

SCOTTISH FIRE AND RESCUE SERVICE
The Board of Scottish Fire and Rescue Service



Report No: B/FCS/04-24

Agenda Item: 23

Report to:	THE BOARD OF SCOTTISH FIRE AND RESCUE SERVICE						
Meeting Date:	27 MARCH 2024						
Report Title:	CAPITAL PROGRAMME 2024/25 – 2026/27						
Report Classification:	For Decision	Board/Committee Meetings ONLY For Reports to be held in Private Specify rationale below referring to <u>Board Standing Order 9</u>					
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
1	Purpose						
1.1	The purpose of this report is to seek approval from the Board for the Capital Programme 2024/25 to 2026/27.						
2	Funding						
2.1	The Scottish Government's Targeted Review of the Capital Spending Review (CSR) in May 2022 set the Service's base capital (CDEL) allocation at £32.5million until 2025/26.						
2.2	Work has been ongoing over several years to highlight to the Scottish Government that this level of funding is inadequate to ensure a fit for purpose asset base for Scottish Fire and Rescue Service (SFRS). The indicative 10-year investment programme set out within the Risk Based Capital Investment Plan sets out an annual funding requirement of £82million to address backlog investment in the existing asset portfolio.						
2.3	The annual Budget (Scotland) Bill, which was passed by the Scottish Parliament on 27 February 2024, confirmed Capital DEL funding for the Scottish Fire and Rescue Service (SFRS) at £43.026 million for 2024/25, which represents an increase of £10.526 million compared to the previous year.						
2.4	The annual Budget Bill set allocations for 2024/25 only. The Board agreed in setting the Budget Approach 2024/25 that indicative capital spending plans for 2025/26 and 2026/27 would be developed based on CDEL funding continuing at £43million, recognising that if this were not the case plans would need to be adjusted.						
2.5	To supplement core funding, the Service continues to identify surplus assets that are no longer required in operational use. These are sold, generating capital receipts for reinvestment, typically within the programme area from which they arose. Where these receipts exceed £1 million, permission is sought from the Scottish Government to reinvest within the Service. Specifically, during 2024 – 2027, it is expected that the Cowcaddens site will be sold, retaining an area for potential redevelopment of the fire station.						
2.6	There are no confirmed grants for 2024/25 and beyond however work will continue during the year to identify and bid for opportunities, particularly in support of the Carbon Management Plan.						

2.7	The introduction of a new accounting standard (IFRS 16) for leases in 2022/23 has meant that operational leases previously funded from the resource budget are now capitalised. The impact of this change has been mitigated via SG to ensure no loss of funding to the Service. This funding totals £1.596 million over 3 years and is reflected in the Capital Programme.
2.8	Funding for the Emergency Services Mobile Communications Project (ESMCP), which will develop a new Emergency Services Network across the UK, is provided separately by SG as part of ring-fenced funding from the Home Office. The capital requirement over the next three years is currently anticipated to be £4.7 million. No provision is made for this project in the capital programme as both funding and programme timelines have yet to be confirmed by SG.
2.9	The overall funding set out in the 3-year capital programme is £139.026 million .
3	Risk Based Capital Investment Plan
3.1	Due to funding constraints, a Risk Based Capital Investment Plan was approved by the Board in 2022. This has been refreshed for 2024 alongside the development of the capital budget and outlines an indicative 10-year Asset Investment Plan (AIP), prioritised to minimise the risk of asset failure in terms of service delivery.
3.2	It should however be noted that this approach is not sustainable and continued operation of assets that have exceeded their useful life will lead to increasing resource maintenance costs, which does not achieve good value for money.
3.3	To support the risk-based approach, an overarching Asset Management Policy has been created and detailed Strategic Asset Management Plans (SAMPs) have been developed for fleet, property and equipment. These SAMP's provide the detail to support prioritisation and investment plans across each programme category. The AIP is updated after each year's capital investment has been completed.
3.4	<p>The AIP and SAMP's have prioritised investment in:</p> <ul style="list-style-type: none"> • 14 fire stations affected by Reinforced Aerated Autoclaved Concrete (RAAC) panel issues, • the suitability of fire stations to provide dignified facilities to attract and retain a diverse workforce, • reconfiguring fire stations to enable the control of fire contaminants on PPE after incidents, • minor works to improve the condition of fire stations that are in the worst condition, • addressing climate change.
3.5	As the Strategic Service Review Programme progresses during 2024/25, the Risk Based Capital Investment Plan will be updated to take account of evolving asset requirements.
4	Proposed Capital Programme
4.1	The proposed capital programme for 2024/25 to 2026/27, is detailed in Appendix A, which has been developed in line with the Budget Approach 2024/25 approved by the Board at its Special Meeting on 7 February 2024. The Budget Approach 2024/25 incorporates the Risk Based Capital Investment approach.
4.2	Consideration has been given to ensuring that the proposed programme achieves best value in the pursuance of the SFRS purpose, as set out in the Fire Framework for Scotland 2022, recognising the responsibilities of the Chief Officer as Accountable Officer.

4.3	<p>Total proposed expenditure over the 3-year period is £139.026 million (£43.026 million, £48.000 million, £48.000 million), funded by anticipated Capital DEL budget of £129.026 million (£43.026 million, £43.000 million, £43.000 million) and estimated capital receipts from fleet disposals and sale of property of £10.000million (NIL, £5.000million, £5.000million).</p>
4.4	<p>Proposed expenditure of £55.590 million on Property – Major Works (£13.330million, £21.900million, £20.360million) is to;</p> <ul style="list-style-type: none"> • continue the replacement of fire stations affected by RAAC, initially those at Dalkeith, Liberton, Portree, Cumbernauld and Livingston, building flexibility within the program to enable opportunities to be taken, securing appropriate new sites if and when they become available. All new builds will be compliant with standard station design addressing requirements for dignified facilities and contaminant control. • due to the lack of alternative sites within the required operational area, assess the feasibility of remediating RAAC insitu within the existing fire station at Crewe Toll, inclusive of reconfiguration to create dignified facilities and address contaminant control requirements. • undertake focused reconfiguration projects to provide dignified facilities and address contaminant control in fire stations at Galashiels, Salen, Dingwall, Newcraighall, Calton, Kilmarnock and Polmadie • redevelop the fire station at Blackness Road in Dundee to meet current needs and enable the sale of the Hamilton site, releasing significant running costs. • invest in the training estate, in line with the developing Service Asset Management Plan for Training Assets, in support of the Training Vision and Strategy. • purchase sites for current and future development.
4.5	<p>Proposed expenditure of £17.720 million on Property – Minor Works (£5.720 million, £6.000 million, £6.000 million) will be targeted to essential upgrades to address health and safety aspects of condition, while addressing some immediate priorities in support of workforce diversity.</p>
4.6	<p>Proposed investment of £18.926 million in Fleet (£5.426 million, £6.200 million, £7.300 million) will enable the continued the modernisation of the frontline fleet, benefitting from environmental improvements and will enable the introduction of new vehicles, Prime Movers and PODS, Water Carrier Vehicles and Fire Investigation Units. The investment will also enable transition of some existing Light Fleet vehicles, to net zero vehicles over the 3-year period.</p>
4.7	<p>Discussion remains ongoing with the Scottish Government regarding funding for refreshing/replacing national resilience assets that were provided as part of a UK-wide New Dimensions programme pre-SFRS, based on interoperability. While the position remains unclear, flexibility has been built into the programme to address this requirement from existing funding if needed.</p>
4.8	<p>In ICT, the proposed investment of £28.263 million (£13.053 million, £10.660 million, £4.550 million) will enable the development of the new command and control mobilising system, providing resilience in this critical aspect of service delivery. This budget will also facilitate the ongoing investment required in short life ICT assets that need constant refresh to ensure the critical ICT infrastructure is maintained, as well as supporting new developments to deliver the Digital Strategy.</p>
4.9	<p>Finally, proposed investment of £18.527 million in Operational Equipment (£5.497 million, £3.240million, £9.790 million) will enable;</p> <ul style="list-style-type: none"> • investment in infrastructure to support contaminant control, • upgrade/replacement of breathing apparatus systems, embracing technological advances,

	<ul style="list-style-type: none"> ongoing investment in PPE for new firefighters, ongoing standardisation and renewal of time-expired items of equipment carried on fire appliances and other specialist vehicles.
5	Recommendation
5.1	<p>The Board is asked to:</p> <ul style="list-style-type: none"> Approve the proposed Capital Programme for 2024 – 2027, as set out in section 4 and detailed in Appendix A, recognising that figures for years 2 and 3 are indicative and will be refined in future years.
6	Key Strategic Implications
6.1	Risk
6.1.1	The Risk Based Capital Investment Plan has been refreshed for 2024 showing the impact of increasing capital backlog and has been used as one of the key factors in identifying areas for investment, as agreed within the Budget Approach 2024/25.
6.1.2	Specific capital budget risks are set out in Appendix B, alongside mitigating actions.
6.2	Financial
6.2.1	The financial implications are set out within the report.
6.3	Environmental & Sustainability
6.3.1	Estate and fleet investment will address the environmental impacts of aging assets, embracing carbon reduction technologies.
6.4	Workforce
6.4.1	Investment in modernising the asset base of the organisation will improve the working conditions and experience of the workforce.
6.5	Health & Safety
6.5.1	The proposed Capital Programme provides for investment in improving contaminant control at fire stations, personal protective equipment, and breathing apparatus.
6.6	Health & Wellbeing
6.6.1	The proposed Capital Programme provides for investment in improving dignified facilities at fire stations.
6.7	Training
6.7.1	The proposed Capital Programme provides for investment in the training estate.
6.8	Timing
6.8.1	The Capital Programme covers the period 2024 – 2027.
6.9	Performance
6.9.1	Capital budget performance will be monitored monthly through the Capital Monitoring Group and reported to the Strategic Leadership Team and the Board.
6.10	Communications & Engagement
6.10.1	The development of the Capital Programme was preceded by the development of the Strategic Asset Management Plans (SAMP's) for fleet, property and equipment. The SAMP's were developed by face to face engagement with end users from a number of stations across the country, feedback questionnaires, local senior officers and service delivery personnel. The SAMP's were then used as part of the capital programme development.

6.10.2	The draft Capital Programme has been discussed in detail with capital budget holders, the Strategic Leadership Team and the Board at its Strategy Day to build consensus on priorities and refine areas for investment.	
6.11 6.11.1	Legal and Regulatory The Accountable Officer is required to ensure that the resources of SFRS are used economically, efficiently and effectively.	
6.12 6.12.1	Information Governance There are no specific Information Governance implications associated with this report.	
6.13 6.13.1	Equalities An Equality Impact Assessment has been carried out on the proposed Capital Programme (to follow for Board paper).	
6.14 6.14.1	Service Delivery Outcomes One and Two are specifically focused on our service delivery to improve community safety, wellbeing, and resilience. Budget decisions will support progress towards these outcomes.	
7	Core Brief	
7.1	The Director of Finance and Contractual Services presented the proposed Capital Programme 2024 – 2027 to the Board for approval. Total proposed expenditure over the 3-year period is £139.026 million , funded by anticipated Capital DEL budget of £129.026 million and estimated capital receipts of £10.000million.	
8	Assurance (SFRS Board/Committee Meetings ONLY)	
8.1	Director:	Sarah O'Donnell, Director of Finance & Contractual Services
8.2	Level of Assurance: (Mark as appropriate)	Substantial/Reasonable/Limited/Insufficient
8.3	Rationale:	There has been significant engagement with budget holders, Service Delivery colleagues, the Strategic Leadership Team, and the Board in the development of the Capital Programme.
9	Appendices/Further Reading	
9.1	Appendix A - Capital Programme 2024/25 to 2026/27	
9.2	Appendix B – Capital Budget Risks	
9.3	Further reading: Budget Approach 2024-25 (7 February 2024)	
Prepared by:	Tracey Anne Morrow, Deputy Accounting Manager/Ijaz Bashir, Asset Governance & Performance Manager	
Sponsored by:	Lynne McGeough, Head of Finance and Procurement / Iain Morris, Head of Asset Management	
Presented by:	Sarah O'Donnell, Director Finance and Contractual Services	
Links to Strategy and Corporate Values		
The proposed Capital Programme for 2024/25 is developed to pursue the strategic objectives and priorities contained within our Strategic Plan and Long-Term Vision		

Governance Route for Report	Meeting Date	Report Classification/ Comments
<i>Strategic Leadership Team</i>	<i>19 March 2024</i>	<i>For recommendation to seek Board approval</i>
<i>SFRS Board</i>	<i>27 March 2024</i>	<i>For decision</i>

SCOTTISH FIRE & RESCUE SERVICE**Summary of Estimated Capital Expenditure 2024/25 - 2026/27****£000****Capital Expenditure Legally Committed (LC)**

Financial Year			Total
2024/25	2025/26	2026/27	
9,247	-	-	9,247

Capital Expenditure Not Yet Legally Committed (NYLC)

Financial Year			Total
2024/25	2025/26	2026/27	
33,779	48,000	48,000	129,779

TOTAL - LC & NYLC

Financial Year			Total
2024/25	2025/26	2026/27	
43,026	48,000	48,000	139,026

SOURCES OF FUNDING

Source	Financial Year			Total
	2024/25	2025/26	2026/27	
Capital DEL	43,026	43,000	43,000	129,026
Capital Receipts	-	5,000	5,000	10,000
TOTAL	43,026	48,000	48,000	139,026

SCOTTISH FIRE & RESCUE SERVICE
Capital Programme 2024/25 - 2026/27

SUMMARY

£000

Category	Estimated Total Net Cost	Funded in Previous Years	Spend Profile				
			2024/25		2025/26	2026/27	Total
			LC	NYLC			
Property - Major Works	60,059	4,469	5,396	7,934	21,900	20,360	55,590
Property - Minor Works	17,720	-	420	5,300	6,000	6,000	17,720
Fleet	18,926	-	2,321	3,105	6,200	7,300	18,926
ICT	29,221	958	1,110	11,943	10,660	4,550	28,263
Operational Equipment	18,527	-	-	5,497	3,240	9,790	18,527
Sub-total			9,247	33,779	48,000	48,000	139,026
TOTAL (LC+NYLC)	144,454	5,428		43,026	48,000	48,000	139,026

SCOTTISH FIRE & RESCUE SERVICE
Capital Programme 2024/25 - 2026/27

PROPERTY - MAJOR WORKS

£000

Project Description	Estimated Total Net Cost	Funded in Previous Years	Spend Profile				
			2024/25		2025/26	2026/27	Total
			LC	NYLC			
Dalkeith Fire Station - New Build (RAAC), (Dignified Facilities), (CC)	7,157	7	400	-	4,750	2,000	7,150
Liberton Fire Station - New Build (RAAC), (Dignified Facilities), (CC)	6,950	-	-	300	4,550	2,100	6,950
Blackness Road Replacement Station - Part New Build	7,603	3	-	300	4,500	2,800	7,600
Glasgow New Build Fire Station (Dignified Facilities), (CC)	3,725	-		-	450	3,275	3,725
Portree Fire Station - New Build (RAAC), (Dignified Facilities), (CC)	2,200	-		300	1,900	-	2,200
Cumbernauld Fire Station - New Build (RAAC), (Dignified Facilities), (CC)	3,575	-		-	300	3,275	3,575
Livingston Fire Station - New Build (RAAC), (Dignified Facilities), (CC)	350	-		-	-	350	350
Tranent Fire Station New Build (RAAC), (Dignified Facilities), (CC)	300	-		-	-	300	300
Milngavie Fire Station - New Build (RAAC), (Dignified Facilities), (CC)	350	-		-	-	350	350
Salen Fire Station Development (Conversion of Former NHS Building)	900	500	400	-	-	-	400
Galashiels Fire Station - Redevelopment (RAAC), (Dignified Facilities), (CC)	2,391	791	1,600	-	-	-	1,600
Dingwall Fire Station Redevelopment (Dignified Facilities), (CC)	1,546	696	850	-	-	-	850
Newcraighall Fire Station Redevelopment (Dignified Facilities), (CC)	2,494	694	1,800	-	-	-	1,800
Crewe Toll Fire Station - New Build (RAAC), (Dignified Facilities), (CC)	2,700	-		800	1,900	-	2,700

SCOTTISH FIRE & RESCUE SERVICE
Capital Programme 2024/25 - 2026/27

PROPERTY - MAJOR WORKS

£000

Project Description	Estimated Total Net Cost	Funded in Previous Years	Spend Profile				
			2024/25		2025/26	2026/27	Total
			LC	NYLC			
Calton Fire Station (Dignified Facilities), (CC)	2,000	-		800	1,200	-	2,000
Kilmarnock Fire Station (Dignified Facilities), (CC)	800	-		-	-	800	800
Polmadie Fire Station (Dignified Facilities), (CC)	800	-		-	-	800	800
Training Estate	6,000	-		2,000	2,000	2,000	6,000
Site Purchases Dalkieth	900	-		900	-	-	900
Site Purchases Cumbernauld	900	-		900	-	-	900
Site Purchase Portree	300	-		300	-	-	300
Site Purchase (RAAC replacement opportunity led)	2,900	-	-	1,100	-	1,800	2,900
Enabling Works for the Sale of Hamilton	230	-		230	-	-	230
Disposal Costs	160	-		-	-	160	160
Property Project Costs	2,829	1,779	346	4	350	350	1,050
Sub-total			5,396	7,934	21,900	20,360	55,590
TOTAL (LC+NYLC)	60,059	4,469		13,330	21,900	20,360	55,590

RAAC = Reinforced Autoclaved, Aerated Concrete

CC = Contaminant Control

SCOTTISH FIRE & RESCUE SERVICE
Capital Programme 2024/25 - 2026/27

PROPERTY - MINOR WORKS

£000

Project Description	Estimated Total Net Cost	Funded in Previous Years	Spend Profile				
			2024/25		2025/26	2026/27	Total
			LC	NYLC			
Minor Works - Condition (Elemental Upgrades)	17,720	-	420	5,300	6,000	6,000	17,720
Sub-total			420	5,300	6,000	6,000	17,720
TOTAL (LC+NYLC)	17,720	-		5,720	6,000	6,000	17,720

SCOTTISH FIRE & RESCUE SERVICE
Capital Programme 2024/25 - 2026/27

FLEET

£000

Project Description	Estimated Total Net Cost	Funded in Previous Years	Spend Profile				
			2024/25		2025/26	2026/27	Total
			LC	NYLC			
Aerial Platforms and Bodyworks	1,000			-	1,000	-	1,000
Light Appliances	2,600		1,195	1,405	-	-	2,600
Frontline Appliances	10,630		1,126	174	3,665	5,665	10,630
Light Fleet - Vans & Cars (incl transition to net zero)	1,150			150	500	500	1,150
Leased Vehicles (IFRS16)	1,596			526	535	535	1,596
Control Units/New Dimensions Assets	1,950			850	500	600	1,950
Sub-total			2,321	3,105	6,200	7,300	18,926
TOTAL (LC+NYLC)	18,926	-		5,426	6,200	7,300	18,926

SCOTTISH FIRE & RESCUE SERVICE
Capital Programme 2024/25 - 2026/27

ICT

£000

Project Description	Estimated Total Net Cost	Funded in Previous Years	Spend Profile				
			2024/25		2025/26	2026/27	Total
			LC	NYLC			
PC's, laptops, peripherals	821			200	301	320	821
Replacement & Upgrade of AV Kit	300			100	100	100	300
Server Infrastructure	300			100	100	100	300
Systems Infrastructure	730			150	280	300	730
Network Infrastructure	1,000		226	24	250	500	1,000
Data Centre/Disaster Recovery	300			100	100	100	300
Telephony	550			200	150	200	550
Cyber Security Provision	300			100	100	100	300
ESN Connect- Data First (Awaiting SG Confirmation)	120			120	-	-	120
In Vehicle Systems	1,452			1,053	399	-	1,452
Decommissioning Of Stand By Control Rooms	250			-	-	250	250
ICT Project Costs	540		180	-	180	180	540
New Mobilising System	22,558	958	704	9,796	8,700	2,400	21,600
Sub-total			1,110	11,943	10,660	4,550	28,263
TOTAL (LC+NYLC)	29,221	958		13,053	10,660	4,550	28,263

SCOTTISH FIRE & RESCUE SERVICE
Capital Programme 2024/25 - 2026/27

OPERATIONAL EQUIPMENT

£000

Project Description	Estimated Total Net Cost	Funded in Previous Years	Spend Profile				
			2024/25		2025/26	2026/27	Total
			LC	NYLC			
Operational Equipment	11,627	-	-	3,197	940	7,490	11,627
PPE	6,900	-	-	2,300	2,300	2,300	6,900
Sub-total			-	5,497	3,240	9,790	18,527
TOTAL (LC+NYLC)	18,527	-		5,497	3,240	9,790	18,527

Scottish Fire & Rescue Service
Capital Programme 2024 -2027 - Budget Risks

Risk Ref. No.	Corporate Risk	Date Identified	Risk Description	Consequence of Risk	Mitigating Actions	Risk Assessment			Risk Owner
						Probability	Impact	Risk Rating	
Capital 1	FCS005 - Funding	March 2024	There is a risk that SFRS is unable to secure sufficient capital funding for future years, both medium and long term.	This could result in unfunded legal commitments or delays to planned projects that may impact on the Service's ability to achieve its objectives.	Continue to demonstrate to the Scottish Government through regular engagement, using robust data, the level of capital backlog and the impact on service delivery/achieving objectives. Build in sufficient flexibility to capital spending plans that would enable these to be scaled back if needed.	3	3	9	SLT
Capital 2	FCS016 - Budget Overspend	March 2024	There is a risk that due to rising prices and other challenges the capital budget is overspent during the year.	This could result in adverse publicity and negative external scrutiny including escalation by the Scottish Government to the Public Audit Committee.	Close monitoring of budget, including through the Capital Monitoring Group, to identify emerging patterns and ensure early action	1	3	3	Director of Finance & Contractual Services
Capital 3	FCS012 - Supply Chain Shortages	March 2024	There is a risk that the capital budget is not fully spent during the year.	This could result in the Service handing back funding that could have been invested to address the significant capital backlog.	Close monitoring of budget, including through the Capital Monitoring Group, to identify emerging patterns and ensure early action	2	3	6	Director of Finance & Contractual Services
Capital 4	SDD009 - Strategic Change Capability	March 2024	There is a risk that capital investment is not prioritised to areas of greatest need	Non-employee costs are in excess of budget provision	Application of Asset Management Policy and Strategic Asset Management Plans	2	3	6	Director of Finance & Contractual Services
Capital 5	SDD009 - Strategic Change Capability	March 2024	There is a risk that capital investment does not achieve best value	This could result in scarce funding being wasted, which could have been put to better use.	Adherence to project governance arrangements including CPIG business case approval	2	4	8	SLT