a number of challenges facing the Service as the team starts to mobilise to deliver the totality of the strategy.

Therefore, to deliver the strategy and meet the stated KPIs the Estates Team will need to redefine their existing delivery model and look to partners to bridge the necessary skill, resilience and agility gaps that currently exist.

The report recommends that the Service enters into a collaboration with Surrey & Sussex Police for the delivery of Estates and Facilities Management Services.

RECOMMENDATION**The Panel is asked to:**

- 1. Approve that ESFRS enter into formal agreement with Sussex Police & Surrey Police to agree collaboration of the Estates and Facilities services.**
- 2. Delegate authority for the AD Resources / Treasurer in consultation with the Deputy Monitoring Officer & the Chair of the Estates Strategy Delivery Board to put in place the necessary arrangements to establish the collaboration.**
- 3. Note that, in accordance with East Sussex Fire Authority Contract Standing Orders (CSOs) 7.2, the Treasurer, after consultation with the Monitoring Officer, Procurement Manager and the relevant Member, has approved a waiver of CSO13.7-13.8 with regard to the provision of Estates & Facilities Management Services by Surrey & Sussex Police.**

1. INTRODUCTION

- 1.1 The East Sussex Fire and Rescue Service Estates Strategy 2018-26 was approved by the Fire Authority in February 2019. This strategy marks a new chapter in the way Estates and Facilities services will be delivered across the estate.
- 1.2 The Estate is at the heart of everything ESFRS do and as such it is strategically important for the service to have a sustainable estates and facilities delivery model that is professional, scalable and cost effective. This will ensure the Estates strategy is delivered and the KPIs contained within the supporting action plan are also delivered
- 1.3 This paper builds on the Outline Business Case submitted to SLT in April 2019 recommending a collaborative arrangement with Surrey & Sussex Police for Estates and Facilities management Services.

2. STRATEGIC CONTEXT

- 2.1 Estates Strategy Delivery Model Review project, is guided fundamentally by The Policing and Crime Act 2017, which includes within it, a provision to facilitate collaboration in order to improve the efficiency and effectiveness through closer collaboration of the emergency services. It is also included in key commitments made to the Fire Authority by the Service
 - a) to review all ESFRS support services
 - b) to look to public / public partnerships to achieve efficiencies across the Service, especially with regard to sharing of the estate
 - c) to reduce revenue running costs across the estate over the period of the Estates Strategy by 15-25% per annum (£360k - £600k)

3. CURRENT CHALLENGES

- 3.1 As outlined in Appendix 1 – Outline Business Case – Estates Strategy Delivery Model, there are a number of key challenges facing ESFRS in delivering the Estates Strategy and the KPIs outlined in the supporting action plan.
- 3.2 Given the challenges, it is felt that there is significant opportunity to enhance and improve estates and facilities services to ESFRS by initiating and delivering the project to review the current delivery model.

4. RISK

- 4.1 There are two major risks if the Service do not enter into the collaboration agreement.
 - a) The Service will not be able to deliver the ambitious programme set out in its estates strategy, neither delivering the fit for purpose modern buildings the service needs, nor the significant targeted savings associated with the ongoing management of the estate.

- b) Necessary improvements in Health and Safety arrangements with regards to estates, primarily, managing contractors on site and statutory compliance will be more challenging to achieve

The skills, existing resource and expertise within Sussex Police are critical to the delivery of the Health and Safety action plan.

5. SERVICE DELIVERY MODEL REVIEW & PREFERRED APPROACH

- 5.1 The proposed approach to estates delivery is via a partnership with Sussex Police & Surrey Police.
- 5.2 This proposal is based on the current successful informal partnership arrangements with Sussex Police and the wide range of benefits that a more comprehensive partnership approach can deliver to ESFRS and to Sussex Police & Surrey Police.
- 5.3 The key elements of the project will be:
 - a) Define robust and accountable governance arrangements
 - b) Define membership and terms of reference for a project delivery board
 - c) Define the proposed operating model
 - d) Identify possible staff implications with HR
 - e) Define a formal implementation plan
 - f) Define the proposed cost model
 - g) Assess the ongoing strategic management role of the Estates Manager post and define how this will be provided over the period of the strategy and beyond
 - h) Develop an Inter Authority Agreement for approval

6. FINANCIAL IMPLICATIONS

- 6.1 The Day 1 cost can be met from the existing Estates budget. The collaboration is key to achieving the targeted saving of 15-25% of the Estates Revenue budget set out in the Estates Strategy.

7. CONCLUSION & RECOMMENDATION

- 7.1 The Fire Authority considers the need for the existing Estates and Facilities service to be enhanced in order to achieve the aims of the new Estates Strategy 2018-26.
- 7.2 The Authority agrees the proposal to enter into a formal collaboration agreement with Sussex Police and Surrey Police Estates and Facilities Dept who have the available skills, experience and capacity to assist the Service in delivery of the Estates Strategy.



East Sussex
Fire & Rescue Service

Estates Strategy Delivery Model Review

Full Business Case

Sept 2019

[V0.2]

Prepared by: Maureen Cherry
Title: Interim Estates Manager
Business area: Estates & Facilities

1. Document Details

1.1 Document Location

The source of the document will be found on:

1.2 Revision History

Revision date	Previous revision date	Summary of Changes	Changes marked	Author
9/06/19		First issue		M Cherry
12/09/2019		Final for SLT		D Savage
24/09/2019		Revisions post SLT		M Mherry

1.3 Approvals

This document requires the following approvals.

Signed approval forms are filed in the Gateway section of the project files.

Note that a manager signature is required before PMO approval.

Note that PMO approval is required before SLT approval.

Line Manager Name	Signature	Role	Date of Issue	Version
D Savage		Assistant Director Resources / Treasurer		1

Governance	Approval Y/N	Date Approved	Version	Comments / Recommendations
PMO	N/A			
SLT	Y	18/9/2019		Minor amendments requested reflected in revision as of 24/9/2019

2. Purpose of this document

The purpose of the full business case is to document the justification for the undertaking of a project usually based on the estimated cost of development and implementation against the risks and the anticipated business benefits and savings to be gained. The Full Business Case should define the initiative in a way that will form the basis for decision making around viability laying out key factors for delivery.

Whilst devising the Full Business Case please consider the following;

- Ensure sufficient planning time
- Business benefits must be considered
- Links to strategic objectives must be considered
- Value for money (economy, efficiency and effectiveness, efficiencies should be categorised as cashable or non-cashable)
- Consider all options adequately with enough detail
- Support from key stakeholders where applicable such as Ops, IT, Estates, Comms, HR and Finance
- Project will be properly governed and managed throughout its life cycle
- Who will be accountable and how will the project be measured
- Review the Business Case by someone else with a critical eye

The Executive / Project Owner is responsible for creating the Full Business Case and will get help from other stakeholders / SMEs, such as the Senior User, Senior Supplier and Project Manager/s.

There are two primary uses of the document:

- To ensure that the project is a viable venture for the organisation and that all aspects have been considered
- To support planning and gateway for decision making as part of the PMO Governance structure

3. Table of Contents

1. Document Details

- 1.1 Document Location
- 1.2 Revision History
- 1.3 Approvals

2. Purpose of this document

3. Table of Contents

4. Full Business Case

- 4.1 Proposed Project:
- 4.2 Executive Summary
- 4.3 Overview of Project

- 4.4 Background
- 4.5 Service / Business Expected Outcome and Benefits
- 4.6 Expected Dis-benefits
- 4.7 Options Appraisal & Proposed Solution

- 4.8 Key Activities
- 4.9 Impact and Interdependencies
- 4.10 Identified Efficiencies & Savings
- 4.11 Accountability and Measurability
- 4.12 Progress Reporting
- 4.13 Risks

4. Full Business Case

4.1 Proposed Project:

Estates Strategy Delivery Model Review

4.2 Executive Summary

With the recent approval of the ESFRS Estates Strategy 2018 – 2025, the Service needs to make a step change in how estates services are delivered to support the implementation of the Estates Strategy and to meet the KPIs outlined in the Action Plan.

The current estates function has been traditionally geared towards reactive works and delivery of minor planned improvements and as such there are a number of service challenges facing the estates team as it starts to mobilise to deliver the totality of the strategy.

Therefore in order to deliver the strategy and meet the stated KPIs, the Service will need to redefine its existing delivery model and look to partners to bridge the necessary skills, resilience and agility gaps that currently exist

Estates Strategy Delivery Model Review project is guided fundamentally by The Policing and Crime Act 2017 which includes within it, a provision to facilitate collaboration in order to improve the efficiency and effectiveness through closer collaboration of the emergency services. Also key commitments made to the Fire Authority by the Service are:

- a) The Service committed to the Fire Authority to review all ESFRS support services
- b) The commitment by the Fire Authority to look to public / public partners to achieve efficiencies across the Service, especially with regard to sharing of the estate
- c) Commitment to the Fire Authority, via the Estates Strategy, to reduce revenue running costs across the estate over the period of the Estates Strategy by 15-25% per annum (£360k - £600k)

In April 2019, SLT agreed that the preferred delivery model, as recommended in the outline business case paper, was a formal partnership with Sussex Police & Surrey Police.

4.3 Overview of Project

To agree the definition of the project, as set out in the outline business case is;

To ultimately deliver an operating model robust enough to deliver the Estates Strategy with the key activities outlined below

- a) Define robust and accountable governance arrangements
- b) Define membership and terms of reference for a project delivery board
- c) Define the proposed operating model
- d) Identify possible staff implications with HR
- e) Define a formal implementation plan
- f) Define the proposed cost model

- g) Assess the ongoing strategic management role of the Estates Manager post and define how this will be provided over the period of the strategy and beyond
- h) Develop an Inter Authority Agreement for approval

4.4 Background to the Project

The East Sussex Fire and Rescue Service Estates Strategy was approved by the Fire Authority on 14th February 2019. The strategy marks a new chapter in the way Estates and Facilities services will be delivered across the estate.

The Estate is at the heart of everything ESFRS does and as such, it is strategically important for the service to have a sustainable estates and facilities delivery model that is professional, scalable and cost effective. This will ensure the Estates Strategy and its associated KPIs contained within the supporting action plan are delivered

In April 2019, SLT agreed the recommendations set out in the Outline Business Case (Item 9) to progress a Full Business Case with a view, post approval, to a formal partnership with Sussex Police and Surrey Police on estates & facilities activities to deliver significant operational benefit and value for money.

This approach is based on the current challenges facing ESFRS, both on day to day estates & facilities matters, and with regard to the ability to deliver the Estates Strategy and achieve the KPIs outlined in the supporting action plan

The current Estates and Facilities delivery model is highly focused on day to day delivery and provides an excellent reactive and relatively cost effective estates provision to the Service.

The key challenges are with regard to;

a) Strategic Estates Management

Following the resignation and departure of the Estates Manager in October 2018, ESFRS entered into a 6-9 month secondment proposal with Sussex Police to provide both the strategic management required to develop and gain approval for the estates strategy and oversee the day to day management of the department

This secondment agreement has been extended and now ends in October 2019

b) Estates Department Agility

The current department structure has traditionally been focused on day to day delivery of reactive maintenance and small planned upgrade projects with limited ability to mobilise to deliver a larger volume of project workload.

Although further resource has been approved (it is anticipated that they will be in post mid / late summer) there is still limited resilience to react to property opportunities that may present via OPE partnership discussions and, unfortunately at the lowest level, accommodate department leave commitments whilst maintaining the necessary momentum on projects

c) Estates Management

As we enter into an environment where we look to, in line with Estates Strategy KPIs, increase revenue income through public sector partnership property initiatives and / or by looking to the external private sector, where appropriate, it is becoming increasingly

important to have access to an internal intelligent client function with regard to specialist advice on lease, license and land matters

d) Facilities Management

ESFRS has, traditionally bought in facilities management services, cleaning services & waste management services through East Sussex County Council.

ESCC has recently re-let these contracts in a way that has meant that ESFRS can no longer avail of the services and we are in the process of retendering the delivery elements of the contract only, leaving a void in terms of strategic facilities management and day to day and contract management. The current provision of FM services is also fragmented across the service. It does not have a resilient helpdesk function and does not provide the benefits of a total FM approach.

e) Statutory compliance

The service, as outlined in the recent Estates Health and Safety paper to SLT, are exposed to both statutory compliance and Health & Safety management risk with regard to the built estate.

SLT has approved an additional role, seconded from Sussex Police on a 12 month fixed term basis. This role will focus on the implementation of a revised management system, but there needs to be ongoing monitoring and management to meet our legislative compliance obligations.

f) Management information

The quality and availability of property related data is extremely poor due to the current fragmented and highly reactive approach to the delivery of estates and facilities management services.

Robust data is a key management tool to inform strategic decisions and facilitate the delivery of the KPIs stated within the Estates Strategy.

4.5 Service / Business Expected Outcome and Benefits

Given the challenges outlined above, there is significant opportunity to enhance and improve estates and facilities services to ESFRS by initiating and delivering the project to review the current delivery model.

It is anticipated that there will be significant benefit to ESFRS

These benefits include

- Delivery of revenue cost savings as per the commitments within the Estates Strategy
- Enhanced and improved service delivery across the range of Estates services currently provided to the ESFRS property portfolio
- Increased resourcing resilience across the department enabling more agility with regard to service delivery

The overriding benefit however, is the ability to deliver on ESFRS defined strategic objectives set out within the Estates Strategy to;

- Provide facilities that are fit for purpose and meet future business needs with the

flexibility and agility to deliver on the Impact of the Integrated Risk Management Plan (IRMP) including growth - Ensure the estate supports operational delivery and effectiveness in line with IRMP

- Provide facilities that are fit for purpose and meet future business needs with the flexibility and agility to deliver the Fire Station of the future - Provide a flexible and efficient workplace with consideration given to a safe working environment, delivering welfare requirements which support changing working practices.

- Ensure effective use of our estate through;
 - Sustainability - Ensure long term value for money promoting energy efficiency and ensuring minimal environmental impact
 - Income generation - Achieve an overall reduction in estate costs by looking at ways to maximise rental income whilst also protecting and promoting future inherent estate values

 - Reducing revenue costs - Address backlog maintenance issues and improve the condition of the property portfolio

 - Collaboration with partners - Support collaboration with other blue light service providers and the wider public estate where this will improve our operational performance or the services we provide

 - Community use - Be a sustainable, environmental & safe estate for all our occupants, visitors and members of the general public that supports equality and engages with the community

 - Smarter working - Reflect the needs of supporting IT and other supporting strategies

4.6 Expected Dis-benefits

Any redefinition of service delivery will impact on staff. There will need to be careful consideration given to the impact of change on staff with, for a period of time, input and support from the HR team.

As there will be no impact on the terms and conditions of the ESFRS Estates & Facilities team. It is envisaged that this support will be light touch.

4.7 Options Appraisal and Proposed Solutions

The outline business case agreed by SLT in April 2019 outlined the three basic service delivery models available to ESFRS

- In- house delivery
- Public Sector partnership
- Private sector partnership

These delivery models are outlined in more detail below

In-house delivery model

A large number of public sector bodies have a multi-disciplinary in-house estates team, often supported by external consultants to deliver the estates needs of the organisation.

Although this delivery model is tried and tested, it does have its flaws.

The model supposes that sufficient in-house resource, with suitable skill set, are in place to cover the wide range of services delivered, and disciplines required, of an agile modern estates function.

This leads to a large, cumbersome, in house team and a situation where the organisation has little or no ability to 'flex' as the resource profile as service delivery needs change.

The in-house delivery model works best in larger organisations where the flex and resilience can be managed and resource redistributed as required.

Given that ESFRS are relatively small, to fully resource an in house team would not be cost effective and could leave the Service exposed on completion of Estates Strategy works when the level of resource required in-house reduces.

Public Sector Partnerships

The Public Sector, primarily due to the financial challenges it faces, is now acting more commercially and the trend, as mapped by the Local Government Association who reported in 2017 that there were 464 shared service arrangements between Councils. These partnerships deliver over £640m of efficiency. Within Estates, this trend has been driven and enabled by the One Public Estates (OPE) programme, which seeks to drive value out of the public estates through collaboration with seedcorn funding from central government. Locally this has been facilitated through SPACES and the Greater Brighton Partnership.

A recent survey by the independent think tank Localis, of 150 key local government areas showed that

- 94% of councils currently share service with another Council
- 62% run joint ventures with neighbouring Councils
- 91% use land assets entrepreneurially to drive down partner costs

A RICS Insight Paper 2017 – “Shared Property Services in the Public Sector: a future of collaboration?” summarises that recent legislation has paved the way for more imaginative ventures to be created within the local public sector, and that partnerships that deliver shared services are ‘here to stay’

With the backdrop of the trend in the sector it is, as the Estates Department starts to mobilise to deliver the Estates Strategy, ESFRS should consider opportunities to develop a shared property service delivery model with a local partner

There are a number of local government and public sector bodies operating within the geographical footprint of East Sussex, several of which have, or have had, formal or informal partnership arrangements with ESFRS

a) East Sussex County Council, Brighton & Hove City Council & Surrey County Council

The three Councils deliver their full property services requirement collaboratively via the

Orbis Partnership. This is a cross council in-house shared support service function which includes a property function delivering the full range of property services supplemented by procured specialist external consultants

ESFRS have contracted with the Orbis for the delivery of facilities management services, primarily cleaning, and capital project delivery

This is however less of a partnership and more of a service, purchased from & provided by the Orbis.

To enter into a full partnership with Orbis, ESFRS would need to enter into an Inter Authority Agreement with the three existing partners

- + This is a tried and tested model and it works for the existing partners
- + The scale of the partnership ensures that the correct range of skill sets are available
- + ESFRS have used the property services of Orbis in the past with positive outcomes
- + The Inter Authority Agreement already exists and it would be relatively easy & straight forward for ESFRS to join

- There is no current estates relationship with the Orbis
- Physical co-location to provide day to day resilience for ESFRS would be difficult
- OPE co-location opportunities are limited, therefore a shared estates function is of no real benefit to ESFRS

It should be noted that in May 2019 the property arm of Orbis dissolved its partnership with the 3 councils choosing to go their own way

b) Sussex Police

ESFRS & Sussex Police are co-located at the HQ building in Lewes and already share accommodation, and are planning to share a number of key locations throughout the County but also, due to the co-location have successfully worked together, via secondment arrangements, to deliver a range of property and other business services

The Sussex Police estates operating model is based on a skills based intelligent client model, ensuring the correct level of on the ground support within the key estates delivery lines, supplemented by procured specialist external consultants

- + The current secondment arrangement for the Estates Manager from Sussex Police for the last 8 months has worked successfully and has identified opportunities at a strategic level for joint property initiatives
- + Sussex Police have a large in-house estates team providing a wide range of estates skill sets that currently do not exist in ESFRS, and, given the current HQ co-location, this resource is directly available. This is soon to be further enhanced as Sussex Police and Surrey Police Estates teams are now amalgamated.
- + There is an opportunity to influence the emerging structure the Sussex / Surrey Estates team, should this be the preferred option, blending the delivery model with ESFRS and ensuring the correct skill sets exist
- + Enhanced opportunities for joint procurement of goods and services in order to deliver cost savings
- + The co-location facilitates the consolidation of back office functions such as the helpdesk, post & courier services leading to economies of scale in terms of resourcing

- + As ESFRS and Sussex Police identify OPE opportunities, there will be a greater proportion of the ESFRS estate that is shared with Sussex Police meaning a partnership approach to service delivery is beneficial to both partners.
- + HQ provides the opportunity to physically co-locate the teams to provide the day to day resilience necessary to deliver an agile estates service
- An inter authority agreement would need to be developed and agreed
- A cost model needs to be agreed, but, should be more beneficial, given the positives above, than working with other partners
- Some level of ESFRS autonomy would need to be maintained to ensure that strategic proposals are assessed independently of the partnership, and an appropriate governance model will need to be developed

c) NHS

The NHS have a large estates team base within Sussex, with an operating model similar to Orbis & Sussex Police

- + The scale of the estate ensures that the correct range of skill sets are available within the team to deliver the wide range of services necessary
- There is no current estates relationship with the NHS
- Physical co-location to provide day to day resilience for ESFRS would be difficult
- OPE co-location opportunities are limited, therefore a shared estates function is of no real benefit to ESFRS

d) Other opportunities

Partnerships could be developed with other public bodies within East Sussex, for example SECAMB & Lewes District Council but their teams are small, with a similar delivery model to the current arrangements within ESFRS and it is felt that there would be no real benefit in terms of skill set or resilience to ESFRS

Private Sector Partnerships

Outside of the public sector, a private partnership arrangements are also available to the Service. South Yorkshire Fire & Rescue & Kent Fire & Rescue have partnered successfully with Gen2 a private property consultancy company. Their stated vision is to be “the trusted property services advisor of choice to public sector clients in the South East”

Gen 2 are a private sector multi-disciplinary consultancy firm that provides the full range of estates services to a number of public sector bodies

ESFRS could buy into a partnership with Gen 2 or a similar provider, to deliver a specified range of estates services

- + ESFRS can choose which services to avail of and for how long. This facilitates the streamlining of resource, effectively turning the ‘tap’ on or off dependent on workload and delivery pressures
- + Partnering with a commercial private sector partner gives direct access to current knowledge on legislation and new ways of working

- The operating model relies on a partnership approach to the delivery of consultancy services and will not supplement the day to day resource or resilience needs of ESFRS
- Physical co-location to provide day to day resilience for ESFRS would be difficult
- The cost of the partnership may be higher than with a public sector partner

PREFERRED APPROACH

The preferred approach to estates delivery was identified as a partnership with Sussex Police & Surrey Police based on the current successful partnership arrangements with Sussex Police, and the wide range of benefits that a more comprehensive partnership approach can deliver to ESFRS and to Sussex Police & Surrey Police.

In April 2019, SLT agreed the recommendations set out in the Outline Business Case (Item 9) to progress a Full Business Case with a view, post approval, to a formal partnership with Sussex Police and Surrey Police on estates & facilities activities to deliver significant operational benefit and value for money.

4.8 Key Activities

The outline business case defined a number of key activities requiring further investigation and definition

a) Define robust and accountable governance arrangements during mobilization and post completion

Project governance arrangements fall into two key categories

1) Project mobilization governance arrangements whilst delivering the project

See section b) below – it is proposed that a Project Partnership Team be set up to manage the transition, chaired by the Assistant Director Resources / Treasurer, this Team will report into the existing Estates Strategy Delivery Board on a quarterly basis

Membership and terms of reference for a Project Partnership Team

- Duncan Savage – Assistant Director Resources / Treasurer ESFRS – Chair / Project Owner
- Vaughan Williams – Service Director, Estates & Facilities Sussex & Surrey Police
- Maureen Cherry – Head of Estates, Sussex Police – Project Manager
- Warren Tricker – Finance Manager, ESFRS
- Nigel Cusack – Senior Customer Rep, ESFRS
- Emma Celik – HR ESFRS
- Communications representative as required

The Team will meet on a monthly basis during the project

- 2) Post-completion ongoing governance arrangements to ensure the best interests of the Authority are upheld at all time
 - High level Reporting
 - Annual review of performance to SLT and Scrutiny & Audit Panel.
 - Project Performance Meeting
 - Quarterly, as part of the Estates Strategy Delivery Board
 - General performance meeting
 - Monthly meetings with Assistant Director Resources / Treasurer ESFRS / Head of Estates / Head of Compliance / Head of Facilities

- 3) Ongoing throughout the length of the collaboration, robust KPIs will be monitored monthly, reported quarterly to Estates Strategy Delivery Board & reported to Members yearly
 KPIs will be defined during the mobilization stage and will be approved by Estates Strategy Delivery Board

b) Define the proposed operating model

The Estates Strategy delivery operating model and supporting structure proposes three fundamental underpinning principles

- 1) The new, joint Head of Estates for Surrey & Sussex Police will have a dual reporting line and will be part funded by ESFRS to maintain accountability to the Authority and also, impartiality, when dealing with cross organisational strategic or tactical matters

They will also report directly to the Assistant Director Resources / Treasurer on all ESFRS estates and facilities performance matters and will hold full responsibility for the delivery of the Estates Strategy and supporting action plan KPIs to ESFRS, utilising the resource within the existing ESFRS team or via the wider partner team. The Estates Strategy Delivery Board will retain its responsibility for oversight of the delivery of the Estates Strategy and the projects within the Capital Strategy.

- 2) The Authority will seek external professional due diligence advice, where there is believed to be a significant conflict of interest, for example through our existing valuers Fludes Commercial

The Assistant Director Resources / Treasurer will maintain responsibility for oversight of need

- 3) The existing ESFRS Estates & Facilities team will remain under the employ of ESFRS with no changes to terms & conditions - consideration will be given to opportunities to integrate teams over time this may include the secondment of ESFRS staff into Sussex police.

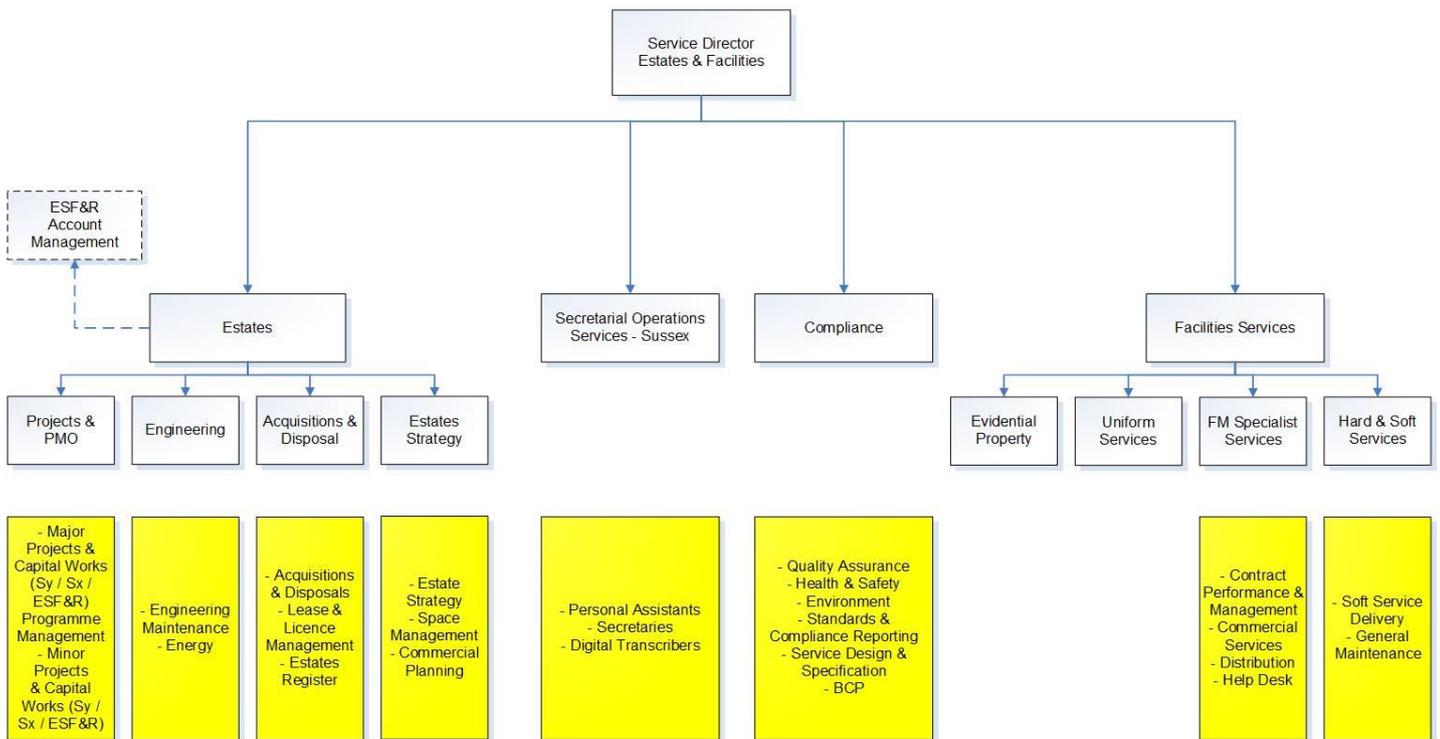
- 4) It is expected that a Service Level Agreement (SLA) is developed and Key Performance Indicators (KPI's) are identified and put in place, as part of a regular and robust performance reporting process.

- 5) A full Equality Impact Assessment will be completed and ahead of the mobilization phase of the project

The proposed Estates Structure organigram is outlined below

Note: Services will be delivered for ESFRS via other teams reporting to the Service Director, Estates & Facilities for Sussex & Surrey Police but the Head of Estates & Projects role is accountable for the delivery of the full Estates and Facilities service to ESFRS regardless of which team in the wider structure supports the delivery. Delivery of all services will be in accordance with a Service Level Agreement.

Commercial & Finance Services
Estates
Proposed Service Structure



c) Identify possible staff implications with HR

Meetings with HR have determined that there will be no impact to staff as existing terms and conditions will not be changed

Existing Estates & Facilities staff have been briefed on the proposal, the outline business case was circulated to the team and discussed at the team meeting in June attended by the Assistant Director Resources / Treasurer

It is proposed that consideration is given to the integration of the SSO roles currently managed within the Procurement Team into the Estates and FM function

Further staff consultation sessions are planned to address and alleviate concerns

d) Possible Services

An outline of potential additional services that could be provided through this agreement in future is included below.

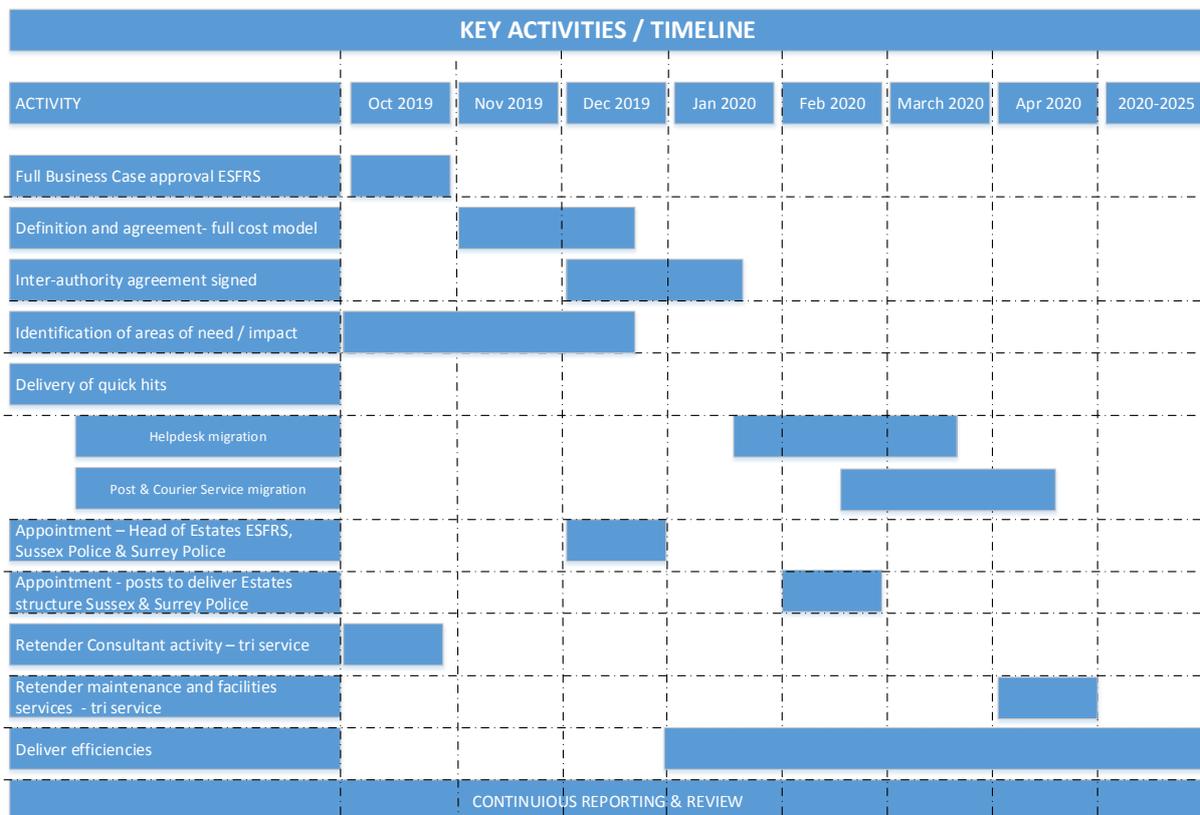
Estates & Facilities Key Services	
Cleaning & Waste	General cleaning incl. disposables and consumables
	Window cleaning
	General & environmental waste
	Hazardous waste & licences incl. WEEE, clinical, cytotoxic
Facilities Services	Catering & vending
	Contract management
	Grounds maintenance incl. gardening, snow clearance, gritting, internal planting
	General Facilities administration incl. purchase orders, recharging, performing rights licences, TV licences, lost property
	General building support services incl. dust control matting, feminine hygiene, first aid box management, furniture disposal, glazing, locker management, locks & keys, signage, laundry, room configuration, glazing, first aid box management, pest control
	Helpdesk services
	Parking management
	Reception services
	Stationery incl. print, paper, copier consumables
	Travel management
	Uniform management incl. tailoring
Security Services	Access control administration
	General security services inc. CCTV, intruder alarms, locking and unlocking
	Staff guarding
Distribution Services	Goods inwards / outwards
	Mail services inc. internal deliveries, inter-building services, franking, fulfilment
Emergency Planning	Business continuity planning inc. emergency call outs
	Emergency evacuation planning
Estates Services	Asbestos management
	Environmental, energy & carbon management
	Estates database (Land Terrier), leases & licences
	General Estates administration inc. building & M&E surveys, business rates, fire risk assessments, H&S surveys, permits to work, access permits

	General Estates services inc. lightening protection, fuel tank management, building management systems, radio mast management
	Legionella & portable water management
	Project management
	Property rentals management, external lets, rent negotiations, property valuation management
	Refurbishments & new builds
	Site acquisitions & disposals
	Space management & utilisation incl. CAD planning, office moves / churn
	Statutory, planned and reactive maintenance inc. 5 year maintenance plan
Secretarial Services	General secretarial & administrative support
	Specialist secretarial support incl. audio transcription, public contact and event management

It is anticipated that costs would be charged on a cost recovery basis and where appropriate this could include an appropriate direct management overhead.

e) Define a formal implementation plan

It is proposed to have a phased implementation linking resourcing needs to the key term contract renewal dates



f) Define the proposed cost model

The indicative staff costs for day 1 will be in the region of:

- **Head of Estates** – 20% FTE / approx. £20,000 p.a.
(inc. legal oversight, project oversight, asbestos, fire, H&S surveys, annual building condition surveys, B.M.S and energy management oversight, OPE shared spaces projects.)
- **Head of Compliance** – 5% FTE – approx. £5,000 p.a.
(inc. TQM, H&S compliance and audit recording, performance benchmarking, training and development monitoring, arranging training sessions, new bulletin preparation and issue.)
- **Facilities Services Manager** – 5% FTE / approx. £3,000 p.a.
(incl. management of onsite Facilities support staff)
- **Outsourced contract management** – 5% FTE – approx. £3,000 p.a.
(incl. specifications, tendering, assessments, appointment of outsourced contracts and associated performance of SLA / KPI requirements)
- **Onsite Facilities Support** – 50% FTE – approx. £20,000
(incl. on-site contractor management, permits to work, escorting, H&S inspections, fire audits and inspections, contractor performance audits and scorecards.)
- **Help Desk** – 1% of total costs of service provision – approx. £5,000 p.a.
(incl. receiving service calls, recording, forwarding and monitoring associated works across all service delivery streams, booking meetings and pool cars.)

This day 1 cost can be funded from the existing budget for the Estates Manager post leaving a balance which will fund the proportion of the cost of the Major Capital Projects Manager post relating to staff management (the balance of this post will be recharged to the capital projects it manages).

The full costing model is yet to be determined and agreed, but will follow a cost recovery approach

The key to the costs model will be

- Its ease of administration
- Its simplicity
- Its transparency

The Assistant Director Treasurer / Resources will, with Service Director, Estates & Facilities, agree a reasonable and sector based percentage / level.

g) Assess the ongoing strategic management role of the Estates Manager post and define how this will be provided over the period of the strategy and beyond

It is proposed that the current secondment agreement be extended until end October 2019 until formal appointment of the proposed Head of Estates, ESFRS, Sussex Police and Surrey Police is approved in October 2019. It is intended that appointment to this role will be made jointly across Surrey and Sussex Police and ESFRS.

The new structure and full operating model will go live post this appointment

h) Develop an Inter Authority Agreement for approval

Post approval of the business case it is proposed that ESFRS, Sussex Police & Surrey Police appoint a joint external advisor to develop a collaboration agreement using the principles contained in BS11000 (British national standard on structured collaboration). This represents an evolution in how partnering can be managed. The standard advocates sharing visions and resources and has a particular focus on approaches and mechanisms that can create efficiency and effective delivery.

Legal advice will be sought on the form of the agreement and to confirm compliance with EU Procurement regulations

4.9 Impact and Interdependencies

The project has an interdependency with the Sussex & Surrey Police Estates and Facilities restructure

This restructure will seek to appoint a Head of Estates for the three blue light partners and it will be this appointee that will take the accountability for ESFRS Estates & Facilities service delivery

Approval for this appointment is targeted for October 2019

4.10 Identified Efficiencies & Savings

The operating model, will, initially not deliver any savings or efficiencies to the Authority on the current staffing and revenue cost base, but over a 3-5 year period it is envisaged that there will be significant opportunity and benefit through:-

- Consolidation of term contract activity – leveraging economies of scale and reducing resource required to manage a multitude of external maintenance suppliers
- Consolidation of helpdesk activity giving the opportunity to package contractor workload geographically across the partner organisations reducing contractor overheads and delivering an ongoing revenue savings
- Ability to proactively identify and leverage property synergies to the benefit of the partners delivering cost savings, commercial opportunities and increased income generation for the partners
- The Project Management Office actively managing departmental activity to ensure that projects are delivered in a consistent and cost effective manner e.g. consolidation of project and maintenance activity to derive economies of scale and reduction in contract preliminaries (contractor on costs relating to site management)
- Ongoing staffing efficiencies driven through best practice
- Implementation of robust reporting performance mechanisms, processes and procedures across the partner organisations to ensure efficient use of partner resources
- Opportunities will be taken as they arise to integrate staffing structures e.g. as ESFRS posts become vacant or opportunities arise with Surrey / Sussex Police.

4.11 Accountability and Measurability

The accountability for delivery of the project sits with the Assistant Director Resources / Treasurer as the Project Sponsor, reporting through to Estates Strategy Delivery Board and SLT

Final approval will be required by Fire Authority and the Executive Director, Commercial & Finance Services and Service Director, Regional & Financial Development

4.12 Progress Reporting

Implementation of the project will be reported to the project board as defined in section 4.8

Post implementation reporting on performance and efficiencies & savings derived will be reported on quarterly at the Estates Strategy Delivery Board and onwards to SLT

4.13 Risks

The major risk is that without a change of service delivery model, the Service will not be able to deliver the ambitious programme set out in its estates strategy, neither delivering the fit for purpose modern buildings the service needs, nor the significant targeted savings associated with the ongoing management of the estate.

A key risk related to the project is the definition of the ongoing strategic management role of the Estates Manager post and define how this will be provided over the period of the strategy and beyond by end October 2019

Should a partnership with Sussex Police & Surrey Police not be the preferred approach to delivery of the Estates Strategy there is significant risk to the Service, as, the existing secondment arrangements in place to deliver the Estates Manager ends October 2019.

A risk log will be developed as part of the project.

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