

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item No: 5

MEETING: 19th NOVEMBER 2012

SUBJECT: CAPITAL PROGRAMME 2012/2013 - SECOND REVIEW

JOINT REPORT OF THE CHIEF FIRE OFFICER AND THE FINANCE OFFICER

1. INTRODUCTION

- 1.1 The original Capital Programme for 2012/2013 was approved at the Authority meeting on 20th February 2012.
- 1.2 The purpose of this report is to review the current year's Programme and reflect changes from that presented to the Authority as a consequence of the First Capital Programme Review on 11th June 2012.

2. CAPITAL PROGRAMME 2012/2013 - SECOND REVIEW

- 2.1 The position for 2012/2013 is set out at Appendix A, and summarised below:

		First Review	Second Review
	Original Estimate	Revised Estimate (June)	Revised Estimate (Nov)
	£	£	£
Expenditure	- Continuing Projects 2011/2012	535,217	1,233,679
	- Projects Commencing 2012/2013	3,479,600	3,479,600
		4,014,817	4,713,279
Resources	- Contribution from Revenue	318,940	1,011,451
	- Earmarked Reserves	2,461,395	2,461,395
	- Fire Capital Grant	200,000	200,000
	- Diversity and Equality Grant	34,482	34,833
	- Sainsbury's Grant	0	5,600
	- Mobilisation/Control Project Grant	1,000,000	1,000,000
	- RCC Reserve	0	0
	4,014,817	4,713,279	5,086,749
Vehicle Replacement Programme	0	0	0
	4,014,817	4,713,279	5,086,749

- 2.2 The Capital Programme has been increased by £373,470 from £4,713,279 to £5,086,749. This is to be funded from the Regional Control Centre Reserve of £350,000, revenue budget carried forward from 2011/2012 identified for capital spend, and additional revenue contributions from budgets that are known to be underspent in year.
- 2.3 Regular monitoring of the Capital Programme continues to take place and, at Second Review stage, the following issues are brought to Members' attention for information:

Estates

- 2.4 A number of schemes have been completed within budget and have generated the following savings:
- £11,086 on Traffic Management Improvements at Station 51
 - £499 on Appliance Bay Door Replacement

In addition it is projected, at this stage in the financial year, that there will be a saving on the Temperature Control System to Fire Training Houses.

- 2.5 The Asset Management Group recommended that the savings be used to finance current schemes that are overspending, and to add a number of new projects to the Capital Programme that are deemed essential capital works.
- 2.6 Tender bids have been received from a number of selected contractors to carry out the work on the Low Activity Station Project. All tenders were above the estimated cost of £300,000 and the project is now estimated to cost £393,949. The Asset Management Group has suggested using the saving on the Carbon Management Boiler Replacement scheme (paragraph 2.11), plus additional savings expected from the Temperature Control System, as discussed above.

ICT

- 2.7 Due to a delay in the availability of the most suitable type of product, it is likely that replacement of some of the Fireground Radio equipment may be further delayed into 2013/2014. Unfortunately this is out of control of the Authority and more detail will be sought from manufacturers to establish an estimated delivery date.
- 2.8 It is also likely that the upgrade/replacement of the HR Software will slip into 2013/2014, this will be monitored. The Capital Programme will be reviewed and amended accordingly for both projects as more detail becomes available.

Operations

- 2.9 It is projected that the total cost of the operational equipment will be £1,650 over the original estimate. This overspend can be met from within the Response Support Revenue Budget.

Carbon Management Plan (CMP)

- 2.10 An additional £30,000 has been provided from the Environmental Steering Group Revenue Funding towards the CMP LED Lighting Project. This has been added to the Capital Programme.
- 2.11 There will be a saving of £51,354 on the CMP Boiler Replacement. This will be used towards the additional funding required for the Estates Low Activity Station Project (paragraph 2.6).

Control/Mobilising System

- 2.12 Members will recall that approval was given at the Authority meeting on 19th September 2011 to the procurement of a replacement Mobilising and Resource Management System. A follow up report was presented to Members on 17th September 2012 to approve acceptance of the preferred tender for the system of £1,813,410 and for the associated building works of £540,000.
- 2.13 Throughout the year the Authority has received reports on progress on the new command and control solution. The total cost of the scheme is now estimated at £2,630,517. This comprises the mobilising and resource management system cost of £1,813,410, estates building works to relocate to Service Headquarters of £565,700, and necessary ICT enabling works of £251,407.
- 2.14 The mobilising and resource management system will be paid in four instalments at set stages of implementation as set out in the contract. Therefore, the first payment of £453,353 will be built in to the Capital Programme for 2012/2013 and the remaining £1,360,057 will be included in the Programme for 2013/2014.
- 2.15 The estates building works will be completed in 2012/2013 and is now estimated to cost £565,700, an increase of £25,700 to the £540,000 reported to the Fire Authority in September.
- 2.16 The ICT enabling works is estimated to cost £251,407 and will be built in to the Capital Programme for 2012/2013. The Programme will be updated accordingly as more details are known and reported to Members.
- 2.17 The whole project will be partly funded by the £1,400,000 capital grant, with the remainder financed from the full use of the Regional Control Centre Reserve, unapplied Fire Capital Grant and a planned small earmarked contribution relating to the ICT element from the revenue budget.

Additional Projects

- 2.18 The Asset Management Group has evaluated a number of additional capital schemes that have been proposed for 2012/2013. The Group has agreed to allocate £16,350 of the Estates underspend to procure vents for the hot fire structures in the Training Centre. These are seen as a priority for the service and will be added to the Capital Programme. An annual cost will be built in to the revenue maintenance budget in future years for this.
- 2.19 Due to a restructure of the service, there will be an underspend on the Occupational Health revenue budget in 2012/2013. Necessary alterations to the Occupational Health Unit are required to accommodate the new structure and this saving will be used to support this scheme. The estimated cost of the works is £24,000. This will be added to the Capital Programme and will be fully covered from the revenue budget.

3. PRUDENTIAL INDICATORS

- 3.1 The Prudential Indicators for the financial year 2012/2013 were approved by the Authority on 20th February 2012. These indicators are regularly reviewed to ensure that:
- the Authority remains within its Authorised Limit for External Debt and any warning signals are highlighted where there is a danger that capital investment plans are not affordable, prudent, and sustainable;
 - treasury management decisions are taken in accordance with professional good practice;
 - the capital expenditure control framework operated locally is consistent with, and supportive of, local strategic planning, local asset management planning, and proper option appraisal.
- 3.2 Internal monitoring procedures have been established to track performance against the various prudential indicators agreed by the Authority. These are managed on a day to day basis by the Finance Officer. At this stage the Authority is operating within its Authorised Borrowing Limit, which is a statutory limit determined under Section 3 (1) of the Local Government Act 2003. There are no areas for concern or any issues which require any review of the indicators as originally approved. A full review of the indicators will be reported at the Capital Programme Third Review, or earlier if necessary.

4. RECOMMENDATIONS

- 4.1 Members are requested to approve the revised Capital Programme for 2012/2013 as set out at Appendix A.

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CAPITAL PROGRAMME 2012/2013 TO 2014/2015

SUMMARY

Project Description	Gross Cost £	Expenditure to 31.03.2012 £	Estimated Payments		
			2012/13 £	2013/14 £	2014/15 £
FIRE SERVICE					
Continuing Projects	2,175,217	514,477	1,200,740	260,000	200,000
Projects Commencing 2012/2013 and Future Years	14,096,966	0	3,886,009	7,809,657	2,401,300
	16,272,183	514,477	5,086,749	8,069,657	2,601,300
VEHICLE REPLACEMENT PROGRAMME	0	0	0	166,000	600,000
TOTAL CAPITAL EXPENDITURE	16,272,183	514,477	5,086,749	8,235,657	3,201,300

Project Description	Gross Cost £	Expenditure to 31.03.2012 £	Estimated Payments		
			2012/13 £	2013/14 £	2014/15 £
Continuing Projects					
Estates					
Works arising from Stock Condition Survey (project commenced 09/10)	467,244	247,244	60,000	60,000	100,000
Temperature Control System - Hot Fire Structures	267,126	21,126	246,000	0	0
West Denton - General Refurbishment	160,000	9,965	50,035	100,000	0
Other schemes (less than £100,000)	210,079	174,354	35,725	0	0
Operational Equipment					
Fire Demonstation Units	14,700	6,900	7,800	0	0
Carbon Management Plan	471,708	31,667	440,041	0	0
IT					
New and Replacement Hardware (11/12)	70,000	543	69,457	0	0
Network & Comms Infrastructure Development (11/12)	120,000	22,678	97,322		
New Software & Supporting Systems (11/12)	394,360	0	194,360	100,000	100,000
	2,175,217	514,477	1,200,740	260,000	200,000
Projects Commencing 2012/2013 and Future Years					
IT Equipment					
New and Replacement Hardware (12/13)	448,000	0	117,000	197,000	134,000
Network & Comms Infrastructure Development (12/13)	162,000	0	0	112,000	50,000
Operational Equipment					
Operational Equipment	422,150	0	64,250	140,600	217,300
Estates					
Low Activity Station Project	393,949	0	393,949	0	0
Hot Fire Structure Vents	16,350	0	16,350	0	0
Occupational Health Unit	24,000	0	24,000	0	0

Estates Development Strategy Works - Stations 51 & 53	10,000,000	0	2,000,000	6,000,000	2,000,000
Control/Mobilising System 2012/13					
Command and Control System	2,630,517	0	453,353	1,360,057	0
Estates Building Work		0	565,700		
ICT Enabling Works		0	251,407		
	14,096,966	0	3,886,009	7,809,657	2,401,300
	16,272,183	514,477	5,086,749	8,069,657	2,601,300

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CAPITAL PROGRAMME 2012/2013 TO 2014/2015

Project Description	Gross Cost £	Estimated Payments		
		2012/13 £	2013/14 £	2014/15 £
VEHICLE REPLACEMENT PROGRAMME				
SLIPPED FROM 2010/2011 PROGRAMME				
1 Panel Van	20,000	0	20,000	0
1 Panel Van	25,000	0	25,000	0
3 Vans/Cars	27,000	0	27,000	0
SLIPPED FROM 2011/2012 PROGRAMME				
1 Vans/Car (small)	9,000	0	9,000	0
2 Vans/Cars (large)	25,000	0	25,000	0
2012/2013 PROGRAMME				
		0	0	0
2013/2014 PROGRAMME				
4 Vans/Cars (large)	60,000	0	60,000	0
2014/2015 Programme				
1 Aerial Ladder Platform	600,000	0	0	600,000
	766,000	0	166,000	600,000

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CAPITAL PROGRAMME 2012/2013 TO 2014/2015

SUMMARY

Project Description	Gross Cost £	Expenditure to 31.03.2012 £	Slippage from 2011/12 £	Estimated Payments		
				2012/13 £	2013/14 £	2014/15 £
FIRE SERVICE						
Continuing Projects	2,208,156	514,477	698,462	1,233,679	260,000	200,000
Projects Commencing 2012/2013 and Future Years	12,330,500	0	0	3,479,600	6,449,600	2,401,300
	14,538,656	514,477	698,462	4,713,279	6,709,600	2,601,300
VEHICLE REPLACEMENT PROGRAMME	0	0	0	0	166,000	600,000
TOTAL CAPITAL EXPENDITURE	14,538,656	514,477	698,462	4,713,279	6,875,600	3,201,300

Project Description	Gross Cost £	Expenditure to 31.03.2012 £	Slippage from 2011/12 £	Estimated Payments		
				2012/13 £	2013/14 £	2014/15 £
Continuing Projects						
Estates						
Works arising from Stock Condition Survey (project commenced 09/10)	467,244	247,244	0	60,000	60,000	100,000
Temperature Control System - Hot Fire Structures	267,126	21,126	123,000	246,000	0	0
West Denton - General Refurbishment	160,000	9,965	30,035	50,035	100,000	0
Other schemes (less than £100,000)	221,664	174,354	12,828	47,310	0	0
Operational Equipment						
Fire Demonstation Units	14,700	6,900	7,800	7,800	0	0
Carbon Management Plan	493,062	31,667	253,660	461,395	0	0
IT						
New and Replacement Hardware (11/12)	70,000	543	59,457	69,457	0	0
Network & Comms Infrastructure Development (11/12)	120,000	22,678	97,322	97,322		
New Software & Supporting Systems (11/12)	394,360	0	114,360	194,360	100,000	100,000
	2,208,156	514,477	698,462	1,233,679	260,000	200,000
Projects Commencing 2012/2013 and Future Years						
IT Equipment						
New and Replacement Hardware (12/13)	448,000	0	0	117,000	197,000	134,000
Network & Comms Infrastructure Development (12/13)	162,000	0	0	0	112,000	50,000
Replacement Command and Control System (12/13)	1,000,000	0	0	1,000,000	0	0
Operational Equipment						
Operational Equipment	420,500	0	0	62,600	140,600	217,300
Estates						
Low Activity Station Project	300,000	0	0	300,000	0	0
Estates Development Strategy Works - Stations 51 & 53	10,000,000	0	0	2,000,000	6,000,000	2,000,000
	12,330,500	0	0	3,479,600	6,449,600	2,401,300
	14,538,656	514,477	698,462	4,713,279	6,709,600	2,601,300

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Project Description	Gross Cost £			Estimated Payments		
				2012/13 £	2013/14 £	2014/15 £
VEHICLE REPLACEMENT PROGRAMME						
SLIPPED FROM 2010/2011 PROGRAMME						
1 Panel Van	20,000			0	20,000	0
1 Panel Van	25,000			0	25,000	0
3 Vans/Cars	27,000			0	27,000	0
SLIPPED FROM 2011/2012 PROGRAMME						
1 Vans/Car (small)	9,000			0	9,000	0
2 Vans/Cars (large)	25,000			0	25,000	0
2012/2013 PROGRAMME				0	0	0
2013/2014 PROGRAMME						
4 Vans/Cars (large)	60,000			0	60,000	0
2014/2015 Programme						
1 Aerial Ladder Platform	600,000			0	0	600,000
	766,000			0	166,000	600,000