

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item No. 8

MEETING: 13 JULY 2020

**CAPITAL PROGRAMME OUTTURN 2019/2020 AND CAPITAL PROGRAMME
FIRST REVIEW 2020/2021**

**JOINT REPORT OF THE CHIEF FIRE OFFICER/CHIEF EXECUTIVE (THE CLERK
TO THE AUTHORITY) AND THE FINANCE DIRECTOR**

1. INTRODUCTION

- 1.1 The original Capital Programme for 2020/2021 was approved at the Authority meeting on 17th February 2020.
- 1.2 The purpose of this report is to present the capital outturn for 2019/2020, highlighting the main variances from the 2019/2020 Capital Programme Third Review; and to review the current year's programme to reflect the 2019/2020 outturn position and other changes since the original programme for 2020/2021 was approved.
- 1.3 The COVID-19 pandemic began to impact on some projects within the Capital Programme towards the end of 2019/2020 and is continuing to do so into 2020/2021. The updates below indicate where this is the case and Members will be updated further as appropriate at the Second Review stage.

2. OUTTURN 2019/2020

- 2.1 The provisional outturn position on expenditure and resources for 2019/2020 is summarised below:

	Third Review (January) £	Outturn £
Expenditure - Continuing Projects 2018/2019	8,246,838	1,193,307
- Projects Commencing 2019/2020	463,447	242,884
- Vehicle Replacement Programme	1,389,000	673,264
	10,099,285	2,109,455
Resources - Capital Receipts Applied	2,454,615	1,425,867
- Home Office Section 31 Grant	1,785,988	296,135
- Capital Reserve	5,585,356	111,587
- Capital Receipt	7,460	0
- Command/Control Earmarked Funding	15,866	15,866
- Revenue Contribution to Capital	250,000	260,000
	10,099,285	2,109,455

2.2 The Authority approved a capital programme for 2019/2020 of £10,809,735, which was subsequently revised to £10,099,285 during the year. This was reported to Members in January. At the end of the financial year, the Capital Programme outturn reflects a further reduction in spending of £7,989,830 from £10,099,285 to £2,109,455, due to the following variations:

2.2.1 A net underspend of £72,397 has arisen from a number of schemes completed during 2019/2020. The main variations are listed below:

- £7,460 carried forward from 2018/2019 in respect of potential further site works at Fulwell CFS before it was sold was not actually required because of various actions taken by the Authority's Estates team;
- £20,397 saving was achieved on the breathing apparatus replacement valves as the estimated cost was based on a 70% failure rate, but this proved to be much lower than anticipated based on actual testing;
- £17,988 underspend on stores equipment replacements due to reduced requirements in the year;
- £4,841 further saving on the Operational Replacement Programme due to procurement savings made with suppliers;
- £19,008 underspend on the body worn video cameras due to a reduction in purchase price since the trials and a review of the number of units actually required; and
- A net underspend of £2,703 on a number of other projects.

2.2.2 There has been additional spend of £10,000 for the purchase of extra smoke detectors as part of the IRMP initiative to ensure risk reduction. This can be funded from savings in the Prevention and Education revenue budget and explains the increase in the Revenue Contribution to Capital Outlay for the year.

2.2.3 There has been further slippage of £7,927,433 into 2020/2021 on a number of projects as set out below:

Estates - £5,448,506

- Genous Security System (£100,000) – this is an 18 month programme of works, the detailed specification has been completed which is currently out to tender. Delays are expected because of the Covid-19.
- Security Upgrade Programme (£98,506) – this is also an 18 month programme and is currently being procured and will be progressed in 2020/2021. Again it is currently unclear how much will be achieved because of delays due to the impact of the coronavirus.
- Hebburn Station Replacement (£5,250,000) – at the end of 2019/2020, the land options were being finalised with a view to establishing a preferred site. The necessary due diligence work continues on this important project and a report outlining more details of the proposed site and development will be made as soon as this is possible. The coronavirus has inevitably impacted on progress of this work just as the momentum was starting to build.

ICT - £14,760

- Integrated Data System (£14,760) – although good progress was made in the financial year, completion of the project has been delayed in to 2020/2021 due to COVID-19.

Operational Equipment - £67,851

- Operational Equipment Replacement (£66,304) – delivery of ladders, peli-lighting and stabfast equipment have been delayed and is now expected in 2020/2021 due to COVID-19;
- Rope Rescue and Confined Space Equipment (£1,547) – stores issues have been delayed requiring a small amount to be slipped in to 2020/2021.

TSC Non Vehicle Replacement Programme - £3,583

- Intelligent Chargers (£3,583) – Outstanding ENGIE installation costs will be paid in 2020/2021.

Control/Mobilising - £1,637,090

- Emergency Services Mobile Communications Project (ESMCP) (£1,489,853) – the timing of progress and expenditure on this national government led project continues to be uncertain pending a revised business case. In the meantime, the remaining budget for 2019/2020 will be slipped in to 2020/2021 and the Programme will be adjusted to reflect the new timescales when they are known.
- Command and Control System (£147,237) – outstanding works on the technical refresh will not be delivered until 2020/2021.

Learning and Organisational Development - £39,907

- Fit for Life Gym Equipment (£39,907) – Delivery of additional training equipment will be early 2020/2021. A suitable stowage solution will then be procured.

Vehicle Replacement Programme - £715,736

- Small Fleet (£255,446) – an exercise to consider options for replacement of the small fleet is underway. Requirements are pending the outcome of this review and the budget will be realigned as required in 2020/2021. The impact of Covid19 could in addition also possibly affect the outcomes of the review as the Authority assesses new ways of working.
- Appliance Replacement Programme (£460,290) – it was anticipated that the third stage payment would be due to be made before the year end. However due to the COVID -19 pandemic, work to complete and deliver the four appliances expected by 31st March has been delayed into 2020/2021. The supplier is closed for build activities in line with Government instructions so production is currently on hold. We may have more information at the Second Review stage. According to the manufacturers the impact of Covid19 will inevitably also cause delays to our future orders. We will report the revised delivery dates of the 10 other appliances on order when this information is known.

- 2.3 The projects that have slipped into 2020/2021 were to be financed from Capital Receipts Applied, Reserves and Section 31 Grant. This funding will therefore be utilised in 2020/2021 or as appropriate.

3. CAPITAL PROGRAMME FIRST REVIEW - 2020/2021

- 3.1 The detailed Capital Programme for 2020/2021 is set out at Appendix A, and summarised below:

	Original Estimate (February) £	Revised Estimate (July) £
Expenditure - Continuing Projects 2019/2020	6,631,167	8,842,864
- Projects Commencing 2020/2021	30,000	650,000
- Vehicle Replacement Programme	3,133,000	3,706,736
	9,794,167	13,199,600
Resources - Capital Receipts Applied	0	966,070
- Home Office Section 31 Grant	375,390	1,900,243
- Capital Reserve	9,168,777	9,568,287
- Revenue Contribution to Capital	250,000	765,000
	9,794,167	13,199,600

- 3.2 The Capital Programme has increased by £3,405,433 from £9,794,167 (as approved by Members in February 2020) to £13,199,600. This is made up as follows:

Slippage from 2019/2020 as reported	£2,785,433
Additional Projects	£620,000
Increase in Capital Programme	£3,405,433

- 3.3 £5,142,000 of the slippage detailed in 2.2.3 in respect of replacement of Hebburn Fire Station (£5,000,000) and the Small Fleet Vehicles (£142,000), was reported on setting the 2020/2021 Capital Programme based on information at that time. Since this time, additional slippage of £2,785,433 is required across a number of projects.
- 3.4 In the February budget report, Members were advised that the Chief Fire Officer had identified a number of business critical, invest to save, schemes that needed to be prioritised in 2020/2021. One of these was replacement of the Authority's 'ageing' Network and Wireless infrastructure. The corporate and MOBS network and wireless infrastructure has gone past its manufacturer end of life date or will do so in the next two years. The infrastructure requires updating to ensure security standards are met and support is available when required. This is estimated to cost £550,000 and will be funded from additional one-off RCCO identified within the 2020/2021

Revenue budget. This has been added to the Programme to be completed during the year.

3.5 Two further projects have also been added to the 2020/2021 Programme (£70,000):

- An additional estates project for £30,000 to replace four heavy duty commercial washing machines used to launder fire kit at various locations across the estate. The existing machines are twenty years old and prone to breakdown and higher maintenance costs. This will be funded from capital reserves.
- An additional TSC project for £40,000 to purchase two decontamination washing machines for PPE. These will remove residues of combustion gases, soot particles and toxins in a few minutes without damage to the PPE and allow a quick turnaround of multiple items. The current hand washing process does not achieve the thermal disinfection required for complete sterilisation. This will also need to be funded from capital reserves.

3.6 There are no further variations to report at this early stage in this financial year, but the programme continues to be effectively managed and monitored and any variations including those arising from the impact of COVID-19 will be reported to members regularly throughout the year. Where possible, action may need to be taken, to accelerate some schemes in future years to make up for any delays in the current approved projects.

4. PRUDENTIAL INDICATORS (PI's)

- 4.1 The prudential indicators set during the budget process are continually monitored and there are no issues with the PI's for 2019/2020 now that final outturn has been reported.
- 4.2 The PI's for 2020/2021 are also in line with expectations and there are currently no issues to report for the first quarter of the current financial year. Any amendments to the indicators for 2020/2021 will be reported upon at the Second Review stage along with compliance with the relevant PI's determined for 2020/2021.

5. RISK MANAGEMENT

- 5.1 A risk assessment has been undertaken to ensure that the risk to the Authority has been minimised as far as practicable. The assessment has considered an appropriate balance between risk and control, the realisation of efficiencies, the most appropriate use of limited resources and a comprehensive evaluation of the benefits. The risk to the Authority has been assessed as low utilising the standard risk matrix based on control measures being in place. As mentioned previously where projects are delayed because of the coronavirus then other future schemes that have been approved may be accelerated accordingly to ensure the Capital Programme does not stagnate.

6. FINANCIAL IMPLICATIONS

- 6.1 The financial implications are set out in Appendix A of the report.

7. EQUALITY AND FAIRNESS IMPLICATIONS

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

8. HEALTH AND SAFETY IMPLICATIONS

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

9. RECOMMENDATIONS

- 9.1 The Authority is recommended to:
- Note the final outturn position for 2019/2020;
 - Approve the transfer of the additional slippage (£2,785,433) into 2020/2021;
 - Approve the additional projects (£620,000) for 2020/2021; and
 - Approve the revised Capital Programme for 2020/2021, as set out at Appendix A, in light of the capital outturn position for 2019/2020.