

meeting	NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE & RESCUE AUTHORITY FINANCE AND RESOURCES COMMITTEE	
date	12 JANUARY 2007	agenda item number

REPORT OF THE CHIEF FIRE OFFICER

CAPITAL MONITORING REPORT – PERIOD 8 ENDED 30 NOVEMBER 2006

1. PURPOSE OF REPORT

To report to the Finance and Resources Committee on Capital Programme progress in the year 2006/07 to the end of November 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 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.

3. REPORT

3.1 Summary

The capital budget monitoring statement is showing an underspend of -£6,213k to date.

3.2 Significant Variances

3.2.1 Transport is underspent by -£2,341 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 virements from the budgets for special appliances have taken place to allow for this. There was slippage of £446k from 2005/06, for which there is cover in the revenue budget and this will be spent in the year. The overall transport capital budget is expected to be underspent by -£1,110k and this slippage will be carried forward into 2007/08. The former Deputy Chief Fire Officer's car has been sold to Northamptonshire Fire and Rescue Service and the sale proceeds are reflected in the monitoring statement.

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 affect rescue without having to wait for the attendance of a Rescue Tender. This was reported to the Fire & Rescue Authority 13 September 2006 as a variation to the Capital Programme of £600k and orders for equipment have been placed.

3.2.3 Property is currently underspent by -£1,994k, 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 estimated outturn shows a surplus of -£60k resulting from the expected capital receipt of 10% of the sale proceeds relating to Dunkirk Fire Station. There will be slippage on other projects too, for example the Fuel Tank Renewal, SDC Garage project and the extension to Headquarters. These are now reflected in the proposed Capital Programme for 2007/08. The estimated overspend of £29k for minor works is due to the refurbishment of stations following shift change. An earmarked reserve arising from 2006/07 will cover this overspend.

3.2.4 Information Technology is currently underspending by -£1,293k to date. The estimated outturn in total for IT and Communications projects is £998, an outturn underspend of -£715k. This underspend will be treated as slippage and the projects concerned are now reflected in the proposed Capital Programme for 2007/08. Work is currently being carried out with the IT Project Officer to check the expenditure against the Replacement Equipment budget. It is likely that some charges will be reallocated to other capital projects.

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. The Authority borrowed £2m from the Public Works Loan Board in November, to fund part of the capital programme.

4. 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 department staff work collaboratively with budget holders in monitoring capital budgets and financial performance.

5. FINANCIAL IMPLICATIONS

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

6. PERSONNEL IMPLICATIONS

There are no personnel implications arising from this report.

7. EQUALITY IMPACT ASSESSMENT

There are no equality issues arising from this report.

8. RECOMMENDATION

That the Committee note the contents of the report.

9. BACKGROUND PAPERS FOR INSPECTION

None.

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CHIEF FIRE OFFICER

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Capital Budget Monitoring as at November 2006

	<u>Budget</u> <u>2006/07</u> <u>£000's</u>	<u>Slippage</u> <u>2005-06</u> <u>virements</u> <u>2006-07</u>	<u>Revised</u> <u>Budget</u> <u>2006-07</u>	<u>Actual</u> <u>£000's</u>	<u>-Under/</u> <u>Over</u> <u>£000's</u>	<u>Estimated</u> <u>Outturn</u> <u>£000's</u>	<u>Outturn</u> <u>Variance</u> <u>£000's</u>
Transport							
Pumping Appliances	952	648	1,600	50	-1,550	1,100	-500
Specialist Appliances:							0
Environmental Protection							
Unit	160	-160	0	0	0	0	0
Command Support Unit	160	0	160	0	-160	0	-160
Foam Unit	160	-160	0	0	0	0	0
Rescue Tenders	160	-160	0	0	0	0	0
Community Safety Outreach	100	0	100	0	-100	0	-100
Fuel Tanks	168	0	168	0	-168	0	-168
Small vehicles	225	278	503	159	-344	340	-163
Saab 9-3 vector sport wagon	0		0	-19	-19	-19	-19
	2,085	446	2,531	190	-2,341	1,421	-1,110
Property							
Harworth	150	0	150	209	59	209	59
Acquisitions:							0
Alterations to Headquarters	500	0	500	27	-473	187	-313
Community Safety Premises	600	0	600	564	-36	625	25
Beeston/Dunkirk	1,300	0	1,300	12	-1,288	-60	-1,360
Fuel Tank Renewal	20	0	20	0	-20	0	-20
SDC Garage	80	0	80	0	-80	0	-80
Minor Schemes	400	130	530	398	-132	559	29
Retentions	25	0	25	1	-24	0	-25
	3,075	130	3,205	1,211	-1,994	1,520	-1,685
Equipment							
Specialist Rescue Equipment	600	0	600	15	-585	600	0
	600	0	600	15	-585	600	0

	<u>Budget</u> <u>2006/07</u> <u>£000's</u>	<u>Slippage</u> <u>2005-06</u> <u>virements</u> <u>2006-07</u>	<u>Revised</u> <u>Budget</u> <u>2006-07</u>	<u>Actual</u> <u>£000's</u>	<u>-Under/</u> <u>Over</u> <u>£000's</u>	<u>Estimated</u> <u>Outturn</u> <u>£000's</u>	<u>Ourturn</u> <u>Variance</u> <u>£000's</u>
I.T & Communications							
Infrastructures Refreshment	142	0	142	0	-142	0	-142
HR System	300	0	300	0	-300	0	-300
IT Security and Business Continuity	350	0	350	3	-347	175	-175
Information Systems Developments	40	0	40	0	-40	40	0
Wifi Networking	40	0	40	0	-40	10	-30
EISEC Caller Line Identification	16	0	16	0	-16	16	0
Mobile Computing	250	0	250	0	-250	100	-150
Business Expansion	100	0	100	0	-100	100	0
Replacement Equipment	100	0	100	173	73	178	78
MOBs Upgrade	135	0	135	0	-135	135	0
Vector Command Simulation	65	0	65	65	0	65	0
IT Modernisation - slippage from 05/06	0	175	175	179	4	179	4
	1,538	175	1,713	420	-1,293	998	-715
Total	7,298	751	8,049	1,836	-6,213	4,539	-3,510

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

20-Dec-06