

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item 10

MEETING: 19th JUNE 2017

**CAPITAL PROGRAMME OUTTURN 2016/2017 AND CAPITAL PROGRAMME
FIRST REVIEW 2017/2018**

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

1. INTRODUCTION

- 1.1 The original Capital Programme for 2017/2018 was approved at the Authority meeting on 13th February 2017.
- 1.2 The purpose of this report is to present the provisional capital outturn for 2016/2017, highlighting the main variances from the 2016/2017 Capital Programme Third Review; and to review the current year's programme to reflect the 2016/2017 outturn position and other changes since the original programme for 2017/2018 was approved.

2. PROVISIONAL OUTTURN 2016/2017

- 2.1 The provisional outturn position on expenditure and resources for 2016/2017 is summarised below:

| | Third Review (January) | Outturn |
|---|---------------------------------------|------------------|
| | £ | £ |
| Expenditure - Continuing Projects 2015/2016 | 1,984,351 | 1,771,354 |
| - Projects Commencing 2016/2017 | 100,212 | 124,453 |
| - Vehicle Replacement Programme | 666,290 | 550,372 |
| | 2,750,853 | 2,446,179 |
| Resources - Fire Capital Grant | 1,535,035 | 1,840,505 |
| - Transformation Grant | 153,442 | 153,442 |
| - Response to New Risks Grant | 8,300 | 8,300 |
| - New Threats Grant | 0 | 13,726 |
| - Development Reserve | 177,683 | 177,683 |
| - Carbon Management Plan | 109,870 | 34,393 |
| Reserve | | |
| - Revenue Budget C/fwd | 72,285 | 48,300 |
| - RCCO | 3,839 | 145,721 |
| - NFRS Contribution | 24,109 | 24,109 |
| - Capital Reserve | 666,290 | 0 |
| | 2,750,853 | 2,446,179 |

2.2 The Capital Programme outturn for 2016/2017 reflects a reduction in spending of £304,674 from £2,750,853 (as reported to Members in January 2017) to £2,446,179 arisen due to the following variations:

2.2.1 A net underspend of £265,650 from a number of schemes completed during 2016/2017. The main savings are listed below for information:

- £21,591 on the remaining works of the Cold Cutting Extinguishing System;
- £6,600 on the BA Compressors by combining the procurement exercise for purchase of both compressors together;
- £2,493 on the final payments of the Asset Management System;
- £25,590 on the purchase of Smoke Detectors with stock remaining from the free allocation from Government for the private landlord initiative;
- £203,798 on the Aerial Ladder Platform (ALP), as reported previously, due to favourable financial markets and changes to the base chassis specification; and
- Additional savings on the PPE Replacement Programme and final payments for the Targeted Response Vehicles.

2.2.2 There has been additional spend of £11,443 on the operational replacement programme for Holmatro equipment now issued from stores. This can be funded from the saving made on the Cold Cutting Extinguishing System set out in 2.2.1.

2.2.3 Two new projects have been added to the Capital Programme late in the financial year. The first is Organisational Management Review (OMR) implementation works of £120,000 which are necessary to accommodate the changes to a number of services and departments of the Authority which will ensure the new ways of working and revenue efficiencies are achieved. The other is the Replacement of the Marauding Terrorist & Fire Arms (MTFA) PPE costing £51,581 which is to be funded from New Threats Grant funding recently received from the government.

2.2.4 Some late contractor invoices were received in respect of Marley Park Community Fire Station totalling £63,543 and have had to be paid in 2016/2017. It is proposed to fund these from underspends from contingency revenue budget.

2.2.5 There has been a requirement to accelerate £87,490 from the 2017/2018 Vehicle Replacement Programme Capital Programme for an initial payment of £62,490 for the new Command and Control Vehicle and £25,000 for the lease buyout for the current ALP. The programme for 2017/2018 has been adjusted accordingly.

2.2.6 There has been further slippage of £373,081 into 2017/2018 on a number of projects as set out below:

Estates - £140,422

- Fire Alarm Replacement (£20,422) – underspend in 2016/2017 is to be carried forward to help fund the alarm replacement system required at Station N in 2017/2018.
- OMR Implementation Works (£120,000) – the cost of the works will be incurred in 2017/2018 in order to ensure the new organisational structure put in place from 3rd April 2017 can be delivered.

Operational Equipment - £129,721

- Rope rescue and confined space equipment (£7,721) – a policy review in line with IRMP will require additional equipment to be purchased in 2017/2018.
- Foam and Firefighting Equipment (£112,000) - the existing stock of foam was tested in 2016/2017 and did not need to be replaced. It will be retested in 2017/2018.
- Cold Cutting Extinguishing System (£10,000) – the new ALP will need to adapted to allow connection to the COBRA equipment.

IT - £15,000

- Replacement of MFDs (£15,000) – the software licences have been renewed but will not be effective until early in the new financial year.

Carbon Management Plan - £75,477

- PV Cells Project (£45,000) – this is a partnership arrangement with Northumberland Fire and Rescue Service, with NFRS managing the contract. Delays are being experienced and the works will not be delivered at NEFRA Tynemouth Station until 2017/2018.
- Vehicle Charging Points (£30,477) – the units at Station Headquarters were postponed pending reconfiguration of the car park but work cannot progress until a new colony discovered can be moved.

Technical Service Centre Non Vehicle Replacement Programme - £12,461

- Fuel System Upgrade (£12,461) – the necessary underground works will be completed in 2017/2018.

2.3 The projects that have slipped were to be financed from earmarked reserves and fire capital grant. This funding will therefore be utilised in 2017/2018.

3 CAPITAL PROGRAMME FIRST REVIEW - 2017/2018

3.1 The detailed Capital Programme for 2017/2018 is set out at Appendix A, and summarised below:

| | Original Estimate (February) £ | Revised Estimate (June) £ |
|---|---|--|
| Expenditure - Continuing Projects 2016/2017 | 5,203,240 | 5,522,521 |
| - Projects Commencing 2017/2018 | 990,192 | 990,192 |
| - Vehicle Replacement Programme | 1,108,000 | 1,018,510 |
| | 7,301,432 | 7,531,223 |
| Resources - Fire Capital Grant | 162,430 | 444,235 |
| - Home Office Section 31 Grant | 700,191 | 700,191 |
| - Carbon Management Plan Reserve | 0 | 75,477 |
| - Revenue Budget C/fwd | 0 | 36,447 |
| - Revenue Contribution to Capital | 500,000 | 500,000 |
| - Capital Reserve | 5,938,811 | 5,774,873 |
| | 7,301,432 | 7,531,223 |

3.2 The Capital Programme has increased by £229,791 from £7,301,432 (as approved by Members in February 2017) to £7,531,223. This is made up as follows:

| | |
|---|-----------------|
| Slippage from 2016/2017 | £373,081 |
| Acceleration of Vehicle Replacement Programme | -£87,490 |
| Saving on ALP Lease buyout | -£2,000 |
| Removal of the Replacement of MFDs | -53,800 |
| Net Increase in Capital Programme | £229,791 |

3.3 The items of slippage and acceleration have been reported under the 2016/2017 outturn.

3.4 A small saving of £2,000 has been made on early payment of the current ALP lease buyout.

3.5 A number of options have been considered for replacement of the current MFDs and the most cost effective option is a lease arrangement. This has therefore been removed from the Capital Programme and will be funded from the revenue printing budget.

- 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 will be reported to members regularly throughout the year.

4 PRUDENTIAL INDICATORS

- 4.1 The prudential indicators set during the budget process are continually monitored in the light of the provisional capital outturn and there are no issues to report. Any amendments to these indicators will be reported upon at the Second Review stage along with compliance with the relevant prudential indicators determined for 2017/2018.

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 RECOMMENDATIONS

- 9.1 The Authority is recommended to:
- Note the projected outturn position for 2016/2017;
 - Approve the transfer of the anticipated slippage (£373,081) into 2017/2018;
 - Approve the revised Capital Programme for 2017/2018, as set out at Appendix A, in light of the capital outturn position for 2016/2017.

