

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item 4

MEETING: 12 JULY 2021

**CAPITAL PROGRAMME OUTTURN 2020/2021 AND FIRST QUARTERLY REVIEW
2021/2022**

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

1. INTRODUCTION

- 1.1 The original Capital Programme for 2020/2021 was approved at the Authority meeting on 17th February 2020.
- 1.2 The purpose of this report is to present the capital outturn position for 2020/2021, highlighting the main variances from the 2020/2021 Capital Programme Third Review presented to members in January 2021.
- 1.3 The report also reflects the 2020/2021 outturn position and other changes to the original Capital Programme for 2021/2022 which was approved on 15th February 2021.
- 1.4 The COVID-19 pandemic has unsurprisingly adversely impacted on a number of projects within the Capital Programme during 2020/2021 and is also continuing to affect the 2021/2022 Programme. The updates below indicate where this is the case and Members will be kept updated of these implications throughout the coming financial year.
- 1.5 Members will be aware that the Government has allocated grant funding in recognition of the impact that the COVID-19 pandemic is having on public sector organisations, of which £229,566 has been used to fund capital expenditure on COVID related capital projects added to the Capital Programme during the 2020/2021 financial year.

2. OUTTURN 2020/2021

- 2.1 The outturn position on expenditure and resources for 2020/2021 is summarised overleaf:

	Third Review (January)	Outturn
	£	£
Expenditure - Continuing Projects 2019/2020	3,518,351	762,787
- Projects Commencing 2020/2021	1,046,138	619,688
- Vehicle Replacement Programme	3,568,685	2,180,971
	8,133,174	3,563,446
Resources - Capital Receipts Applied	966,070	966,070
- Home Office Section 31 Grant	1,900,243	91,627
- Capital Reserve	4,117,607	1,712,946
- New Dimensions Reserve	100,000	0
- COVID-19 Grant	265,814	229,566
- Fire Safety Grant	0	27,700
- Revenue Contribution to Capital	783,440	535,537
	8,133,174	3,563,446

2.2 The Authority approved a capital programme for 2020/2021 of £9,794,167 which was subsequently revised to £8,133,174 during the year. This was reported to Members in January. At the end of the financial year, the Capital Programme outturn reflects a further reduction in spending of £4,569,728 from £8,133,174 to £3,563,446, due to the following variations:

2.2.1 A net underspend of £117,431 has arisen from a number of schemes completed during 2020/2021. The main variations are listed below:

- £42,533 underspend on smoke detectors due to COVID-19 having an impact on the delivery of the community safety programme during the year;
- £25,522 saving on the Fit for Life project due to a re-assessment of the equipment requirements;
- £55,131 saving on the network and wireless infrastructure due to a successful procurement exercise to secure a more competitive price on the project;
- £10,480 saving on the installation of defibrillators at each station as ENGIE fitted these free of charge to all of the PFI sites within their contract;
- £2,644 refund on the boiler replacement at West Denton CFS;
- £17,147 overspend on new and replacement hardware due to the impact of COVID-19 on the manufacturing and supply chains leading to an unforeseen price increase; and
- A minor net overspend of £1,732 on a number of other projects.

2.2.2 There has been further slippage of £4,452,297 into 2021/2022 on a number of projects as set out below:

Estates - £688,485

- Genous Security System (£346,510) – once commenced, this will be an 18 month programme of works. As reported at third review, the project has had to be re-tendered causing delays in procuring and starting the works. This work is now expected to be completed in the next financial year.
- Security Upgrade Programme (£331,013) – this is also an 18 month programme that has been affected by the pandemic. The visitor access system is now complete but there have been delays with contractors due to COVID-19. This has had a significant impact on the progress of the programme, although work will start in June and all improvements will be completed in 2022/2023.
- Stock Condition Survey Works (£8,895) – works have been delayed due to restricted access to buildings. The planned works for 2020/2021 will now be completed early in the new financial year.
- Outdoor Wellness Areas (£2,067) – the remaining budget is required to complete the project with works to the outdoor area at Service Headquarters.

ICT - £222,858

- Network and Wireless Infrastructure (£192,858) – although significant progress has been made in the financial year, completion of the project has been delayed into 2021/2022 due to COVID-19 impacting on suppliers, although completion is expected by the end of June.
- Information Screens (£30,000) – this project has also been delayed due to COVID-19 and other priorities. A trial is planned at one station then the project will be rolled out during 2021/2022.

Operational Equipment - £25,000

- Drone (£25,000) – this was a late addition to the 2020/2021 Capital Programme and will need to slip in to 2021/2022. However the drone has been acquired and will soon become operational.

TSC Non Vehicle Replacement Programme - £128,000

- PPE Replacement (£88,000) – the planned replacement programme for 2020/21 has been postponed and is expected to be completed in June 2021.
- Decontamination Washing Machines (£40,000) – the tender evaluation is complete but, due to the lead time, delivery will be in 2021/2022.

Control/Mobilising - £1,923,438

- Emergency Services Mobile Communications Project (ESMCP) (£1,808,616) – the timing of progress and expenditure on this national

government led project continues to be uncertain pending the revised business case. In the meantime, the remaining budget for 2020/2021 will be slipped in to 2021/2022 and the Programme will be adjusted to reflect the new timescales when they are known.

- Command and Control System (£114,822) – outstanding works on the technical refresh will not be delivered until 2021/2022. An underspend on this element of the project is expected and will be reported to Members at Second Review.

Learning and Organisational Development - £2,865

- Fit for Life Gym Equipment (£2,865) – delivery of the remaining equipment has been delayed and is expected early in the new financial year.

Resilience - £75,000

- Rubble Pile (£75,000) – the works planned to be carried out by Sunderland City Council contractors cannot be accommodated in the near future so alternative frameworks are being considered, requiring the works and the budget to be slipped into 2021/22.

Vehicle Replacement Programme - £1,386,651

- Small Fleet (£155,660) – requirements are dependent on the outcome of the small fleet review and decisions made regarding future needs and options for the Service. The remaining budget will need to be slipped in to 2021/2022 and will be adjusted and realigned as required.
- Appliance Replacement Programme (£1,222,986) – due to the COVID - 19 pandemic, work to complete and deliver the next ten appliances expected by 31st March 2021 was delayed. These have been delivered early in 2021/2022 and roll out of the new appliances is well under way. Work is progressing well on the tender specification for the remaining ten fire appliances and a report is expected to be brought to the July Authority meeting for approval.
- Rigid Inflatable Boat (£8,005) – delivery of a number of components has been delayed due to COVID-19.

- 2.3 The projects that have slipped into 2021/2022 were to be financed from Reserves, Revenue Contribution to Capital Outlay and Section 31 Grant. Adjustments have been made as part of the final accounts year end process and this funding will now be utilised in 2021/2022.

3. CAPITAL PROGRAMME FIRST REVIEW - 2021/2022

- 3.1 The detailed Capital Programme for 2021/2022 is set out at Appendix A, and is summarised below:

	Original Estimate (February) £	Revised Estimate (July) £
Expenditure - Projects c/fwd from 2020/2021	850,000	850,000
- Continuing Projects 2020/2021	9,550,080	9,145,207
- Projects Commencing 2021/2022	412,430	487,430
- Vehicle Replacement Programme	3,262,167	4,476,651
	13,224,677	14,959,288
Resources - Home Office Section 31 Grant (ESN)	1,865,243	1,808,616
- Capital Reserve	10,139,434	11,635,747
- Revenue Contribution to Capital	250,000	442,858
- External Funding – SCC Contribution	120,000	120,000
- One-off RCCO	850,000	850,000
- New Dimensions Reserve	0	75,000
- Government Grant	0	27,067
	13,224,677	14,959,288

- 3.2 The Capital Programme has increased by £1,734,611 from £13,224,677 (as approved by Members in February 2021) to £14,959,288. This is made up as follows:

Additional Slippage from 2020/2021 as reported	£1,645,611
Additional New Projects	£89,000
Increase in Capital Programme	£1,734,611

- 3.3 £2,806,686 of the slippage detailed in 2.2.2 was reported on setting the 2021/2022 Capital Programme in February 2021 based on information at that time. This was for a number of projects, Genous Security System (£346,510), Security Upgrade Programme (£332,413), ESMCP and Command Control (£1,955,596) and Small Fleet (£172,167) where it was recognised that the projects would be delayed in to 2021/2022. Since this time, additional slippage of £1,645,611 is required across a number of other projects.

- 3.4 Two new projects have also been added to the 2021/2022 Programme (£89,000):

- An additional project to replace the BA Compressor at Hebburn. This was not included in the original replacement programme as it was anticipated that it would coincide and be incorporated in to the build of the new Tri Station. Due to the delay in this project, the planned life of the compressor is now overdue

and requires replacement at the earliest opportunity at a cost of £14,000. The new compressor however will be transferred to the new site on completion.

- An additional ICT project to replace all fireground radios. The existing fireground radios are over ten years old and are no longer supported in terms of updates and warranty. Revenue costs to support essential repairs are increasing year on year. Replacement of the fireground radios with newer models at a cost of £75,000 will assure the reliability of communications on the incident ground for the next five years.

3.5 There are no further variations to report at this early stage in the financial year, but the programme will continue to be effectively managed and monitored with any variations, including those arising from the continued impact of COVID-19, being reported to members regularly throughout the year. Where possible, action may need to be taken, to accelerate some schemes in future years to make up for any delays in the current approved projects if considered necessary.

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 2020/2021 now that final outturn position has been reported.
- 4.2 The PI's for 2021/2022 are also in line with expectations and there are currently no issues to report for the first quarter of the current financial year. Any amendments to the indicators for 2021/2022 will be reported upon at the Second Review stage along with compliance with the relevant PI's determined for 2021/2022.

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. As mentioned previously, where projects are delayed because of the coronavirus pandemic, other future schemes that have been approved may be accelerated accordingly to ensure the Capital Programme does not stagnate.

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 2020/2021;
- Approve the transfer of the additional slippage (£1,645,611) into 2021/2022;
- Approve the additional projects (£89,000) for 2021/2022; and
- Approve the revised Capital Programme for 2021/2022, as set out at Appendix A, in light of the capital outturn position for 2020/2021.

