

MEETING: 15TH NOVEMBER 2021

SUBJECT: CAPITAL PROGRAMME 2021/2022 - SECOND QUARTERLY REVIEW

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

1. INTRODUCTION

- 1.1 The original Capital Programme for 2021/2022 was approved by the Authority on 15th February 2021.
- 1.2 The purpose of this report is to review the current year's Programme and reflect any changes necessary to those that were presented to the Authority in the First Capital Programme Review on 12th July 2021.
- 1.3 Progress on some projects within the programme as reported previously has been delayed by external factors including the ongoing impacts of the COVID-19 pandemic, BREXIT and issues with the supply of labour, plant and materials being experienced by some areas of the Authority's activities. Where this is the case for the changes required to the Programme, it is indicated appropriately.

2. CAPITAL PROGRAMME 2021/2022 – SECOND REVIEW

- 2.1 The position for 2021/2022 is set out at Appendix A, and is summarised overleaf:

	First Review	Second Review
	Revised Estimate (July)	Revised Estimate (November)
	£	£
Expenditure - Projects c/fwd from 2020/2021	850,000	850,000
- Continuing Projects 2020/2021	9,145,207	11,784,078
- Projects Commencing 2021/2022	487,430	737,430
- Vehicle Replacement Programme	4,476,651	4,476,651
	14,959,288	17,848,159
Resources - Home Office Section 31 Grant (ESN)	1,808,616	1,808,616
- Capital Reserve	11,635,747	14,350,618
- Revenue Contribution to Capital	442,858	442,858
- External Funding – SCC Contribution	120,000	173,000
- One-off RCCO	850,000	850,000
- New Dimensions Reserve	75,000	196,000
- Government Grant	27,067	27,067
	14,959,288	17,848,159

2.2 The Capital Programme is showing an increase in total of £2,888,871, from £14,959,288 at the First Review stage to £17,848,159.

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:

Continuing Projects

Estates (+£2,511,370)

2.4 A number of projects for the Stock Condition Survey Works are underway around the estate but there are still issues with contractors and materials. At this stage, there is no confidence that the budget will be fully spent by the end of the financial year, and a further update will be provided to Members at the Third Review.

2.5 Additional work is required to replace the three durasteel doors in the tall fire structure at the BTC. These doors have been in place since 1999 and have now reached the end of their useful life. The additional cost of £25,000 will be met from the existing Stock Condition Survey Budget.

2.6 An additional £53,000 is required for development of the former MRU suite as the scope of the CCTV development works has increased due to ISO accreditation.

Creating the Safest Community

The project is fully funded from a contribution from Sunderland City Council and is expected to be complete in November. The Programme has been amended to reflect both the additional spend and contribution.

- 2.7 An additional £2,450,000 was approved by Members at the Fire Authority meeting in July for the development of Hebburn Station which recognises the fact that this will be a tri station rather than a simple replacement fire station and as such the design is much bigger than the original plans. It also takes into account that the costs of the design and build have increased substantially from when the first allocation of funds was originally approved in 2015/16. Although the capital costs will increase the Authority will receive an annual revenue income stream from both of its emergency services partners involved. In 2018/19 £8,370 grant earmarked for the Hebburn feasibility studies was carried forward. This has been allocated in to the capital budget now that these works are complete. The Programme has been amended accordingly.

ICT (-£5,134)

- 2.8 The Network and Wireless Infrastructure project was slipped from 2020/2021 and has now been completed with an additional underspend of £5,134 to the £55,131 reported at the end of last financial year. The underspend being £60,265 in total which will be returned to the Capital Development Reserve to help fund other projects.
- 2.9 A new more modern style of Fireground Radio is currently being trialled. The specification is being developed and it is expected that these will be deployed by the end of the financial year. An update will be reported to Members at Third Review.

Resilience (+£121,000)

- 2.10 Extensive feasibility studies have been carried out on the project to enhance the Urban Search and Rescue (USAR) training facilities to include an extension to the “rubble pile” and improvements to welfare and storage facilities. An additional £121,000 is required to accommodate the significant improvements required and thus the increased costs of the proposed new facility. This development once fully operational will then enable the Service to host the full range of national resilience USAR related courses. The cost of the project is now estimated to be £196,000 which can be funded from the New Dimensions Reserve. The Programme has been amended to reflect this position.

TSC – Non Vehicle Replacement (-£8,365)

- 2.11 The contract for the decontamination washing machines, one for the BTC and one for TSC, has now been awarded. An additional £11,635 is required as the budget slipped from 2020/2021 was based on a quotation that due to delays in the tender

and lead in times had expired, as well as the installation requiring additional enabling works at the TSC. The Capital Programme has been amended to include the additional cost of the machines and the enabling works.

- 2.12 The indicative cost of the cobra hose is estimated to be £20,000 less than originally budgeted. However additional training in the efficient and effective use of the equipment is currently being completed by the crews which may result in the Service being able to extend the life of the current hose for a further four years. The Programme has been amended to reduce the budget and an update will be reported to Members at Third Review.

Control/Mobilising Project

- 2.13 The national Government led Emergency Services Mobile Communications Project (ESMCP) has experienced a number of delays. The timing of progress and expenditure continues to be uncertain pending the revised business case. An independent review has shown that it is correct to move to the ESN Network but the Government started the project too early, hence the continuing delay. As the project is fully funded from specific grant, the project and funding will be slipped again as required. A more detailed report on this important area is however to be presented to members at the December Authority meeting.

Additional Projects (+£270,000)

- 2.14 A number of additional projects are required to be added to the Capital Programme and are as follows:
- Two of the existing Fire Behaviour demonstration units (“Attack” and “Demo”), situated within the training ground of the BTC that are used to deliver Compartment Fire Behaviour Training (CFBT) are approaching the end of their serviceable life. An increased demand is being placed on the BTC, as a result of intensive and prolonged firefighter recruitment, in addition to regular training for existing firefighters, which has inevitably resulted in an additional need for more CFBT. The project involves the decommissioning and removal of the existing units and the specification, procurement and installation of new, modern replacements which are more environmentally friendly with significantly lower carbon emissions. The replacements are estimated to cost £150,000 and will be funded from the Capital Reserve.
 - The high level glazed atrium within the BTC is in need of urgent replacement. It is now beyond repair after suffering numerous leaks and corrosion of the aluminium framework fixings. Whilst the building is managed and maintained under the PFI contract, the atrium is exempt from the PFI agreement and therefore remains the responsibility of the Authority. Replacement is considered essential as this represents a health and safety risk to our staff and anyone using that particular part

of the building. These essential works are estimated to cost £120,000 and this work will be funded from the Capital Reserve.

Additional Proposed New Starts

- 2.15 The Capital Programme was set in February with an additional £0.850m for a number of business critical, invest to save schemes that were slipped from 2021/2022. Plans for the two projects, repairs to Barmston Mere Training Centre and relocation of Safetyworks, are currently in progress. An update on these projects will be reported to Members at the third review in January.

3. VEHICLE REPLACEMENT PROGRAMME

- 3.1 Work is ongoing to review the current small fleet and consider options for replacement. The effects of the COVID-19 pandemic, changes to the ways of working and potential sponsorships have impacted and delayed this review. Pending its completion, the small fleet replacement budget has remained as agreed by Members in February.
- 3.2 The first batch of ten fire appliances slipped from 2020/2021 have now been delivered. An order has been placed against the new contract approved by Members in July for the next ten appliances and delivery is expected in late Autumn 2022. This will mean the whole fleet of 24 fire appliances will have been renewed.
- 3.3 The Specialist Vehicles due to be purchased in 2021/2022 are pending the outcome of the Specials Review. Due to a long lead in time it is unlikely that these will be delivered in this financial year. It is considered that none of the vehicles are urgent and alternative options can be looked at as required in the interim period. An update will be reported to Members at Third Review.

4. CAPITAL PROGRAMME FUNDING

- 4.1 The funding for the Capital Programme has been adjusted to reflect the changes to the Programme outlined in sections 2 and 3 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 2021/2022 were approved by the Authority on 15th February 2021. 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 Finance Director. 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 First Quarterly Review and the addition of the new projects set out in the report and to approve the revised Capital Programme for 2021/2022, as set out at Appendix A.