

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item 5

MEETING: 15th JANUARY 2018

SUBJECT: CAPITAL PROGRAMME 2017/2018 - THIRD 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 2017/2018 was approved by the Authority on 13th February 2017.
- 1.1 The purpose of this report is to review the current year's Programme and reflect further changes to those that were presented to the Authority as a consequence of the Second Capital Programme Review on 13th November 2017.

2. CAPITAL PROGRAMME 2017/2018 - THIRD REVIEW

- 2.1 The detailed position for 2017/2018 is set out at Appendix A for information, and is summarised below:

	Second Review	Third Review
	Revised Estimate	Revised Estimate
	£	£
Expenditure - Continuing Projects 2016/2017	5,165,663	871,289
- Vehicle Replacement Programme	1,025,010	995,010
- Projects Commencing 2017/2018	1,010,192	1,054,609
	7,200,865	2,920,908
Resources - Fire Capital Grant	490,905	490,905
- Home Office Section 31 Grant	700,191	700,191
- New Dimensions Reserve	30,000	0
- Carbon Management Plan Reserve	26,477	26,448
- Revenue Budget C/fwd	36,447	36,447
- Revenue Contribution to Capital	520,000	519,417
- Capital Receipts Applied	3,285,600	1,102,500
- Capital Receipt	0	45,000
- Capital Reserve	2,111,245	0
	7,200,865	2,920,908

- 2.2 The Capital Programme is showing a reduction in total of £4,279,957, from £7,200,865 at the Second Review stage, to £2,920,908.
- 2.3 Regular monitoring of the Capital Programme continues to take place and at the Third Quarterly Review stage the following issues are brought to Members' attention for information:

CONTINUING PROJECTS

Operational Equipment

- 2.4 The operational equipment replacement programme for 2017/2018 is complete with a saving of £5,344, achieved by purchasing items at reduced cost prices.
- 2.5 At the end of 2016/2017, slippage of £10,000 was carried forward for cold cutting extinguishing equipment. This is no longer required and the Capital Programme has been amended to reflect this.
- 2.6 A new three year project to replace the lay flat hose was added to the programme at second review. This is now complete for 2017/2018 with an in year saving of £583. This was funded from an underspend on the Operational Equipment revenue budget in 2017/2018 so will be transferred back in to the revenue budget.

Community Safety

- 2.7 Following on from the savings on smoke detectors reported at second review, additional stock checks of smoke detectors, along with an assessment of Home Safety Checks required during the remainder of the financial year, has identified further savings of £29,000. The Capital Programme has been amended accordingly.

Carbon Management Plan

- 2.8 The works on vehicle charging points at Station Headquarters are now complete and have come in almost on budget, with a very small underspend.
- 2.9 **Estates Development Works**

The proposed replacement of Hebburn Station will be delayed in to 2018/2019 and 2019/2020. Work is currently ongoing to assess the feasibility of the different sites, and to look at options of providing the most appropriate and cost effective development. The full £4,250,000 will be slipped in to 2018/2019 and the further £1,000,000 originally planned in for 2018/2019 will be slipped in to 2019/2020.

Additional Project

- 2.10 The Authority is in the process of selling the former community fire station at Fulwell. The sale was subject to and conditional upon planning approval and site survey. Subsequently, site investigations have established that there is an issue with the water and other utility and communications supplies to the dwellings to the rear of the site. Some work is required before the sale can proceed and is estimated to cost no more than £45,000. The sale is dependent on these works being completed and will generate a one-off capital receipt in the region of £640,000, part of which can be used to finance these essential on site works. This cost has been added to the Capital Programme for 2017/2018.

3. VEHICLE REPLACEMENT PROGRAMME

- 3.1 A number of vehicles in the programme have been purchased and are currently awaiting delivery. A net saving in the region of £65,000 is expected and will be confirmed at outturn when the deliveries are complete and final purchase prices known.
- 3.2 A vehicle to transport the Urban Search and Rescue (K9) search dog was approved at second review. Due to the vehicle lead in time, this will not be delivered before the end of the financial year. As a consequence, the cost of £30,000 will be slipped in to 2018/2019 along with the funding from the New Dimensions Reserve. The Capital Programme has been amended accordingly.

4. PRUDENTIAL INDICATORS

- 4.1 The Prudential Indicators for the financial year 2017/2018 were approved by the Authority on 13th February 2017. 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 Projected Out-turn position.

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.

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. RECOMMENDATION

- 9.1 Members are requested to note the reported variations since the Second Quarterly Review, the addition of the new project, the significant slippage of the proposed replacement Hebburn Station in to 2018/2019, and approve the revised Capital Programme for 2017/2018, detailed at Appendix A.