

EAST SUSSEX FIRE AUTHORITY

Meeting	Policy & Resources Panel
Date	12 May 2022
Title of Report	Capital Programme Revision
By	Assistant Director Resources / Treasurer
Lead Officer	<i>Alison Avery, Finance Manager & Nicky Boruch, Estates Development & Strategy Manager</i>

Background Papers	Fire Authority – 10 February 2022 – Item 152 - Fire Authority Service Planning processes for 2022/23 and beyond – Revenue Budget 2022/23 and Capital Asset Strategy 2022/23 to 2026/27
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Appendices	None
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Implications

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

PURPOSE OF REPORT	To seek Panel approval of changes to the Capital Programme
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EXECUTIVE SUMMARY The Authority's Capital Programme for 2022/23 to 2026/27 was approved in February 2022. Subsequently an error in the Estates Capital Programme was identified, due to the omission of a line covering general capital schemes. These schemes are essential for the maintenance and operation of our fire stations. The report sets out the additional cost of reinstating these schemes into the Capital Programme (£1.814m). There will be a revenue cost as a result rising to £0.103m pa by 2026/27.

In addition, in order to ensure that the development of new sleeping accommodation at the Authority's five wholetime stations meets the necessary requirements and is fit for

purpose an increase in the Capital Programme of £0.214m is required to fund temperature control measures. This will be funded by unbudgeted income from refunds on the Business Rates paid on our estate.

RECOMMENDATION

Panel is recommended to:

- (i) Note the reasons set out in the report for the increase in the Capital Programme.
 - (ii) Approve the increase in the Capital Programme of £0.721m in 2022/23 and £2.016m in total over five years.
 - (iii) Note the assessment of the revenue budget impact for 2022/23 and revenue pressure in subsequent years.
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1. INTRODUCTION

- 1.1 During the budget setting process in autumn 2021 the whole of the 2019 Estates Capital budget was reviewed in light of market feedback for the first Design Guide project and industry advice in terms of inflation of costs for both materials and labour.
- 1.2 The original 2019/20 budget was built up on an elemental basis for distinct of areas work. To optimise how the overall budget could be spent this was reviewed and the elemental costs were amalgamated to achieve economies of scale and provide an overall Design Guide budget for each station.
- 1.3 Some elemental works were omitted from the overall budgets as separate programmes of works were in already in flight, for example the replacement of bay doors and floors and providing builders work to support IT infrastructure upgrades.
- 1.4 When the final papers were submitted for Fire Authority approval the line item for these separate in-flight programmes of work was omitted in error.

2. MITIGATION – IMPROVEMENT PLANS

- 2.1 There is now significant momentum in engaging with Surrey and Sussex Police Estates colleagues under the Shared Service Project to ensure adequate resources are allocated across the team including at a management level to ensure sufficient time is allocated to review and validate future budget adjustments.
- 2.2 The Finance Improvement Plan increases the capacity within the Finance team and the introduction of Business Partnering within the department ensures that the Estates team will be supported by a dedicated Finance Business Partner and Assistant Finance Business Partner.

2.3 Together these two improvements will ensure that necessary capital planning can be carried out earlier in the budget setting process and allow time and capacity for robust checks and review before the capital programme proposals are submitted for approval.

3. MITIGATION – BUDGET REVIEW

3.1 We have reviewed the overall estates capital programme again since it was approved in February 2022, noting that these figures were set in December 2021 prior to the conflict in Ukraine. Since then the global geopolitical situation has further impacted the construction industry supply chain and we are seeing even higher costs and inflation rates.

3.2 This means that we have had to further review the scope of works that we can afford to deliver within budget envelopes which has led to some necessary redesign and approvals, so delaying the actual works reaching site and impacting the spend forecast. This means that we are already forecasting slippage for 2022/23, which will be reported to Policy & Resources Panel as part of Month 2 Budget Monitoring in July 2022. It is possible that a formal mid-year review of the Capital Programme may be necessary across both estates and fleet / engineering as a result.

4. TEMPERATURE CONTROL WORKS

4.1 In March 2022 the Senior Leadership Team (SLT) approved a proposal to include temperature control works within the scope of works to provide new sleeping arrangements for staff at the Service’s five wholetime stations to ensure that they can be fit for purpose. The total cost of these works is estimated at £0.203m. This cost will be funded by the unbudgeted income from successful challenges to the business rates levied on our buildings. The income will be transferred to the Capital Programme Reserve and means that there will be no impact on the need to borrow to finance capital investment.

5. FINANCIAL ASSESSMENT

54.1 The additional budget required totals £2.016m over the five year capital programme as detailed below.

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Temperature control in sleeping pods - Preston Circus		59				59
Temperature control in sleeping pods - Hove	24					24
Temperature control in sleeping pods - Roedean	20					20
Temperature control in sleeping pods - Eastbourne	44					44
Temperature control in sleeping pods - Bohemia Road		55				55
Estates General Schemes	634	398	369	205	208	1,814
	721	513	369	205	208	2,016

4.2 The additional budget for Estates General Schemes (bay doors, floors and IT infrastructure work), totalling £1.814m, will require additional borrowing and therefore an increase in revenue funding for MRP and interest as detailed in the table below. The overall impact is a pressure on the revenue budget of £8,000 in 2022/23 rising to

£103,000 in 2026/27, or a total additional revenue cost of £315,000 over the five year period.

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000
MRP	0	26	41	53	60	180
External Interest	8	20	29	35	44	135
	8	46	70	88	103	315

- 4.3 Early analysis of spend plans indicates there will be slippage within the Estates capital programme during 2022-23, as a result of the factors set out in section 3 above, which will mitigate the pressure on the 2022-23 revenue budget. The impact in future years will be built into the Medium Term Finance Plan (MTFP) as part of budget setting for 2023/24 onwards.
- 4.4 The additional budget for temperature control works will be added to the main scheme budget for each wholetime station.