

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item No: 5

MEETING: 24th JANUARY 2011**CAPITAL PROGRAMME 2010/2011 - THIRD REVIEW****JOINT REPORT OF THE CHIEF FIRE OFFICER AND THE FINANCE OFFICER****1. INTRODUCTION**

- 1.1 The original Capital Programme for 2010/2011 was approved at the Authority meeting on 22nd February 2010.
- 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 22nd November 2010.

2. CAPITAL PROGRAMME REVIEW 2010/2011

- 2.1 The position for 2010/2011 is set out at Appendix A, and summarised below:

	Revised Estimate (November) £	Revised Estimate (January) £
Expenditure - Continuing Projects 2009/2010	713,880	713,880
- Projects Commencing 2010/2011	1,346,095	1,236,231
	2,059,975	1,950,111
Resources - Contribution from Revenue	1,859,975	1,750,111
- Fire Capital Grant	200,000	200,000
	2,059,975	1,950,111
Vehicle Replacement Programme (subject to an options appraisal to determine how these will be financed)	3,101,500	2,601,500
	5,161,475	4,551,611

- 2.2 Regular monitoring of the Capital Programme continues to take place, and whilst no additional variations are being reported at the Third Review stage, the following issues are brought to Members' attention:

Estates

Carbon Management Plan

- 2.3 The Carbon Management Plan covers a number of separate areas of work including Voltage Optimisation and an Insulation Programme. Total slippage of £125,364 has occurred as follows:
- Due to the specialist nature of the Voltage Optimisation works within the Carbon Management Plan programme it has been necessary to source the additional skills required from outside the Authority. It was originally anticipated that this could be delivered by staff from Sunderland City Council but this resource is now no longer available, an alternative secondment has been appointed from South Tyneside Council. This delay has resulted in slippage of £100,857;
 - Tenders have been received in relation to the Insulation Programme and a preferred contractor has been appointed. The tender price is less than originally anticipated by £24,507 and as such this amount is to be used in 2011/2012 to fund future works relating the Carbon Management Plan.

Non PFI Station Refurbishment

- 2.4 Tenders have been received in relation to works to Gosforth, Wallsend and Railway Row Stations and a preferred contractor has been appointed. As the awarded tender price is lower than anticipated it is envisaged that there will be savings. A cautious approach is being made in relation to the extent of these savings but this will be reported to Members when confirmed costs become available.

Operational Equipment

- 2.5 Positive Pressure Ventilation (PPV) equipment was originally designated as revenue, with funding originally provided for this in the Revenue Budget. The nature of the equipment has been reviewed and as the cost of £15,500 is in excess of the Authority's de-minimis level of £10,000 for fixed asset equipment, it has now been classed as Capital. The increase to the Capital Programme can be funded by a Revenue Contribution to Capital Outlay from the Authority's Operations revenue budget.

Vehicle Replacement Programme

- 2.6 The delivery of two Operational Support Units and a Special Rescue Tender has been delayed and is now expected during 2011, which has resulted in slippage in the Capital Programme. This is due to the bespoke nature of specialist vehicles as the main contractor often requires an increase in lead time because the technical assembly of these vehicles is often subject to parts delivery delays from suppliers.

Capital Programme 2010/2011

- 2.7 The variations detailed at paragraph 2.3 to 2.6 have been reflected in the revised Capital Programme for 2010/2011, as well as the ongoing impact in the 2011/2012 and 2012/2013 Programmes, at Appendix A.

3 PRUDENTIAL INDICATORS

- 3.1 The Prudential Indicators for the financial year 2010/2011 were approved by the Authority on 22nd February 2010. 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 to Authority along with proposed indicators for 2011/2012 at the February meeting.

4 RECOMMENDATIONS

- 4.1 Members are requested to approve the revised Capital Programme for 2010/2011 as set out at Appendix A.

