

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

ITEM NO. 4

MEETING: 5th NOVEMBER 2018

SUBJECT: CAPITAL PROGRAMME 2018/2019 - SECOND QUARTERLY REVIEW

JOINT REPORT OF THE CHIEF FIRE OFFICER AND CHIEF EXECUTIVE (CLERK TO THE AUTHORITY) AND THE STRATEGIC FINANCE MANAGER

1. INTRODUCTION

- 1.1 The original Capital Programme for 2018/2019 was approved at the Authority on 12th February 2018.
- 1.2 The purpose of this report is to review the current year's Programme and reflect any further changes necessary to those that were presented to the Authority as a consequence of the First Capital Programme Review on 18th June 2018.

2. CAPITAL PROGRAMME 2018/2019 - SECOND REVIEW

- 2.1 The position for 2018/2019 is set out at Appendix A, and is summarised below:

	First Review	Second Review
	Revised Estimate	Revised Estimate
	£	£
Expenditure - Continuing Projects 2017/2018	6,837,295	6,867,020
- Vehicle Replacement Programme	1,396,500	1,360,303
- Projects Commencing 2018/2019	0	87,055
	8,233,795	8,314,378
Resources - Capital Receipts Applied	2,811,502	2,811,502
- Home Office Section 31 Grant	887,041	887,041
- Capital Reserve	3,788,922	3,875,711
- New Dimensions Reserve	54,000	48,803
- Capital Receipt	31,810	31,810
- Command and Control	160,520	160,520
Earmarked Funding		
- Revenue Contribution to Capital	500,000	500,000
	8,233,795	8,314,378

- 2.2 The Capital Programme is showing an increase in total of £80,583, from £8,233,795 at the First Review stage to £8,314,378.
- 2.3 Regular monitoring of the Capital Programme continues to take place and at the Second Quarterly Review stage the following issues are brought to Members' attention for information:

Estates

- 2.4 Disposal of the former Fulwell Community Fire Station is in the final stages of sale. It was anticipated that there would be a saving against the budget set aside to meet the costs of disposal, but ongoing issues encountered with the supply of water to the adjacent residential properties mean that at least some of the anticipated underspend will be required. The Service is currently considering options and will report to members with an update at third quarterly review stage.
- 2.5 A dedicated Project Manager has recently been appointed to manage the project to replace Hebburn Fire Station. A feasibility study into potential sites and partner organisations is currently underway. Most of these costs are being met by use of One Public Estate grant funding the authority secured.
- 2.6 The Authority continues to explore opportunities to dispose of surplus land and buildings, and good progress is being made in this regard. The net Capital receipts arising from this activity, must and will, be used to fund the Capital Programme in accordance with Government legislation.

ICT + (£23,205)

- 2.7 Phase one of the IDS to replace HR software is nearing completion. Additional funding of £23,205 is required to integrate a recruitment module in to the Core IDS system which once implemented is expected to make a modest annual revenue budget saving as existing recruitment arrangements are replaced. The Authority is also currently reviewing implementation of Phase two of the software and a further update on the project will be provided at the third review stage in January.

Operational Equipment

- 2.8 At the end of 2017/2018, £20,000 was carried forward for foam and firefighting equipment to be purchased in 2018/2019. An additional £10,000 is required to fulfil the project and this can be provided for from within the budget for the operational equipment replacement programme. Adjustments have been made and the capital programme has been amended to reflect this adjustment.

Community Safety + (£24,000)

- 2.9 An overspend of £24,000 is projected on purchase of smoke detectors by the end of the financial year. The budget was reduced significantly in 2017/2018 which then required an acceleration of £28,900 from the 2018/2019 budget. This resulted in insufficient budget in the current year to meet the requirements of the programme. The capital programme has been amended to reflect the one-off increased level of expenditure for the year.

Control/Mobilising Project

- 2.10 A revised business case for the Emergency Services Mobile Communications Project (ESMCP) is expected from the Home Office early next year. The project is currently delayed pending this update, so slippage in to 2019/2020 is now anticipated. The extent of this will not be known however until the business case is received, but the project is fully funded from specific grant which may need to be slipped as required.
- 2.11 The hardware refresh on the Command and Control system will still need to go ahead in 2018/2019 as scheduled and quotations are currently being sought. There may be some slippage required in to 2019/2020 depending on the outcome of the ESMCP business case as this does have some impact on the system. Members will be updated on the project at the third quarterly review stage.

TSC – Non Vehicle Replacement Programme Items – (£17,480)

- 2.12 The order is now complete for the appliance closed circuit television (CCTV) and it is expected to be fully installed across the service by December. A saving of £17,480 has been made on the project which will be required to fund replacement of the breathing apparatus valves (section 2.15).
- 2.13 The replacement PPE required for 2018/19 has now been ordered. This is expected to be delivered by the end of January and issued out across all stations by March 2019 in accordance with the planned rollout programme.

Additional Projects + (£87,055)

- 2.14 An additional project has been added to the capital programme to purchase a demonstration fire container unit. This will allow the service to deliver the full compartmental fire behaviour course to the recently appointed Trainee firefighters and to other organisations. The cost of this is expected to be £29,555 and will be funded from capital reserves.

- 2.15 During scheduled testing of the breathing apparatus (BA) sets and cylinders, it was highlighted that a greater proportion than normal of the valves required replacement. Due to the large volumes needed, this is deemed capital expenditure which cannot be funded from the revenue maintenance budget. Replacement will ensure the current BA sets remain fit for purpose until the next full BA replacement project scheduled for 2022/2023. The cost is estimated to be £86,030, with £57,500 in 2018/2019 and £28,530 in 2019/2020. This can be partly funded from the underspend on the appliance CCTV and the saving on the JCB loadall lease, with the balance of funding being required from capital reserves.

3. VEHICLE REPLACEMENT PROGRAMME – (£36,197)

- 3.1 The K9 vehicle is now fully operational. A saving of £5,197 was made on the overall purchase, this will remain in the New Dimensions Reserve.
- 3.2 Consideration has been given to buy out the current JCB Loadall lease rather than purchase a new unit. This will meet service requirements for another five years and can then be disposed of with possible sale proceeds. Sunderland City Council has negotiated a buy-out cost of £19,000 with the lease company, generating a saving of £31,000. This will be used to partly fund replacement of the BA valves (section 2.15).
- 3.3 Review groups have been set up to look at the appliance replacement programme for 2018/2019 and future years, and replacement of the fireboat in 2019/2020. To streamline the procurement process for the appliances and to accommodate the lead in time, a specification will be drawn up for 14 appliances, 10 to be delivered in 2019/2020 and a further 4 in 2020/2021. This is expected to replace more than half of the fleet by March 2021. Any resulting changes to the current capital programme on either of these projects will be kept under review and reported in future capital programme review reports as progress is made on both sets of acquisitions.

4. PRUDENTIAL INDICATORS

- 4.1 The Prudential Indicators for the financial year 2018/2019 were approved by the Authority on 12th February 2018. 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; and

- The capital expenditure control framework operated locally is consistent with, and supportive of, local strategic planning, local asset management planning, and proper option appraisal.

4.2 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 Strategic Finance Manager. 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 further review of the indicators will be reported at the Capital Programme Third Quarterly Review stage.

5. GOVERNMENT CAPITAL GRANT FUNDING

5.1 All previous government capital grant funding was fully utilised in 2017/2018 and the majority of the 2018/2019 programme is now being funded from capital reserves as a result.

6. RISK MANAGEMENT

6.1 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.

7. FINANCIAL IMPLICATIONS

7.1 The financial implications are set out in the report.

8. EQUALITY AND FAIRNESS IMPLICATIONS

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

9. HEALTH AND SAFETY IMPLICATIONS

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

10. RECOMMENDATION

10.1 Members are requested to note the reported variations since the First Quarterly Review, the addition of the new projects, and approve the revised Capital Programme for 2018/2019, as set out at Appendix A.

