

## EAST SUSSEX FIRE AND RESCUE SERVICE

**Meeting** Fire Authority

**Date** 7 December 2023

**Title of Report** Integrated Transport Function – Fort Road Site, Newhaven

**By** Mark Matthews, Assistant Chief Fire Officer

**Lead Officers** Hannah Scott-Youldon, Assistant Director Operational Support & Resilience  
Nicky Boruch, Interim Estates Manager  
Louis Thompson, Engineering Manager  
Joe Carr, Finance Business Partner  
Jamie Duc, ITG Supplier Service Manager

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**Background Papers** Fire Authority – 9 February 2023 (Item 204)

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**Appendices** None

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### Implications

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|----------------------------|----------|-------------------------------|--|
| <b>CORPORATE RISK</b>      | <b>X</b> | <b>LEGAL</b>                  |  |
| <b>ENVIRONMENTAL</b>       |          | <b>POLICY</b>                 |  |
| <b>FINANCIAL</b>           | <b>X</b> | <b>POLITICAL</b>              |  |
| <b>HEALTH &amp; SAFETY</b> |          | <b>OTHER (please specify)</b> |  |
| <b>HUMAN RESOURCES</b>     | <b>X</b> | <b>CORE BRIEF</b>             |  |

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**PURPOSE OF REPORT** The purpose of this report is to provide an update to the Fire Authority on the Business case for the re-development of the Fort Road site in Newhaven and to seek approval to vary the capital programme to reflect the scheme costs.

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**RECOMMENDATION** The Fire Authority is asked to agree that:

- i. the existing capital schemes for Integrated Transport Project and Fort Road – RIBA Stages 1-2 are deleted and replaced with a new scheme Fort Road – Engineering Workshop and that the gross funding for the scheme is increased from £0.880m to £2.836m;
- ii. the Fire Transformation Fund grant of £1.5m is recognised in the capital asset strategy giving a net scheme budget of £1.336m; and

- iii. the forecast revenue consequences of the scheme are built into the MTFP.

The Fire Authority is asked to note that:

- iv. the Senior Leadership Team have approved the Full Business Case.

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## 1. **STRATEGIC CONTEXT**

- 1.1 Our fleet and equipment provision is one of the most important physical assets alongside our professional staff.
- 1.2 The size, style and make-up of our fleet services and equipment is influenced by the risk profile that we have reflected through our Integrated Risk Management Plan (IRMP) and offers the most efficient way to manage that risk across our service area.
- 1.3 We have a wide range of fleet and transport requirements including front line fire appliances, specialist vehicles, pool cars, vans and operational equipment.
- 1.4 Our Fleet and Equipment department is critical to having the right assets and equipment to deal with the risks within our communities ensuring our colleagues have the right equipment for all tasks to be undertaken.
- 1.5 Our Fleet and Equipment Management Strategy outlines the efficiencies we can deliver through a shared strategic fleet, shared contracts and management systems with our FRS (Fire and Rescue Service) neighbours, seeking opportunities with our blue light colleagues to enhance our effectiveness in delivery across our geographical domain.
- 1.6 In 2021 the Fire Authority approved the Fleet and Equipment Management Strategy which clearly outlined that East Sussex Fire and Rescue Service (ESFRS) “will consider opportunities for shared facilities, workshops and collaborations with other emergency services. Reviewing facilities available to all our identified partners services and identify key locations for the required facilities/ activities. This includes a dedicated heavy vehicle maintenance area, a dedicated light vehicle maintenance area complemented with dedicated storage facilities. This will be considered in line with any potential ITF (Integrated Transport Function) project for shared workshops and collaboration with external partners.”
- 1.7 The Integrated Transport Function (ITF) Project was established almost 10 years ago to deliver a collaborative approach to fleet and engineering functions across a number of partners (ESFRS, West Sussex Fire & Rescue Service, Surrey Fire & Rescue Service, Surrey Police, Sussex Police and SECamb).
- 1.8 In 2015/16 the ITF Project was successful in bidding for Fire Transformation Fund Grant of £5.9m. The bid set out plans for investment across several areas

but was primarily focussed on the consolidation and re-provision of engineering workshop facilities between the fire and police partners.

- 1.9 The grant bid outlined a number of key areas for focus:
- Sharing of Workshops (premises, plan & personnel)
  - Multi-disciplined workforce (people)
  - Common standards for vehicles and equipment (plant)
  - Sharing of ICT systems (process)
  - Sharing of management information
  - Shared safety event and accident investigation systems and resources (process).
- 1.10 The grant bid highlighted that the project represented value for money in accordance with the Treasury Green Book requirements but required some funding to deliver medium to long-term improvements in efficiency, and achieve outcomes consistent with three of the five aims of the Fire Transformation Fund, which were implemented to support schemes that:
- Encourage greater collaboration.
  - Improve local accountability.
  - Promote asset transformation / other efficiencies.
- 1.11 The project approach outlined a 'Hub and Spoke' approach to delivering fleet maintenance with the Hub being at Crawley Down and the Spokes being placed strategically in West Sussex ground (South-West Spoke), Surrey ground (North-West Spoke) and the other in East Sussex ground (South-East Spoke) with East Sussex Fire & Rescue Service having accountability for leading and delivering the latter.
- 1.12 The bid was successful in attracting grant funding in total of £5.996m. Of which £5.162m was capital funding and £0.794m revenue.
- 1.13 Within the capital grant award £1.5m was specifically allocated to the South-East Spoke. The Service also ring-fenced £1m capital budget to support the development of a dedicated transport site.
- 1.14 Part of the internal drive was to ensure ESFRS had a future proofed delivery model locally supported through a regional arrangement.
- 1.15 The Engineering team is currently co-located on a fire station with little room and without the full functionality necessary to provide a full range of services, meaning that ESFRS currently needs to outsource a large amount of its work at significant expense.
- 1.16 In December 2022, the Fire Authority, through an Urgency Panel, agreed to pause the sale of Fort Road, Newhaven to enable the development of a business case for the redevelopment of the site (subject to planning), as the ITF Engineering SE Hub site.

1.17 The initial outline business case (presented to the Senior Leadership Team in March 2023) identified the overall capital expenditure identified through RIBA 1 was £2.6m. Therefore, additional borrowing of £550,000 was required to cover the cost of the project and the loss of capital receipt, with a requirement to borrow £800,000 two years earlier than anticipated in the capital asset strategy. The additional revenue cost of borrowing (above that set out in the existing MTFP) was expected to be £106,000 in 2024/25, £114,000 in 2025/25, before dropping to £54,000 from 2026/27.

1.18 In March 2023, the Senior Leadership Team agreed the recommendation to cease the sale of Fort Road, Newhaven and to move to RIBA design stage 2 & 3 to enable a fully developed design and therefore achieve cost certainty with a fuller report containing that detail to go back to the Fire Authority in December 2023.

## **2. THE CASE FOR CHANGE**

2.1 The intention of this project is that the current and future transport needs for ESFRS are met by improving the delivery of engineering services in an affordable, collaborative, efficient, resilient, and sustainable manner.

2.2 The commitment is to drive continuous improvement in the delivery of the engineering service to the public while achieving both cashable and non-cashable savings and efficiency benefits for the Fire Authority.

2.3 Within this project specifically this will be achieved principally by working collaboratively with our ITF partners in the following areas:

- Resilience
  - Integrated maintenance
  - Delivery of Logistics hubs
  - Availability of additional workshop hours through partner facilities
- Management
  - Alignment of processes
  - Collective alignment to ISO standard

## **3. THE ECONOMIC CASE**

3.1 The Assistant Director – Operational Support & Resilience and the Engineering Manager explored existing estate to ascertain whether it could be repurposed to provide the necessary ITF SE Spoke.

3.2 During those investigations it became clear that Fort Road, Newhaven was in a prime location for a strategically placed 'spoke' workshop. Further to that it had the necessary footprint and access to be considered as a dedicated Engineering spoke to provide the South-East spoke for the ITF project.

3.3 This approach requires investment (see financial analysis in section 4 below) and there are some dependencies and risks. Engineering would also continue to retain the small workshops at Roedean and the recently reinstated workshops

at Hastings for light vehicle maintenance and appliance 'fixes' (not full services), however, the main bulk of the servicing and maintenance work would be run out of the Newhaven Spoke.

- 3.4 Further to that, this approach provides a spare workshop capacity of 3,087 hours a year and therefore the ability to provide resilience across the 3F group of fire and rescue services (which is one of the ITF criteria).
- 3.5 Other options have previously been considered but discounted due to affordability.

#### **4. THE COMMERCIAL CASE**

- 4.1 A detailed scheme has been designed and costed to RIBA Stage 3 by our framework consultant team and signed off by both Engineering and Estates as meeting the brief for technical and functional requirements.
- 4.2 The proposal is to retain the existing front building to provide staff welfare and workspace facilities plus an appropriate level of on-site storage.
- 4.3 The new element will broadly sit on the footprint of the existing appliance bays and will not exceed the ridge height of the existing building to be retained. We will take every opportunity to enhance the performance of the existing built fabric and install new measures to reduce our carbon footprint such as solar PVs. The site security will be enhanced, and new planting carried out to the perimeter of the site.
- 4.4 The existing mains drainage runs west to east across the site and will need to be diverted to enable the new part of the build.
- 4.5 RIBA Stage 4 will need to commence by December 2023 to allow for the build phase to commence in Spring 2024 with a Go Live date in Spring 2025. The greatest risk to the delivery programme is likely to be obtaining planning permission as Lewes District Council currently has significant resource pressures. The scheme will therefore need to be tendered whilst planning permission is being obtained.
- 4.6 The cost plan has made provision for the range of specialist input listed above, current estimated inflation and risks also noted to date.

#### **5. THE FINANCIAL CASE**

##### **5.1 Financial Summary - Headlines**

- 5.1.1 The table below includes the agreed investment of £0.120m in improving the smaller workshop sites at Roedean and Bohemia Road.

|                                       | Prior<br>Years | 23/24      | 24/25        | 25/26      | 26/27      | 27/28     | 28/29     | 29/30     | 30/31     | 31/32     | 32/33     | Total        |
|---------------------------------------|----------------|------------|--------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
|                                       | £k             | £k         | £k           | £k         | £k         | £k        | £k        | £k        | £k        | £k        | £k        | £k           |
| <b>Funding</b>                        |                |            |              |            |            |           |           |           |           |           |           |              |
| Capital Programme                     | 0              | 200        | 800          | 0          | 0          | 0         | 0         | 0         | 0         | 0         | 0         | 1,000        |
| ITF Grant                             | 0              | 0          | 1,500        | 0          | 0          | 0         | 0         | 0         | 0         | 0         | 0         | 1,500        |
| Additional Borrowing                  | 0              | 0          | 456          | 0          | 0          | 0         | 0         | 0         | 0         | 0         | 0         | 456          |
| <b>Total - Funding</b>                | <b>0</b>       | <b>200</b> | <b>2,756</b> | <b>0</b>   | <b>0</b>   | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>2,956</b> |
| <b>One off Investment - Capital</b>   |                |            |              |            |            |           |           |           |           |           |           |              |
| Capital - Construction                | 10             | 180        | 2,299        | 47         | 0          | 0         | 0         | 0         | 0         | 0         | 0         | 2,536        |
| Capital - H&S                         | 0              | 85         | 35           | 0          | 0          | 0         | 0         | 0         | 0         | 0         | 0         | 120          |
| Capital - Other                       | 13             | 30         | 247          | 0          | 0          | 0         | 10        | 0         | 0         | 0         | 0         | 300          |
| <b>Total -Capital</b>                 | <b>23</b>      | <b>295</b> | <b>2,581</b> | <b>47</b>  | <b>0</b>   | <b>0</b>  | <b>10</b> | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>2,956</b> |
| <b>One off Investment - Revenue</b>   |                |            |              |            |            |           |           |           |           |           |           |              |
| Mileage                               | 0              | 0          | 0            | 5          | 9          | 4         | 0         | 0         | 0         | 0         | 0         | 18           |
| <b>Total - Revenue</b>                | <b>0</b>       | <b>0</b>   | <b>0</b>     | <b>5</b>   | <b>9</b>   | <b>4</b>  | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>18</b>    |
| <b>Total Investment</b>               | <b>23</b>      | <b>295</b> | <b>2,581</b> | <b>52</b>  | <b>9</b>   | <b>4</b>  | <b>10</b> | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>2,974</b> |
| <b>Var v Funding</b>                  | <b>23</b>      | <b>95</b>  | <b>(175)</b> | <b>52</b>  | <b>9</b>   | <b>4</b>  | <b>10</b> | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>0</b>  | <b>18</b>    |
| <b>Recurring Costs &amp; Benefits</b> |                |            |              |            |            |           |           |           |           |           |           |              |
| Recurring Costs                       | 0              | 0          | 56           | 267        | 240        | 210       | 212       | 213       | 215       | 217       | 219       | 1,849        |
| Recurring Benefits                    | 0              | 0          | 0            | (107)      | (109)      | (111)     | (113)     | (115)     | (118)     | (120)     | (123)     | (916)        |
| <b>Net Recurring</b>                  | <b>0</b>       | <b>0</b>   | <b>56</b>    | <b>160</b> | <b>132</b> | <b>99</b> | <b>98</b> | <b>98</b> | <b>97</b> | <b>97</b> | <b>96</b> | <b>933</b>   |

## 5.2 Capital - Funding

5.2.1 In February 2023, the Fire Authority approved the capital asset strategy 2023/24 to 2027/28. Within this plan a capital provision of £1.0m was made to support this project comprising £0.12m for Health & Safety betterment at Roedean and Bohemia Road and £0.88m towards the Integrated Transport Project.

5.2.2 The split of the approved capital funding (£1m) is as follows:

| Project                          | Current Approved Funding Split | Proposed Funding Split |
|----------------------------------|--------------------------------|------------------------|
| Integrated Transport Project     | £0.835m                        |                        |
| Betterment – Bohemia Road        | £0.025m                        | £0.025m                |
| Betterment - Roedean             | £0.095m                        | £0.095m                |
| Fort Road – Engineering Workshop | £0.045m                        | £2.836m                |

5.2.3 £0.8m of the existing funding is currently allocated in 2026/27, but under this project proposal this provision will need to be brought forward to 2024/25 to align with when the funds are likely to be required.

5.2.4 In addition, further funding of £1.5m is expected from the ITF fund on the assumption that we can meet the original ITF conditions before these funds are released (see section 6 of this report).

5.2.5 The total capital funds available are therefore £2.5m.

## 5.3 Capital – Investment Requirement

5.3.1 Currently, the total estimated capital investment required for this project is assessed at £2.9m. This includes construction costs of £2.5m, Project Management £0.1m, H&S issues and other improvements at Roedean and Bohemia Road workshops of £0.1m, IT/Engineering equipment £0.1m and a contingency on construction costs of £0.1m.

5.3.2 It is noted that within our overall capital programme it was assumed that the Service would receive £0.45m of capital receipts from the sale of the site to Lewes District Council (LDC). These receipts will no longer be available due to the site sale being ceased due to this project proposal. To ensure that we maintain our overall 5-year capital plan approved by the CFA it will be necessary to replace these receipts with an additional borrowing of £0.45m in 24/25. The timing of this requirement will be kept under review to ensure that any ongoing impact on the cost of borrowing is minimised.

5.3.3 The net impact on the Minimum Revenue Provision (MRP) and interest charges due to £0.8m being bought forward, replacement of the £0.45m loss of capital receipts and the additional £0.46m required to support the development are estimated as £0.06m in 24/25, £0.18m in 25/26, £0.152m in 26/27 and £0.12m thereafter. A total revenue funding requirement to 2032/33 of £1.1m.

5.3.4 The above values assume interest costs of 6.5% and a loan term of 25 years.

5.3.5 The requirement for external capital funding is based on the current overall Estates capital programme phasing, when the rephasing of the programme is completed the 2024/25 need for external funding will be adjusted. This will impact on the revenue costs of the Fort Road project.

#### 5.4 **Revenue – Investment Requirement**

5.4.1 There is no specific provision for one off revenue costs. However, the project currently estimates revenue costs of £0.02m which will be built into the MTFP if approved. This includes mileage costs for those staff whose work base will move from Bexhill to Newhaven which must be paid for the 3 years after completion.

#### 5.5 **Recurring Revenue Costs and Benefits**

5.5.1 The net recurring costs and benefits from the project is expected to be a net cost of £0.06m in 24/25, £0.16m in 25/26, £0.13m in 26/27 and £0.1m thereafter.

#### 5.6 **Recurring Costs**

5.6.1 The estimated £0.07m running costs of the new Engineering hub have been based on the current average running costs per sqm for the services day crewed stations for maintenance. Rates costs based on the per sqm charge for Saxon House, and utility costs based on the average sqm cost for a day station plus the above average utility costs Bexhill currently pays.

5.6.2 Insurance costs are based on a total increase in property value of £3m, multiplied by the current insurance cost (£0.05m) as a percentage of the Services total property value (£72.5m).

- 5.6.3 IT has confirmed the cost of running the Wi-Fi and Data Circuits would be in the region of £0.008m pa, allowing for inflation increases.
- 5.6.4 The cost of insourcing the fleet maintenance (i.e. additional parts and consumables) is expected to be in the region of £0.007m pa. This assumes the existing staffing structure can absorb the additional work, and Engineering has confirmed that.
- 5.6.5 We have factored into our recurring costs the impact on MRP and Interests costs for the additional borrowing requirements and bringing forward capital as highlighted above. These costs are based on a loan term of 25 years in line with budget setting 2023/24, the annual costs could be reduced if a longer term is used.

## 5.7 **Recurring Benefits**

- 5.7.1 The project has included savings made from the in-sourcing of fleet maintenance currently carried out by third parties. This is assessed as £0.08m pa based on c20 vehicles. Further analysis will be, carried out by Engineering on the actual number of vehicles serviced by third parties over the last two years to assess any further opportunities to in-source once the site has 'gone live'.
- 5.7.2 Savings of £0.029m pa are included based on estimated costs per square meter for utilities and maintenance at Bexhill. This assumes that the workshop site is mothballed in the short term whilst any medium term options are assessed.

## 6. **FIRE TRANSFORMATION FUND GRANT**

- 6.1 In June 2023 the collective ITF project submitted an annual submission in relation to grant expenditure to the Home Office. Within this return the Service outlined the plan for Fort Road and the need to draw down the funding. There have been no areas of concern highlighted from the Home Office following that submission in how that grant is being spent and therefore, it is felt that this risk has been mitigated as much as possible.

## 7. **THE MANAGEMENT CASE**

- 7.1 Under the ESFRS definitions this project will be deemed a 'major' project requiring monthly reporting to the Service's Strategic Change Board and the following resources:

**Project Manager:** a specific Estates project manager has been costed to run the build side of the project.

**Project Team:** this will be made up of representatives from HR, Estates, Engineering, Procurement and ITG

**Project Sponsor:** Mark Matthews, Assistant Chief Fire Officer

**Project Board:** to be run bi-monthly

**Senior User/s:** Hannah Scott-Youldon



- 7.2 The initial stages of this project will be treated as an Estates project which will follow their life cycle milestones and adheres to Estates standards and procedures such as the RIBA stages whilst aligning to the Programme Management Office policy and procedure.
- 7.3 Towards the end of the build, it will move to a change management project.