

MEETING: 14th JANUARY 2019

SUBJECT: CAPITAL PROGRAMME 2018/2019 - 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 2018/2019 was approved by the Authority on 12th February 2018.
- 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 5th November 2018.

2. CAPITAL PROGRAMME 2018/2019 - THIRD REVIEW

- 2.1 The detailed position for 2018/2019 is set out at Appendix A for information, and is summarised below:

	Second Review	Third Review
	Revised Estimate	Revised Estimate
	£	£
Expenditure - Continuing Projects 2017/2018	6,867,020	2,509,275
- Vehicle Replacement Programme	1,360,303	280,303
- Projects Commencing 2018/2019	87,055	249,805
	8,314,378	3,039,383
Resources - Capital Receipts Applied	2,811,502	1,411,209
- Home Office Section 31 Grant	887,041	887,041
- Capital Reserve	3,875,711	0
- New Dimensions Reserve	48,803	48,803
- Capital Receipt	31,810	31,810
- Command and Control	160,520	160,520
Earmarked Funding		
- Revenue Contribution to Capital	500,000	500,000
	8,314,378	3,039,383

- 2.2 The Capital Programme is showing a reduction in total of £5,274,995, from £8,314,378 at the Second Review stage, to £3,039,383.
- 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

Estates (-£4,250,000)

- 2.4 As reported at second review, ongoing issues have been encountered with the supply of water to the residential properties adjacent to the former Fulwell Community Fire Station. Residents have been contacted and work will now start to renew the water mains servicing the properties. This work, estimated to cost £20k, can be covered from the saving on the provision that was set aside for the costs of disposal.
- 2.5 The replacement of Hebburn Station will be delayed in to 2019/2020. The site feasibility report is now complete and options need to be appraised. The full £4,250,000 will be slipped in to next year as a result. The Capital Programme has been amended accordingly.
- 2.6 As reported at second review, the Authority continues to explore opportunities to dispose of surplus land and buildings. Good progress is being made in this regard and any net capital receipts arising from this activity will be used to fund the Capital Programme in accordance with Government legislation.

ICT (-£66,679)

- 2.7 Phase One of the Integrated Data System (IDS) to replace HR software is nearing completion and procurement of the additional recruitment module is in hand. Preparation for implementation of Phase Two is currently being appraised which will mean that there is expected to be a delay in its implementation during this year, £66,679 of the project budget will therefore need to be 'slipped' into 2019/2020. Again the Capital Programme has been amended to reflect this.
- 2.8 A high level design report has been prepared for replacement of the Authority's hardware requirements. This plan is awaiting approval of the new Head of ICT who takes up his post in January, but it is anticipated that this work will be complete by the end of the financial year.

Operational Equipment (-£41,066)

- 2.9 The operational equipment replacement programme is nearing completion with a saving of £6,066. To coincide with procurement of the fire appliances, £35,000 allocated for power tools will be slipped in to 2019/2020, so that any replacement

equipment will be compatible. The Capital Programme has been amended accordingly.

Control/Mobilising Project

- 2.10 As reported at second review, a revised business case for the Emergency Services Mobile Communications Project (ESMCP) is expected from the Home Office early next year. The project is currently delayed pending the outcome, so there will be inevitably some slippage in to 2019/2020. The extent of this will not be known until the business case is received, but the project is fully funded from specific grant which will also be used in the year the costs are incurred as required.
- 2.11 The hardware refresh of the Command and Control system is still going ahead in 2018/2019. This includes replacement of a number of hardware components within the current Mobilising and Resource Management System and internal enabling works estimated to cost £253k. The final position will be reported at outturn as this work progresses.

TSC – Non Vehicle Replacement Programme Items

- 2.12 The appliance closed circuit television (CCTV) was expected to be fully installed across the service by December. However, due to problems with the supplier, this has now been delayed until February.
- 2.13 Half of the breathing apparatus cylinder valves have now been replaced and will be fully replaced by the end of the financial year. There may be a small saving which will be reported at outturn.

Additional Projects (+£162,750)

- 2.14 An additional project has been added to the capital programme to replace the breathing apparatus (BA) facemasks. A condition survey has identified that a significant proportion of the existing BA facemasks have become deformed with use. By providing new masks to all breathing apparatus sets, respiratory protection can be maximised. A discounted price with the supplier has been negotiated and the replacement cost is expected to be £12,750.
- 2.15 A new Fit for Life project has been added to the capital programme to purchase a wide range of fitness equipment to locations throughout the service. The introduction of functional fitness equipment, along with exercise bikes and treadmills, will afford operational personnel the best opportunity to maintain their levels of fitness. This is estimated to cost £150,000 and the resources have been identified within the 2018/2019 budget.

3. VEHICLE REPLACEMENT PROGRAMME (-£1,080,000)

- 3.1 Purchase of the small fleet has been delayed pending outcome of the small fleet review, so there may be some slippage in to 2019/2020. Members will be updated as soon as requirements are known.
- 3.2 As reported at second review, a review group has been set up to look at the fire appliance replacement programme for 2018/2019 and future years. To streamline the procurement process for the appliances and to accommodate the lead in time, a specification has been drawn up for 14 appliances, with a minimum of 4 to be delivered by towards the end of the 2019/2020 financial year with a further 10 during 2020/2021. This will replace more than half of the current fleet of 24 by March 2021. The allocation of £1,080,000 will therefore be slipped in to 2019/2020 to recognise this change and the Capital Programme has been amended.

4. PRUDENTIAL INDICATORS

- 4.1 The Prudential Indicators for the financial year 2018/2019 were approved by the Authority on 12th February 2018. 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. GOVERNMENT CAPITAL GRANT FUNDING

- 5.1 Members will be aware that capital grant funding from the government is not a feature of the 4 Year Funding Settlement (2016/2017 to 2019/2020). Direct allocations of capital grant funding from the government ended in 2015/16.

- 5.2 All previous government capital general fire grant funding was fully utilised in 2017/2018 and the majority of the 2018/2019 programme is being funded from revenue contributions and the use of specific earmarked reserves.

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 2018/2019, as set out at Appendix A.

