

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item 5

MEETING: 6th NOVEMBER 2017

SUBJECT: CAPITAL PROGRAMME 2017/2018 - SECOND 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 2017/2018 was approved at the Authority on 13th February 2017.
- 1.2 The purpose of this report is to review the current year's Programme and reflect any further changes necessary to those that were presented to the Authority as a consequence of the First Capital Programme Review on 19th June 2017.

2. CAPITAL PROGRAMME 2017/2018 - SECOND REVIEW

- 2.1 The position for 2017/2018 is set out at Appendix A, and is summarised below:

	First Review	Second Review
	Revised Estimate	Revised Estimate
	£	£
Expenditure - Continuing Projects 2016/2017	5,522,521	5,165,663
- Vehicle Replacement Programme	1,018,510	1,025,010
- Projects Commencing 2017/2018	990,192	1,010,192
	7,531,223	7,200,865
Resources - Fire Capital Grant	444,235	490,905
- Home Office Section 31 Grant	700,191	700,191
- New Dimensions Reserve	0	30,000
- Carbon Management Plan Reserve	75,477	26,477
- Revenue Budget C/fwd	36,447	36,447
- Revenue Contribution to Capital	500,000	520,000
- Capital Receipts Applied	3,285,600	3,285,600
- Capital Reserve	2,489,273	2,111,245
	7,531,223	7,200,865

- 2.2 The Capital Programme is showing a reduction in total of £330,358, from £7,531,223 at the First Review stage, to £7,200,865.
- 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:

Capital Programme Review (-£251,858)

- 2.4 During the first quarter of the financial year, Capital Projects Group requested budget managers to scrutinise and review their capital projects for 2017/2018, with a view to reducing the Programme. This exercise was embraced well and a total of £271,858 has been removed from the 2017/2018 Programme across the following projects:

Estates

BTC condition survey works (-£23,215)
Fire alarm replacement (-£70,422)

Operational Equipment

Rope rescue and confined space equipment (-£7,721)
Foam and firefighting equipment (-£109,000)

Community Safety

Smoke detectors (-£5,000)

TSC – Non Vehicle Replacement Programme Items

BA compressors (-£2,500)

Carbon Management Plan

PV cells project (-£30,000)
Vehicle charging points (-£4,000)

The Capital Programme has been amended accordingly.

Additional Savings (-£105,000)

- 2.5 *Estates (-£25,000)*

Following an estate review, it has been agreed that replacement of the fire alarms is not required at this current time. The systems are in good working order, are well maintained and tested regularly. The remaining capital budget for 2017/2018 of £25,000 and £75,000 allocated for 2018/2019 will be removed and the programmes reduced accordingly. The costs will however be included in an appropriate financial year, currently estimated to be 2022/2023, when they are expected to be replaced.

2.6 *Community Safety (-£50,000)*

A stock check of smoke detectors has revealed that the current stock will be sufficient until January, at which time purchases will be made from the new contract at reduced unit costs. This will see a significant cost saving for the same number of units purchased and will save £50,000 in 2017/2018.

2.7 *ICT (-£15,000)*

As the MFD licences are a continuing requirement to those already in existence and simply a renewal, the cost will be met from revenue budgets and not capitalised. This will generate a further capital saving of £15,000.

2.8 *Carbon Management Plan (-£15,000)*

Delays to the project to fit PV Cells at Tynemouth Fire Station mean that the project is no longer cost effective and the project has been cancelled, generating a saving of £15,000.

Additional Projects (+£50,000)

2.9 Following a condition survey of the existing lay flat hose, it is considered necessary to instigate a replacement programme of £20,000 pa over the next three years. The provision for 2018/2019 and 2019/2020 is already in the Capital Programme in the Operational Equipment Replacement Programme, however the additional £20,000 required in 2017/2018 can be accommodated from projected savings in the Operational Equipment revenue budget.

2.10 The Authority is in the process of acquiring a K9 search dog to assist with Urban Search and Rescue (USAR) in accordance with Home Office requirements. A suitable vehicle is required to transport the dog safely in line with national guidance and animal welfare guidelines. The estimated cost of this is £30,000 and can be funded from the New Dimensions Reserve. This will need to be included in the vehicle replacement programme as a continuing fleet requirement in the future.

2.11 The Capital Programme and Vehicle Replacement Programme for 2017/2018 have been amended to include the additional projects of £50,000.

3. VEHICLE REPLACEMENT PROGRAMME

3.1 A number of small fleet vehicles in the programme have been purchased and are currently awaiting delivery. An overall saving on the programme is expected and will be quantified at third review when the deliveries are complete. The leasing arrangement on the water tenders has been bought out with a saving of £23,500. The Programme has been updated accordingly to reflect this.

4. PRUDENTIAL INDICATORS

4.1 The Prudential Indicators for the financial year 2017/2018 were approved by the Authority on 13th February 2017. 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 Third Quarterly Review stage.

5. GOVERNMENT CAPITAL GRANT FUNDING

5.1 Members will be aware that capital grant funding from the government was 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 the 2013/2014 Settlement and has since been subject to a bidding process for the limited available capital funds made available to the Fire Service based primarily on encouraging joint collaborative working or funding transformational projects.

5.2 All previous government capital general fire grant funding received by this Authority will therefore be fully exhausted in 2017/2018.

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 Appendix 1 of 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, the addition of the new projects, and approve the revised Capital Programme for 2017/2018, as set out at Appendix A.

