

## Tyne and Wear Fire and Rescue Authority

Item No. 5

Meeting: 20<sup>th</sup> January 2020

### SUBJECT: CAPITAL PROGRAMME 2019/2020 - 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 2019/2020 was approved by the Authority on 18th February 2019.
- 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 Second Capital Programme Review on 18th November 2019.

#### 2. Capital Programme 2019/2020 – Third Review

- 2.1 The position for 2019/2020 is set out at Appendix A, and is summarised below:

		Second Review	Third Review
		Revised Estimate (November) £	Revised Estimate (January) £
Expenditure	- Continuing Projects 2018/2019	8,380,115	8,246,838
	- Projects Commencing 2019/2020	460,447	463,447
	- Vehicle Replacement Programme	1,624,000	1,389,000
		10,464,562	10,099,285
Resources	- Capital Receipts Applied	2,454,615	2,454,615
	- Home Office Section 31 Grant	1,785,988	1,785,988
	- Capital Reserve	5,950,633	5,585,356
	- Capital Receipt	7,460	7,460
	- Command and Control	15,866	15,866
	Earmarked Funding		
	- Revenue Contribution to Capital	250,000	250,000
		10,464,562	10,099,285

- 2.2 The Capital Programme is showing a decrease in total of £365,277, from £10,464,562 at the Second Review stage to £10,099,285.
- 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 Fulwell Community Fire Station is in the final stages and completion is expected by the end of December. The remaining budget of £7,460 is likely to be an underspend but will remain until the end of the financial year, just in case there are any unforeseen decommissioning works.
- 2.5 Prospective sites for the replacement of Hebburn Station are currently being considered and evaluated. Depending on the outcome and decisions made, there may be some spend on the project by the end of the financial year. The majority of the project will therefore need to slip in to 2020/2021 and a more detailed position on this development will be reported to members at outturn.
- 2.6 The Authority continues to explore opportunities to dispose of surplus land and buildings and good progress is being made in this regard. A report on Part II of the agenda updates members on one such planned disposal. The net Capital Receipts arising from this activity must be used to fund the Capital Programme in accordance with Government legislation.

### **ICT (-£112,277)**

- 2.7 The additional competency element of the Integrated Data System (IDS) project has been procured and is awaiting delivery. There may be a small underspend on the project at the end of the financial year and this will be reported at outturn once final confirmation is received.
- 2.8 Replacement of the ICT hardware has been delayed due to a lack of capacity within the ICT Department which is actively being addressed. The balance of £112,277 remaining on the project will be carried forward in to 2020/2021 as a result. The requirements for next year will be considered as part of setting the new Capital Programme for 2020/21.

### **Operations (- £18,000)**

- 2.9 At second review, it was reported that the needs within the Operational Replacement Programme had been reassessed and there would be a number of items deemed not essential to acquire or replace in this year. Orders have now been placed and there will be an underspend of £21,000. As reported to Members, this underspend was approved to help fund the purchase of the gas detectors added in to the Programme during the year.
- 2.10 At second review, an underspend of £12,453 was reported on the body worn cameras. Some additional equipment costing £3,000 has since been required. This has been added back in to the Programme and can be met within the overall Operations budget.

### **Control / Mobilising Project**

- 2.11 The national government led Emergency Services Mobile Communications Project (ESMCP) was delayed last financial year, pending a revised business case which was due early in 2019/2020. This is still yet to be received and is now expected in the Spring of 2020. The timing of progress and expenditure on the project continues to remain uncertain until the business case is received. As the project is fully funded from specific grant, this will be managed and slipped as required.

### **TSC – Non Vehicle Replacement Programme Items**

- 2.12 The cost to replace the breathing apparatus cylinder valves was based on a 70% failure rate. On testing, this has been far less than expected and an underspend is projected at the end of the financial year. The detail of this will be reported once the project is complete.

## **3. Vehicle Replacement Programme (-£235,000)**

- 3.1 The lease for the fireboat has now been bought out for £15,000. Owning the boat gives the service the flexibility to carry out the works needed to ensure it can continue to meet the requirements of the Service. It is estimated that works costing £60,000 would extend the life of the boat for a maximum of eight years. This will not be complete by the end of the financial year so will need to be slipped in to 2020/2021. The remaining budget of £175,000 will also be carried forward until timings and costs to acquire a new replacement boat are agreed.
- 3.2 Work is currently ongoing to review the current small fleet vehicles and consider options for replacement. In the meantime, two large cars and two vans that have been deemed essential have been purchased. Further details on the remaining programme will be reported once decisions on the review are finalised, early in the next financial year.

### ***Creating the Safest Community***

## **4. Capital Programme Funding**

- 4.1 Members will be aware that capital grant funding from the government was not a feature of the 4 Year Funding Settlement (2016/2017 to 2019/2020) and that direct allocations of capital grant funding from the government ended in the 2015/2016. All previous government capital general fire grant funding was fully utilised in 2017/2018 and the majority of the 2019/2020 programme is being funded from capital reserves.
- 4.2 The funding for the Capital Programme has been adjusted to reflect the changes to the programme outlined in section 2 of the report with the results shown in the table at paragraph 2.1 and in Appendix A.

## **5. Prudential Indicators**

- 5.1 The Prudential Indicators for the financial year 2019/2020 were approved by the Authority on 18th February 2019. 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.
- 5.2 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.

## **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 Second Quarterly Review, the addition of the new projects, and approve the revised Capital Programme for 2019/2020, as set out at Appendix A.

