



SCOTTISH
FIRE AND RESCUE SERVICE

Working together for a safer Scotland

Report to:	THE BOARD OF THE SCOTTISH FIRE AND RESCUE SERVICE
Report Number:	B/FCS/3-15
Date:	26 FEBRUARY 2015
Report By:	CHIEF OFFICER

Subject:	CAPITAL BUDGET 2015 - 2018
-----------------	-----------------------------------

1 PURPOSE

- 1.1 The purpose of this report is to seek approval of the proposed Capital Budget 2015-2018.

2 RECOMMENDATION

- 2.1 The Board is asked to approve the following recommendation(s):
- 1) That the proposed Capital Budget for 2015 - 2018, 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.4) Bill, passed by the Scottish Parliament on 4 February 2015, sets Capital DEL funding for the Scottish Fire & Rescue Service (SFRS) at £25.300million for 2015/16.
- 3.2 There are no indicative allocations at this stage for 2016/17 or 2017/18 however for the purpose of this capital programme these have been assumed to be equal to 2015/16 (£25.300million).

- 3.3 In addition to Capital DEL budget, significant capital receipts are anticipated over the 3-year period, from the sale of surplus properties under the Property Estate - Strategic Intent programme, for which permission has been granted by the Scottish Government to reinvest these sums to develop a fit for purpose estate for the SFRS.
- 3.4 Where appropriate, opportunities to bid for resources from dedicated capital funds will also be explored.

4 CAPITAL PLANNING CONTEXT

- 4.1 As we enter the final year of our current Strategic Plan and look ahead to its next iteration, in an increasingly challenging financial environment, the Aims of Reform, as set out in the Fire and Rescue Framework for Scotland 2013, remain a key focus for the Service. We recognise that to maximise public value from the asset investments we make there is a clear challenge to work collaboratively with partner organisations and the communities we serve.
- 4.2 This Programme sets out the direction of travel for asset investment over the next 3 years, with firm budgets for Year 1 and indicative plans for Years 2 and 3, which will be refined as we progress.
- 4.3 Consideration has been given to the issues highlighted in the Corporate Risk Register, with the highest risks currently being identified in relation to maintaining and improving safety, standardising and aligning resources, continuing to meet statutory obligations, achieving performance targets, achieving financial sustainability and recruiting and retaining staff.

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 MAINTAIN AND ENHANCE COMMUNITY AND FIREFIGHTER SAFETY

The main purpose of the Scottish Fire and Rescue Service, as set out in the Fire and Rescue Framework, is focused on improving the safety and wellbeing of people throughout Scotland. In order to keep our communities safe we must also keep our firefighters safe as they carry out their work.

To this end we will continue to invest in our frontline fleet, which is central to our emergency response capability.

We will also make significant investment in training facilities, adopting a Scotland-wide approach, to enable our firefighters to develop and maintain the wide range of skills and capabilities required of them in a modern fire and rescue service.

The process of standardising our operational equipment and personal protective equipment remains on-going, with the most significant investment being to complete the provision of new standardised breathing apparatus sets across Scotland.

As the Service looks ahead to the future, and more than ever is challenged to look at new ways of working, it is incumbent upon us to scan the environment and investigate new technologies. One such opportunity that has been identified as having the potential to increase firefighter safety, by reducing exposure to fire in certain circumstances, involves cutting technology. Such a system is in operation in other fire and rescue services within the UK and Europe and as such it is proposed to undertake a small pilot project to evaluate its suitability for SFRS. The detailed business case for this pilot project will be presented to the Board in due course.

5.1.2 ESTABLISH THE INFRASTRUCTURE OF THE SCOTTISH FIRE AND RESCUE SERVICE

In order to deliver our vision of being a world leading fire and rescue service, it is critical that we establish the enabling infrastructure as quickly as possible. This will have an impact across all asset categories, from implementing the Property Estate – Strategic Intent programme, through to developing consistent and appropriate standards for fire stations, fleet and equipment across Scotland, positioning our resources most effectively to serve our communities, and creating a single digital infrastructure with key supporting data systems.

5.1.3 MAINTAIN ACCEPTABLE STANDARDS FOR FLEET AND PROPERTY

We will work towards developing meaningful asset performance standards, initially within fleet and property, which will enable us to monitor the impact of our investment on the asset portfolio.

When planning significant investment in or changes to our property portfolio, we will work with local public sector partners to ensure the maximum possible public value from our joint plans.

5.1.4 IMPLEMENT APPROVED STRATEGIES

The Board has now approved a number of key strategies, which support our Strategic Plan, that have asset implications. This Capital Budget will provide resources to progress the changes approved within the Specialist Resources Review, and to begin implementing both our Digital and Environmental Strategies.

In terms of the Environment, we will establish a fund and seek to work collaboratively with partner organisations, including the Scottish Government, to ensure we can leverage the maximum benefit from our investment to achieve our environmental goals, for the benefit of Scotland.

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 **£91.120million**, funded by the anticipated Capital DEL budget of £75.900million (£25.300m, £25.300m, £25.300m), plus estimated capital receipts from Strategic Intent and other disposals of £15.220m (£5.970m, £9.200m, £0.050m).
- 6.3 Proposed expenditure of **£32.250million on Property – Major Works** (£11.995m, £12.630m, £7.625m) is to progress the Strategic Intent programme, alongside a long term programme of investment in our fire stations, addressing issues of condition and suitability, with particular focus on training facilities. Investment will also be made in developing appropriate office accommodation for Local Senior Officers.
- 6.4 Proposed expenditure of **£12.228million on Property – Minor Works** (£4,560m, £3.800m, £3.868m) will be primarily targeted to elemental upgrades to address aspects of condition, as well as the establishment of an environmental investment fund, a minor upgrade to accommodate a fire investigation team and preparatory work for site disposals. This investment will enable the Property team to undertake around 150 minor projects each year, targeted according to the condition of the various elements of the building, as defined within industry standards, as follows:
- A: Good – performing and operating efficiently,
 - B: Satisfactory – performing adequately but showing signs of minor deterioration,
 - C: Poor – showing major problems and/or not operating adequately,
 - D: Bad – life expired or serious risk of imminent failure or major element of whole.

NOT PROTECTIVELY MARKED

In considering the suitability of the investment the following criteria will be applied based on the current condition:

- A – investment only in specific exceptional circumstances,
- B – investment to maintain at this level,
- C – investment to target achievement of level B,
- D – consider the value of the investment relative to replacement cost.

6.5 Proposed investment of **£28.650million on Fleet & Transport** (£7.613m, £10.794m, £10.243m) will enable us to reduce the average age at which vehicles are replaced within the fleet from 19.2 years to 17.1 years over the 3 year period, and progress to be made on implementing the Specialist Resources Review, as well as enabling the cold cutting pilot project.

6.6 In **ICT & Communications** the proposed investment of **£11.213million** (£3.020m, £5.741m, £2.452m), will enable the service to begin implementing its Digital Strategy, which aims to enable our people to have access to the right information on the right device at the right time. This budget includes a significant investment in a replacement command & control system (£6.2m).

6.7 Finally, the proposed investment of **£6.780million in Operational Equipment** (£4.083m, £1.535m, £1.162m) will enable the on-going rationalisation and standardisation of equipment, with a major investment (£4.8m in total) in risk critical breathing apparatus.

7 BUDGET RISKS

7.1 Appendix B sets out the specific risks that have been identified in relation to delivering the Capital Programme over the 3-year period 2015-2018. These have been scored, using the same methodology as the Corporate Risk Register, and mitigating actions have been identified.

8 EMPLOYEE IMPLICATIONS

8.1 There are no employee implications directly associated with this report.

8.2 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.

9 FINANCIAL IMPLICATIONS

9.1 The financial implications are outlined within the report.

10 LEGAL IMPLICATIONS

10.1 Appendix A details the anticipated existing contractual commitments at 1 April 2015.

11 EQUALITY IMPACT ASSESSMENT AND CONSULTATION ARRANGEMENTS

- 11.1 Equality Impact Assessments will be carried out on relevant projects as required.
- 11.2 The proposed Capital Budget has been prepared by staff within Finance, Asset Management and ICT in conjunction with the Strategic Leadership Team and their respective teams.
- 11.3 Capital budget proposals have been shared with representative bodies.

12 CORE BRIEF

- 12.1 The Director of Finance & Contractual Services advised the Board of the proposed 3-year Capital Budget for 2015-2018 and sought approval. Total proposed expenditure over the 3 year period is £91.120million, primarily funded by Capital budget provision from the Scottish Government, plus estimated capital receipts from Strategic Intent and other disposals. Investments have been targeted based on 4 key principles, those being to maintain and enhance firefighter safety; to establish the infrastructure of the Scottish Fire & Rescue Service; to maintain acceptable standards for fleet and property; and to implement approved strategies.

ALASDAIR HAY
Chief Officer
26 February 2015