



SCOTTISH
FIRE AND RESCUE SERVICE

Working together for a safer Scotland

Report to: SCOTTISH FIRE AND RESCUE BOARD

Report Number: B/FCS/4-14

Date: 27 FEBRUARY 2014

Report By: CHIEF OFFICER ALASDAIR HAY

Subject: CAPITAL BUDGET 2014 - 2017

1 PURPOSE

- 1.1 The purpose of this report is to seek approval of the proposed Capital Budget 2014-2017.

2 RECOMMENDATION

- 2.1 The Board is asked to approve the following recommendation(s):

- 1) That the proposed Capital Budget for 2014 - 2017, as set out in paragraph 6 and detailed in Appendix A, be approved, recognising that figures for years 2 and 3 are indicative and will be refined in future years.

3 BACKGROUND

- 3.1 The Budget (Scotland) (No.3) Bill, passed by the Scottish Parliament on 5 February 2014, sets overall Cash DEL funding for the Scottish Fire & Rescue Service (SFRS) at £287.541million for 2014/15. While a specific allocation has not been made to capital it has been advised that this is indicatively set at £22.300million.
- 3.2 Within the 2015/16 Budget Plans Capital DEL has been set at £25.300million. There is no indicative allocation at this stage for 2016/17 however for the purpose of this capital programme it has been assumed to be equal to 2015/16 (£25.300million).

- 3.3 As outlined within the Resource Budget 2014 -2016 report included within the Board's agenda for this meeting, it is proposed that in 2014/15, in recognition of the transitional nature of the Service's cost base, the allocation of funding to capital is reduced by £1.0million in order to support the resource budget in the short term.
- 3.4 Preparatory work will however be undertaken on capital projects which would enable this funding to be reassigned to the capital programme in the event of an emerging underspend.
- 3.5 In September 2013 the Board approved its Property Estate – Strategic Intent (completed January 2014) which anticipated capital receipts of c.£18m from sale of surplus properties over the next 3-5 years, with a view to this being reinvested to develop a fit for purpose estate for the SFRS. Permission to reinvest the capital receipts from this programme has now been granted by the Scottish Government.

4 CAPITAL PLANNING HORIZON

- 4.1 For 2013/14 the Board set a one-year capital budget, recognising the limited information available in relation to inherited assets.
- 4.2 This Programme will look ahead over the next 3 years as a clearer picture emerges as to where investment is required in fixed assets, to enable the SFRS to deliver its service and to strive to achieve the wider benefits of reform. It should be recognised that figures for Years 2 and 3 are indicative and will be refined in future years.
- 4.3 A key aspect of our long term asset management strategy has been the work done during 2013/14 to set out our Property Estate – Strategic Intent, giving a 3-5 year plan for rationalisation and investment, aimed at developing a support estate that is fit for a single national fire and rescue service.
- 4.4 Going forward it is intended to develop a 10-year capital investment strategy once we have completed the detailed planning stage for Strategic Intent, and received and analysed all of the information from ongoing property condition and suitability surveys, and when detailed operational planning is progressed.

5 PROGRAMME PRINCIPLES AND CONSIDERATIONS

- 5.1 The following principles and considerations, endorsed by the Strategic Leadership Team, have been taken into account in the development of this proposed capital programme:

5.1.1 PROPERTY - STRATEGIC INTENT

As highlighted above, the Board has agreed its Strategic Intent in relation to the property support estate. Work is currently underway to formulate a detailed implementation plan over the next 3-5years which will be managed

as a formal project and overseen by the Service Transformation Programme and Committee.

It is currently anticipated that a number of smaller “quick win” projects will be completed during 2014/15, alongside the planning and design work for larger projects. The Capital Programme has been developed on this basis and will be refined as required when the full implementation plan is completed and approved.

5.1.2 PROPERTY – BUSINESS AS USUAL

Work is currently ongoing to provide a full assessment of the condition and suitability of our property assets. These comprise 1150 assets across 426 sites. This work is due to be completed in April 2014 and will inform the specific properties to benefit from investment over the period of the Programme.

Each property will be scored and assigned a condition rating based on industry standards from A (excellent) to D (below acceptable standard).

It is known that many properties require investment to ensure full compliance with disability legislation (Equality Act 2010) and to provide dignified facilities for male and female employees and visitors.

Some properties are also lacking some of the facilities required to operate a modern fire and rescue service, for example appropriate training facilities.

Resources will be targeted to address all of these challenges. Each property will be approached holistically, seeking to address both condition and suitability issues concurrently where relevant.

Resources will also be allocated to provide suitable office accommodation for Local Senior Officers, ideally within existing SFRS property in their area.

5.1.3 FLEET AND TRANSPORT

It is recognised that there is a wide range in the condition of the inherited fleet, and resources have been targeted through transitional funding during 2013/14 to rectify those in the poorest condition.

There are also multiple specifications of front-line appliances and associated equipment, which are in turn linked to the buildings they occupy. New vehicle investment will follow a standard specification as far as possible and appropriate, given the varied operating environments across Scotland.

Work is progressing towards a comprehensive grading system for all fleet and operational equipment using a scale from 5 (excellent) to 1 (severe wear/damage – end of useful life). Across this asset category there are a range of indicative replacement periods eg 15years (frontline appliances), 5years (light cars/vans).

Investment will be targeted to those vehicles in the poorest condition and to support operational priorities.

5.1.4 ICT

Proposed ICT investment will be targeted to developing a minimum infrastructure standard across wider and local area networks, telephony, resilience, security and supportability. It is recognised that there is a level of inherited under-investment in this area.

There is an aim to deliver a standardised user capability at all locations/desks across the SFRS.

It is recognised that there is a need to rationalise servers as business systems are rationalised, and standardised data storage facilities are implemented. While it is anticipated that the number of pcs and laptops will require to be maintained, there is also a need to respond to the increasing demand for mobile devices.

These principles will be incorporated into a comprehensive ICT Strategy which will be presented to the Board by June 2014.

Within this category is the requirement for major investment in a single modern command and control system which will be accessed from our 3 control rooms.

5.1.5 OPERATIONAL EQUIPMENT

Priorities in this area are in relation to the ongoing rationalisation and standardisation of the equipment portfolio and to applying the new grading system to items held.

A key area of investment required over this period is in relation to the rationalisation of breathing apparatus, a critical element of personal protection for firefighters. This investment requires to be timed to coincide with expiring inherited contracts.

6 PROPOSED CAPITAL BUDGET

6.1 The proposed capital budget, which takes account of these principles and considerations, is detailed in Appendix A.

- 6.2 Total proposed expenditure over the 3-year period is **£88.225million**, funded by the anticipated Capital DEL budget of £71.9million (£21.3m, £25.3m, £25.3m), plus estimated capital receipts from Strategic Intent and minor disposals of £16.325m (£0.975m, £8.0m, £7.35m).
- 6.3 Proposed expenditure of **£28.758million on Property – Major Works** (£3.214m, £11.894m, £13.650m) is to progress the Strategic Intent programme and begin a long term programme of investment in our fire stations, addressing issues of condition and suitability, with particular reference to training facilities. Investment will also be made in developing appropriate office accommodation for Local Senior Officers.
- 6.4 Proposed expenditure of **£14.689million on Property – Minor Works** (£5.549m, £4.188m, £4.952m) will be targeted to elemental upgrades to address aspects of condition and suitability eg Equality Act compliance in relation to disability, dignified facilities, and will enable minor upgrades and modifications within the Strategic Intent programme.
- 6.5 Proposed investment of **£27.062million on Fleet & Transport** (£7.735m, £9.068m, £10.259m) will enable good progress to be made towards the inherited backlog replacement in this area, particularly in frontline appliances.
- 6.6 In **ICT** the proposed investment of **£10.765million** (£2.250m, £5.420m, £3.095m), alongside proposed investment from transitional funding, will enable the service to establish a minimum infrastructure standard and standardised user capability across Scotland, as well as maintaining core end user equipment. In addition this budget includes a significant investment in the replacement command & control system (£6.1m).
- 6.7 Finally, the proposed investment of **£6.951million in Operational Equipment** (£3.527m, £2.730m, £0.694m) will enable the ongoing rationalisation and standardisation of equipment, with a major investment (£4.580m) in risk critical breathing apparatus.

7 EMPLOYEE IMPLICATIONS

- 7.1 There are no employee implications directly associated with this report.
- 7.2 It is recognised that there are significant employee implications in relation to the Strategic Intent programme and these are being addressed as part of the project.

8 FINANCIAL IMPLICATIONS

- 8.1 The financial implications are outlined within the report.

9 LEGAL IMPLICATIONS

9.1 Appendix A details the anticipated existing contractual commitments at 1 April 2014.

10 EQUALITY IMPACT ASSESSMENT AND CONSULTATION ARRANGEMENTS

10.1 The capital budget has been screened as not directly relevant to the general equality duty. A number of related projects will have some relevance to equality, such as the accessibility of SFRS premises, and these will be subject to their own impact assessment and scrutiny.

10.2 The proposed Capital Budget has been prepared by staff within Finance, Asset Management and ICT in conjunction with the Strategic Leadership Team.

**ALASDAIR HAY
CHIEF OFFICER**

SCOTTISH FIRE & RESCUE SERVICE**Summary of Estimated Capital Expenditure 2014/15 - 2016/17****£000****Capital Expenditure Legally Committed (LC)**

Financial Year		
2014/15	2015/16	2016/17
1,960	-	-

Capital Expenditure Not Yet Legally Committed (NYLC)

Financial Year		
2014/15	2015/16	2016/17
20,315	33,300	32,650

TOTAL - LC & NYLC

Financial Year		
2014/15	2015/16	2016/17
22,275	33,300	32,650

SOURCES OF FUNDING

Source	Financial Year		
	2014/15	2015/16	2016/17
Capital DEL	21,300	25,300	25,300
Capital Receipts	975	8,000	7,350
TOTAL	22,275	33,300	32,650

SCOTTISH FIRE & RESCUE SERVICE
Capital Programme 2014/15 - 2016/17

SUMMARY

Category	Estimated Total Net Cost £000	Funded in Previous Years £000	Spend Profile					
			2014/15		2015/16		2016/17	
			LC £000	NYLC £000	LC £000	NYLC £000	LC £000	NYLC £000
Property - Major Works	28,758	-	-	3,214	-	11,894	-	13,650
Property - Minor Works	14,689	-	1,400	4,149	-	4,188	-	4,952
Fleet & Transport	27,062	-	560	7,175	-	9,068	-	10,259
ICT	10,765	-	-	2,250	-	5,420	-	3,095
Operational Equipment	6,951	-	-	3,527	-	2,730	-	694
Sub-total			1,960	20,315	-	33,300	-	32,650
TOTAL (LC+NYLC)	88,225	-		22,275		33,300		32,650

SCOTTISH FIRE & RESCUE SERVICE
Capital Programme 2014/15 - 2016/17

PROPERTY - MAJOR WORKS

Project Description	Estimated Total Net Cost £000	Funded in Previous Years £000	Spend Profile					
			2014/15		2015/16		2016/17	
			LC £000	NYLC £000	LC £000	NYLC £000	LC £000	NYLC £000
Fire Station Redevelopment	8,500			400		4,000		4,100
LSO Accommodation Various	800			500		300		-
Training Strategy	5,385			635		1,620		3,130
Strategic Intent	14,073			1,679		5,974		6,420
Sub-total			-	3,214	-	11,894	-	13,650
TOTAL (LC+NYLC)	28,758	-		3,214		11,894		13,650

SCOTTISH FIRE & RESCUE SERVICE
Capital Programme 2014/15 - 2016/17

PROPERTY - MINOR WORKS

Project Description	Estimated Total Net Cost £000	Funded in Previous Years £000	Spend Profile					
			2014/15		2015/16		2016/17	
			LC £000	NYLC £000	LC £000	NYLC £000	LC £000	NYLC £000
Minor Works - Condition (Elemental Upgrades)	9,774		1,400	2,374		3,000		3,000
Minor Works - Suitability (DDA/Dignified/Local Ops/Tr	2,800			1,000		800		1,000
Minor Works - Strategic intent	2,115			775		388		952
Sub-total			1,400	4,149	-	4,188	-	4,952
TOTAL (LC+NYLC)	14,689	-		5,549		4,188		4,952

SCOTTISH FIRE & RESCUE SERVICE
Capital Programme 2014/15 - 2016/17

FLEET & TRANSPORT

Project Description	Estimated Total Net Cost £000	Funded in Previous Years £000	Spend Profile					
			2014/15		2015/16		2016/17	
			LC £000	NYLC £000	LC £000	NYLC £000	LC £000	NYLC £000
Frontline Appliances	20,173		560	5,597		6,359		7,657
High Reach Appliances	3,491			345		1,573		1,573
Water Rescue Vehicles	220			110		110		-
Heavy & Light Vans/Mini Bus	1,057			388		341		328
Light Fleet - Cars	1,050			355		355		340
4x4 Vehicles	371			130		130		111
Fuel Site Modernisation	700			250		200		250
Sub-total			560	7,175	-	9,068	-	10,259
TOTAL (LC+NYLC)	27,062	-		7,735		9,068		10,259

SCOTTISH FIRE & RESCUE SERVICE
Capital Programme 2014/15 - 2016/17

ICT

Project Description	Estimated Total Net Cost £000	Funded in Previous Years £000	Spend Profile					
			2014/15		2015/16		2016/17	
			LC £000	NYLC £000	LC £000	NYLC £000	LC £000	NYLC £000
PC's, laptops, peripherals	600			200		200		200
Server Infrastructure	300			100		100		100
Local Area Network Infrastructure	650			250		250		150
Wide Area Network Infrastructure	550			200		200		150
Operational Mobilisation	400			200		200		£0
Data Centre/Disaster Recovery	300			100		100		100
Telephony	1,125			500		500		125
HR/Payroll Project	740			-		720		20
Command & Control System	6,100			700		3,150		2,250
Sub-total			-	2,250	-	5,420	-	3,095
TOTAL (LC+NYLC)	10,765	-		2,250		5,420		3,095

SCOTTISH FIRE & RESCUE SERVICE
Capital Programme 2014/15 - 2016/17

OPERATIONAL EQUIPMENT

Project Description	Estimated Total Net Cost £000	Funded in Previous Years £000	Spend Profile					
			2014/15		2015/16		2016/17	
			LC £000	NYLC £000	LC £000	NYLC £000	LC £000	NYLC £000
Breathing Apparatus	4,580			2,400		2,080		100
Operational Equipment	1,921			977		500		444
PPE	450			150		150		150
Sub-total			-	3,527	-	2,730	-	694
TOTAL (LC+NYLC)	6,951	-		3,527		2,730		694