

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item No

MEETING: 20 JULY 2009

SUBJECT: NEFRA COLLABORATIVE PFI PROJECT

REPORT OF THE CHIEF FIRE OFFICER, FINANCE OFFICER AND CLERK TO THE AUTHORITY

1 INTRODUCTION

1.1 The purpose of this report is to inform Members that the NEFRA (1) Project has progressed to Financial Close and to set out the dates for service delivery for the new Tynemouth Community Fire Station.

2 FINANCIAL CLOSE

2.1 In accordance with Members approval, on Friday 25 June 2009 Mr R.C Rayner, Deputy Clerk to the Authority, executed the Project Agreement and all other Project documentation under seal on behalf of the Authority. For the information of Members some 350 documents were executed in total.

2.2 Following the successful signing and sealing of all documents the financial process, or as it is generally known, the 'swap' took place.

2.3 Following the execution of the project documentation, financial close took place. Members will be aware that the Authorities bear the risk of changes in interest rates up until the completion of Financial Close whereupon this risk is borne by the Contractor. The Project was closed with an interest rate of 4.47% resulting in an additional annualised contribution for TWRFA of £163,534, which is marginally lower than that estimated annualised contribution (£164,319) reported to Members on 15th June 2009.

3 FINANCIAL CLOSE AND START OF CONSTRUCTION PHASE

3.1 Following financial close, the construction partner of CSS (Collaborative Services Support) namely Shepherd Construction will mobilise the workforce and intend to started on site on 6th July 2009.

3.2 The build programme has been condensed in the interests of technical and financial efficiencies and the Tynemouth construction programme is anticipated to be:-

Service Delivery	21 June 2010
Post Completion Works	15 November 2010

3.3 For the information of the Authority, the other facilities to be constructed as part of the NEFRA Collaborative PFI Project will be:-

Bishop Auckland	17 May 2010, Post Completion 5 July 2010
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Spennymoor	1 June 2010
Pegswood	28 June 2010
West Hartford/HQ	2 August 2010

- 3.4 Members will also be aware that following financial close, the Lead Authority role will transfer from Tyne and Wear Fire and Rescue Authority to Northumberland County Council. As a consequence of this change, the role of Internal Legal and Financial advisors, will change from Mr R.C Rayner and Mr K Beardmore respectively to the relevant officers in Northumberland County Council.
- 3.5 Each Authority will have a technical representative during the construction phase and also during the operational period in order to ensure that the services provided meet each Authority's requirements, Mr P Clark, Estates Department and formerly the NEFRA Project Manager will undertake this role.
- 3.6 With the successful completion of financial close Authority members can be justifiably proud of the achievement. With the experience gained from the original Tyne and Wear PFI project, members and officers of the Authority have been ideally placed to provide the lead for the NEFRA PFI project and they have done so with commitment and skill throughout. The Chief Fire Officer would like to place on record his appreciation to all those involved for their efforts in this respect.

4 FINANCIAL IMPLICATIONS

- 4.1 The financial implications as set out within paragraph 2.3 above have been incorporated into the Authority's Medium Term Financial Strategy and will be included in the Authority's budget for 2010/2011.

5 EQUALITY AND FAIRNESS IMPLICATIONS

- 5.1 There are no equality and fairness implications in respect of this report.

6 HEALTH AND SAFETY IMPLICATIONS

- 6.1 There are no health and safety implications in respect of this report.

7 RECOMMENDATIONS

- 7.1 Members are recommended to:-
- a) accept the report
 - b) note the change in affordability
 - c) note the change in the Lead Authority
 - d) continue to receive progress reports throughout the construction phase

BACKGROUND PAPERS

The under mentioned Background Papers refer to the subject matter of the above report:

- Tyne and Wear fire and Rescue Authority Report: NEFRA Collaborative PFI Project; Progress To financial Close 15th June 2009