

**TYNE AND WEAR FIRE AND RESCUE AUTHORITY**

**Item No: 6**

**MEETING: 23rd JANUARY 2012**

**CAPITAL PROGRAMME 2011/2012 - THIRD REVIEW**

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

**1. INTRODUCTION**

- 1.1 The original Capital Programme for 2011/2012 was approved at the Authority meeting on 28th February 2011.
- 1.2 The purpose of this report is to review the current year's Capital Programme and reflect changes from that presented to the Authority as a consequence of the Second Capital Programme Review, on 21st November 2011.

**2. CAPITAL PROGRAMME REVIEW 2011/2012**

- 2.1 The position for 2011/2012 is set out at Appendix A, and summarised below:

	<b>Original Estimate</b>	<b>Revised Estimate (Nov)</b>	<b>Revised Estimate (Jan)</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Expenditure - Continuing Projects 2010/2011	357,285	748,329	748,329
- Projects Commencing 2011/2012	852,182	933,101	735,779
	<b>1,209,467</b>	<b>1,681,430</b>	<b>1,484,108</b>
Resources - Contribution from Revenue	974,985	1,389,096	1,191,774
- Fire Capital Grant	200,000	200,000	200,000
- Diversity and Equality Grant	34,482	34,482	34,482
- Sainsbury's Grant	0	12,500	12,500
- REIEP Grant	0	18,670	18,670
- Legacy Funding – rcvd 2010/2011	0	26,682	26,682
	<b>1,209,467</b>	<b>1,681,430</b>	<b>1,484,108</b>
Vehicle Replacement Programme (subject to an options appraisal to determine how these will be financed)	2,161,500	2,527,000	2,527,000
	<b>3,370,967</b>	<b>4,208,430</b>	<b>4,011,108</b>

- 2.2 Regular monitoring of the Capital Programme continues to take place, and a number of variations are noted at paragraphs 2.3 to 2.6 which result in a net reduction of £197,322 to the 2011/2012 Capital Programme.

- 2.3 The schemes below show the reasons for the reduction of £197,322 as follows:

**West Denton General Refurbishment (-£30,000)**

- 2.3.1 This scheme has been postponed pending the mobilisation/control review. It is projected that there will be slippage of £30,000 as the work will be combined with the mobilisation project in 2012/2013.

**Fireground Radio Replacement (-£97,322)**

- 2.3.2 Due to a delay in the availability of the most suitable type of product, the replacement of the Fireground Radio equipment will be delayed. It is projected that there will be £97,322 slippage in to 2012/2013.

**HR Software Upgrade/Replacement (-£95,000)**

- 2.3.3 The development of the MIS/HR software system has been delayed due to its links with the review of the Mobilisation/Control systems. It is projected that there will be approximately £95,000 slippage in to 2012/13.

**2.3.4 Brigade Training Centre (BTC) Tile Replacement (+£25,000)**

Following preparatory work on the Temperature Control System (TCS) project at the Brigade Training Centre (BTC), some tiles have been identified as requiring replacement; work which will need to be completed prior to the installation of the TCS in 2012/2013. This work will ensure that the Hot Fire Training Structures are available to facilitate risk critical and realistic Breathing Apparatus training for Firefighters. Funding for this work (estimated at £25,000) has been identified within the Revenue Budget for 2011/2012.

**Vehicle Replacement Programme**

- 2.4 The Vehicle Replacement Programme is undergoing a review and this will realise significant savings for the Authority in terms of capital outlay and the resulting impact on future revenue budgets.
- 2.5 The replacement programme for emergency response appliances will be modified to extend the lifespan of the vehicles with the aim for vehicles to be replaced less frequently, although the number of front line appliances will still remain the same.
- 2.6 The Engineering Resource Manager is also reviewing the numbers of vehicles in the non-emergency fleet and any subsequent reductions will realise additional savings for the Authority over future years. Any reductions in the fleet will be made following a full assessment of organisational need and expected usage by staff to ensure that functionality is maintained.

- 2.11 The proposed revised Vehicle Replacement Programme will be reported to the Fire Authority in the February Capital Programme report.

**2010/2011 Capital Programme**

- 2.12 The variations detailed at paragraph 2.3 have been reflected in the revised Capital Programme for 2011/2012 at Appendix A.

**3 PRUDENTIAL INDICATORS**

- 3.1 The Prudential Indicators for the financial year 2011/2012 were approved by the Authority on 28<sup>th</sup> February 2011. 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.

**4 RECOMMENDATIONS**

- 4.1 Members are requested to approve the revised Capital Programme for 2011/2012 as set out at Appendix A.

