

**TYNE AND WEAR FIRE AND RESCUE AUTHORITY**

**Item 9**

**MEETING: 8th JUNE 2015**

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**CAPITAL PROGRAMME OUTTURN 2014/2015 AND CAPITAL PROGRAMME  
FIRST REVIEW 2015/2016**

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**JOINT REPORT OF THE CHIEF FIRE OFFICER AND THE FINANCE OFFICER**

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**1. INTRODUCTION**

- 1.1 The original Capital Programme for 2015/2016 was approved at the Authority meeting on 16th February 2015.
- 1.2 The purpose of this report is to present the provisional capital outturn for 2014/2015, highlighting the main variances from the 2014/2015 Capital Programme Third Review; and to review the current year's programme to reflect the actual outturn 2014/2015 position and other changes since the original programme for 2015/2016 was approved.

**2. PROVISIONAL OUTTURN 2014/2015**

- 2.1 The provisional outturn position on expenditure and resources for 2014/2015 is summarised below:

	<b>Third Review (January)</b>	<b>Outturn</b>
	<b>£</b>	<b>£</b>
Expenditure - Continuing Projects 2013/2014 - Projects Commencing 2014/2015 - Vehicle Replacement Programme	5,087,506	3,407,136
	593,000	139,960
	211,000	11,300
	<b>5,891,506</b>	<b>3,558,396</b>
Resources - Fire Capital Grant - Day Crew Capital Grant - Earmarked Reserves - RCCO - Revenue Budget c/fwd - Transformation Grant - Vehicle Replacement Programme	1,502,360	458,881
	720,000	720,000
	3,148,019	2,216,229
	10,000	16,467
	300,127	131,719
	0	3,800
	211,000	11,300
	<b>5,891,506</b>	<b>3,558,396</b>

2.2 The Capital Programme outturn for 2014/2015 reflects a reduction in spending of £2,333,110 from £5,891,506 (as reported to Members in January 2015) to £3,558,396 which has arisen as a result of the following variations:

2.2.1 **A net underspend of £55,255 from a number of schemes completed during 2014/2015.**

2.2.2 **Additional spend of £83,800 in 2014/2015 arising from:**

- i) £55,000 to supplement the operational replacement programme in order to facilitate outstanding IRMP actions;
- ii) £25,000 to purchase a new vehicle tracking system, and
- iii) acceleration of £3,800 from the 2015/2016 Capital Programme into 2014/2015 for initial capital costs required in respect of the Police Integration Project.

2.2.3 **An overall reduction of £199,700 to the Vehicle Replacement Programme due to:**

- i) a change in vehicles acquired has saved £19,700 in the year; and,
- ii) slippage of £180,000 into 2015/2016 reflects the revised cost of the replacement vehicle requirement, following completion of the small vehicle review. The vehicles will be purchased in the new financial year.

2.2.4 **Further slippage of £2,161,955 into 2015/2016 on a number of projects.** The main reasons are itemised below for information:

**IT Equipment – £245,263**

- Network and Comms Infrastructure Development (£101,465) – this work was expected to be completed by the end of the financial year but contract delivery issues with the provider has resulted in the need to slip this cost into 2015/2016.
- Fire-ground Radios (£24,743) – an interim solution is being adopted so that the radios acquired can be used until the supplier resolves the issue, with the relevant parts expected to be delivered in 2015/2016.
- New Software and Systems costs have slipped into 2015/16 as a result of HR/MIS (£81,776) implementation / development work being rescheduled due to reprioritisation of work in response to IRMP actions and also new Asset Management System software (£37,279) will now not be delivered and purchased until 2015/2016.

**Carbon Management Plan - £132,636**

- LED Lighting Project (£52,636) – A review of operational requirements has meant that a Phase 3 element has been added to the plan and another tender exercise for delivery works is being carried out which will be completed in 2015/2016.

- Fuel Efficient Vehicles (£80,000) – the specification has now been completed resulting in the vehicles and associated equipment procurement slipping into 2015/2016.

**Estates Development Works - £787,064**

- The works at Marley Park have been rescheduled and reprofiled into 2015/2016 due to inclement weather however the project remains within budget and is still expected to be completed within the original planned time frame.

**Operational Equipment - £481,544**

- Operational Equipment Replacement (£52,941) – will slip into 2015/2016, being part of the ongoing operational equipment replacement programme £46,470 and also the Rope and Rescue Confined Space Equipment of £6,471, both of which, are required for the Training Centre.
- Targeted Response Vehicles (£428,603) – reflects the fact that two appliances are still to be delivered but these are expected by the end of April.

**Control / Mobilising System - £490,448**

- Discussions are currently ongoing with the contractors to agree and finalise the contract before the final milestone payment is made.

**TSC – Non Vehicle Replacement Programme - £25,000**

- Vehicle Tracking System (£25,000) – this project was a late addition to the Capital Programme towards the end of the financial year. The specification for this was not finalised and will consequently slip into 2015/2016.

2.3 The projects that have slipped were to be financed from a number of sources including earmarked reserves, fire capital grant and capital slippage carried forward from previous years. In the case of the latter, the allocated revenue funding will remain in the Budget Carried Forward Reserve to meet the costs which will be incurred during 2015/2016.

**3. CAPITAL PROGRAMME FIRST REVIEW - 2015/2016**

3.1 The detailed Capital Programme for 2015/2016 is set out at Appendix A, and summarised on the next page:

	<b>Original Estimate (February) £</b>	<b>Revised Estimate (June) £</b>
Expenditure - Continuing Projects 2014/2015	2,521,752	4,683,707
- Projects Commencing 2015/2016	1,927,100	1,923,300
- Vehicle Replacement Programme	853,000	1,033,000
	<b>5,301,852</b>	<b>7,640,007</b>
Resources - Fire Capital Grant	2,004,403	3,108,867
- Day Crewing Capital Grant	326,829	326,829
- Transformation Grant	850,600	846,800
- Development Reserve	1,110,712	1,951,997
- Carbon Management Plan Reserve	54,221	132,636
- Revenue Budget c/fwd	102,087	239,878
- Options Appraisal	853,000	1,033,000
	<b>5,301,852</b>	<b>7,640,007</b>

- 3.2 The Capital Programme has been increased by £2,338,155 from £5,301,852 (as approved by Members in February 2015) to £7,640,007. This is made up as follows:

Slippage from 2014/2015 as reported	£2,341,955
Acceleration from 2015/2016 to 2014/2015 for Police Integration	-£3,800
<b>Net Increase in Capital Programme</b>	<b>£2,338,155</b>

There are no variations to report at this early stage in this financial year but the programme continues to be effectively managed and monitored and any variations will be reported to members regularly throughout the year.

#### 4. PRUDENTIAL INDICATORS

- 4.1 The prudential indicators, set during the budget process, are also continually monitored in the light of the provisional capital outturn and there are no issues to report. Any amendments to these indicators will be reported upon at the Second Review stage along with compliance with the relevant prudential indicators determined for 2015/2016.

#### 5. RECOMMENDATIONS

- 5.1 Members are requested to:
- Note the projected outturn position for 2014/2015;
  - Approve the transfer of the anticipated slippage (£2,341,955) into 2015/2016;
  - Approve the revised Capital Programme for 2015/2016, as set out at Appendix A, in light of the capital outturn position for 2014/2015.