

EAST SUSSEX FIRE AUTHORITY

Panel Policy and Resources

Date 31 October 2019

Title of Report Fuel Tank and Pump Replacement Project

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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.**
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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.