

REPORT OF CHIEF FIRE OFFICER

CAPITAL MONITORING REPORT – PERIOD 5 ENDED 31 AUGUST 2006

1. PURPOSE OF REPORT

To report to the Finance & Resources Committee on Capital Programme progress in the year 2006/07 to the end of August 2006. This report analyses significant variances against the original programme.

2. BACKGROUND

Budget monitoring is a key aspect of financial management for the Authority. Regular reporting of spending against both the revenue and capital budgets to the Strategic Management Team and to Members is a check that spending is within available resources and, if necessary, allows for financial resources to be re-assigned to meet changing priorities. The capital monitoring statement is shown as Appendix A to this report. Revenue budget monitoring is the subject of a report elsewhere on this agenda.

3. REPORT

3.1 SUMMARY

The capital budget monitoring statement is showing an underspend to date of -£5,791k.

3.2 SIGNIFICANT VARIANCES

3.2.1 Transport is underspent by -£1,925k to date. The specifications of eight new appliances have been confirmed, and orders have been placed. The appliances will be built in stages and will be completed early in 2007/08. They will all be capable of responding to both fires and to Road Traffic Collisions (RTCs) and will carry hydraulic rescue and other RTC equipment to fulfil the dual role. It is now known that the appliances and related equipment will cost more than the £952k budget and this will be reported to the Combined Fire Authority as a variation to the Capital programme at a later date. The overall transport capital budget is expected to be spent in full at this stage.

3.2.2 The Authority's Integrated Risk Management (IRMP) identified an opportunity to carry out a Best Value Review of the provision of rescue services throughout the City and County area. The review concluded that the provision of Rescue Tenders did not make best use of resources nor did it provide a comprehensive service to the public. It was recommended that every pumping appliance should carry hydraulic rescue equipment in order that every first response vehicle should have the necessary tools to effect rescue without having to wait for the attendance of a Rescue Tender. This was reported to the Combined Fire Authority 13th September 2006 as a variation to the Capital Programme of £600k. The implementation of this project is due to commence October 2006.

3.2.3 Property is currently underspent by -£2,561k, primarily due to the fact that the building of the new fire station at Hassocks Lane has not yet started. The approval by the Planning Committee for Broxtowe Borough Council has been granted and this decision will allow the construction of a state-of-the-art Fire station.

The approximate build schedule is as follows:-

Jun-Sep 2006	Prepare production information, drawing, specifications and tender package
Oct 2006	Invite tenders.
Nov 2006	Receive and evaluate tenders.
Dec 2006	Contractor mobilisation.
Jan 2007	Commence construction on site.
Dec 2007	Complete construction and move in.

The overall property budget is expected to be spent in full at this stage.

3.2.4 Information Technology is currently underspending by -£1,305k to date. The estimated outturn in total for IT and Communications projects is £997, an outturn underspend of -£541. This underspend will be treated as slippage into 2007/08.

3.3 CAPITAL FINANCING

Option appraisals will be carried out as and when required, in conjunction with Sector, our treasury management advisers, to determine whether or not leasing is the most appropriate way of funding transport and IT assets. For the premises capital programme, an assessment has been made of outgoing cash flows and we will be working with Sector to determine the optimum time in the year to borrow.

4. FINANCIAL IMPLICATIONS

The financial implications are set out within the body of the report.

5. PERSONNEL IMPLICATIONS

There are no personnel implications arising from this report.

6. EQUALITY IMPACT ASSESSMENT

There is no impact on equality issues arising from this report.

7. RISK MANAGEMENT IMPLICATIONS

Budget monitoring and the regular receipt of financial reports is key to managing one of the most significant risks to the organisation, that of financial risk. The process of budget monitoring is a key risk management control measure as are the management actions which are stimulated by such reporting. Finance division staff work collaboratively with budget holders in monitoring capital budgets and financial performance.

8. RECOMMENDATIONS

That Members note the contents of this report.

9. BACKGROUND PAPERS FOR INSPECTION

None.

Paul Woods
CHIEF FIRE OFFICER

CONTACT OFFICER

Name :	Neil Timms Head of Finance & Resources
Tel. No :	0115 967 0880
E-mail :	neil.timms@notts-fire.gov.uk

Capital Budget Monitoring as at August 2006

	<u>Budget</u> <u>2006/07</u>	<u>Actual</u>	<u>-Under/</u> <u>Over</u>	<u>Estimated</u> <u>Outturn</u>	<u>Outturn</u> <u>Variance</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
Transport					
Pumping Appliances	952	0	-952	1,272	320
Specialist Appliances:					
Environmental Protection Unit	160	0	-160	0	-160
Command Support Unit	160	0	-160	160	0
Foam Unit	160	0	-160	160	0
Rescue Tenders	160	0	-160	0	-160
Community Safety Outreach	100	0	-100	100	0
Fuel Tanks	168	0	-168	168	0
Small vehicles	225	160	-65	225	0
					0
	2,085	160	-1,925	2,085	0
Property					0
Harworth	150	209	59	150	0
Acquisitions:					
Alterations to Headquarters	500		-500	500	0
Community Safety Premises	600		-600	600	0
Beeston/Dunkirk	1,300	1	-1,299	1,300	0
Fuel Tank Renewal	20		-20	20	0
SDC Garage	80		-80	80	0
Minor Schemes	400	304	-96	400	0
Retentions	25		-25	25	0
	3,075	514	-2,561	3,075	0
I.T & Communications					
Infrastructure Refreshment	142	42	-100	0	-142
HR System	300		-300	0	-300
IT Security and Business Continuity	350	11	-339	175	-175
Information Systems Developments	40	0	-40	40	0
Wifi Networking	40		-40	10	-30
EISEC Caller Line Identification	16		-16	16	0
Mobile Computing	250		-250	100	-150
Business Expansion	100		-100	100	0
Replacement Equipment	100	31	-69	178	78
MOBs Upgrade	135		-135	135	0
Vector Command Simulation	65	65	0	65	0
IT Modernisation - slippage from 05/06	0	84	84	178	178
	1,538	233	-1,305	997	-541
Total	6,698	907	-5,791	6,157	-541

Capital Financing

As the Authority is now subject to the Prudential Code, rather than the highly centralised issue of credit approvals, the flexibility exists for a number of capital financing options to be explored. The revenue implications of the capital programme at this stage are based on the most likely capital financing methods rather than those which will actually be employed.

Throughout the period covered by the capital programme, it will be necessary to carry out detailed options analyses before deciding on the precise manner of financing, be that operating leasing, finance leasing, revenue financing or borrowing

28-Sep-06