

**MEETING: 10th JUNE 2019**

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**CAPITAL PROGRAMME OUTTURN 2018/2019 AND CAPITAL PROGRAMME  
FIRST REVIEW 2019/2020**

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

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**1. INTRODUCTION**

- 1.1 The original Capital Programme for 2019/2020 was approved at the Authority meeting on 18th February 2019.
- 1.2 The purpose of this report is to present the capital outturn for 2018/2019, highlighting the main variances from the 2018/2019 Capital Programme Third Review; and to review the current year's programme to reflect the 2018/2019 outturn position and other changes since the original programme for 2019/2020 was approved.

**2. OUTTURN 2018/2019**

- 2.1 The outturn position on expenditure and resources for 2018/2019 is summarised below:

	<b>Third Review (January)</b>	<b>Outturn</b>
	<b>£</b>	<b>£</b>
Expenditure - Continuing Projects 2017/2018	2,509,275	1,088,439
- Projects Commencing 2018/2019	249,805	68,089
- Vehicle Replacement Programme	280,303	48,089
	<b>3,039,383</b>	<b>1,204,617</b>
Resources - Capital Receipts Applied	1,411,209	382,023
- Home Office Section 31 Grant	887,041	98,593
- New Dimensions Reserve	48,803	49,747
- Capital Receipt	31,810	24,350
- Command and Control Earmarked Funding	160,520	144,654
- Revenue Contribution to Capital	500,000	505,250
	<b>3,039,383</b>	<b>1,204,617</b>

- 2.2 The Authority approved a capital programme for 2018/2019 of £8,233,795, which was subsequently revised to £3,039,383 during the year. This was reported to Members in January advising a budget carry forward was required for delayed replacement of Hebburn Station until options could be fully appraised and slippage of the fire appliance replacement programme to streamline the procurement process and accommodate the lead in time.
- 2.3 At the end of the financial year, the Capital Programme outturn reflects a further reduction in spending of £1,834,766 from £3,039,383 to £1,204,617, due to the following variations:
- 2.3.1 A net saving of £35,104 from a number of schemes completed during 2018/2019 was achieved. The main variations are listed below:
- £31,716 saving on replacement of the breathing apparatus valves as the estimated cost was based on a 70% failure rate, but this proved to be less on actual testing;
  - £4,908 saving on rope and rescue equipment; and
  - £1,346 additional spend on the aerial ladder platform purchased in 2017/2018 in respect of an outstanding invoice that required payment.
- 2.3.2 There has been additional spend of £5,250 for purchase of extra smoke detectors as part of the IRMP initiative to ensure risk reduction. This can be funded from savings in the Prevention and Education revenue budget.
- 2.3.3 There has been further slippage of £1,804,912 into 2019/2020 on a number of projects as set out below:

**Estates - £7,460**

- Fulwell Station Disposal Works (£7,460) – works are complete and the sale is due to go ahead early in 2019/2020. A prudent approach has been taken to slip the remaining budget should there be any unforeseen works required in the interim period.

**ICT - £131,635**

- Integrated Data System (£16,500) – completion of the recruitment module and phase 2 of the project have been re-scheduled to 2019/2020.
- New and Replacement Hardware (£115,135) – progress on this was delayed during the year pending appointment of the new Head of ICT. Work will be progressed in 2019/2020.

**Control/Mobilising - £1,279,212**

- Emergency Services Mobile Communications Project (ESMCP) (£1,073,866) – this national government led project has been rescheduled, with the final business case due to be published in the Autumn, when the budget will be reprofiled over future years. In the meantime, the remaining budget for 2018/2019 will be slipped in to 2019/2020 and the Programme will be adjusted accordingly.
- Command and Control System (£205,346) – outstanding works on the technical refresh will not be delivered until 2019/2020.

### **TSC Non Vehicle Replacement Programme - £2,605**

- Appliance Closed Circuit Television (£2,605) – the project is complete but the balance remaining has been withheld until outstanding issues have been resolved.

### **Learning and Organisational Development - £150,000**

- Fit for Life Gym Equipment (£150,000) – Estate works required are almost complete and the contractors will be paid in April. A procurement exercise has been carried out for the treadmills which will be ordered and delivered early in the new financial year.

### **Vehicle Replacement Programme - £234,000**

- Small Fleet (£234,000) – an exercise to consider options for replacement of the small fleet will be carried out early in 2019/2020.

- 2.4 The projects that have slipped were to be financed from Capital Receipts Applied and Section 31 Grant. This funding will therefore be utilised in 2019/2020.

## **3. CAPITAL PROGRAMME FIRST REVIEW - 2019/2020**

- 3.1 The detailed Capital Programme for 2019/2020 is set out at Appendix A, and summarised below:

	<b>Original Estimate (February) £</b>	<b>Revised Estimate (June) £</b>
Expenditure - Continuing Projects 2018/2019	7,292,085	7,666,538
- Projects Commencing 2019/2020	223,650	223,650
- Vehicle Replacement Programme	3,294,000	3,294,000
	<b>10,809,735</b>	<b>11,184,188</b>
Resources - Capital Receipts Applied	1,387,103	2,416,289
- Home Office Section 31 Grant	887,041	788,448
- Capital Receipt	0	7,460
- Capital Reserve	7,785,591	7,056,125
- Command and Control	0	15,866
Earmarked Funding		
- Revenue Contribution to Capital	750,000	900,000
	<b>10,809,735</b>	<b>11,184,188</b>

- 3.2 The Capital Programme has increased by £374,453 from £10,809,735 (as approved by Members in February 2019) to £11,184,188. £1,430,459 of the slippage detailed in 2.3.2 in respect of the Emergency Services Mobile Communications Project (£1,196,459) and the Small Fleet Vehicles (£234,000), was reported on setting the 2019/2020 Capital Programme based on information at that time. Since this date, there has been some spend on ESMCP reducing the slippage required.

The change in the Programme can be summarised as:

Additional slippage from 2018/2019	£497,046
Spend on ESMCP	-£122,593
<b>Net Increase in Capital Programme</b>	<b>£374,453</b>

- 3.3 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 (PI's)**

- 4.1 The prudential indicators set during the budget process are continually monitored and there are no issues with the PI's for 2018/19 now that we have reported the final outturn. The PI's for 2019/20 are also in line with expectations and we have no issues to report for the first quarter of the current financial year. Any amendments to the indicators for 2019/20 will be reported upon at the Second Review stage along with compliance with the relevant PI's determined for 2019/2020.

#### **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 final outturn position for 2018/2019;
  - Approve the transfer of the anticipated slippage (£1,804,912) into 2019/2020;
  - Approve the revised Capital Programme for 2019/2020, as set out at Appendix A, in light of the capital outturn position for 2018/2019.