

## report

meeting	<b>NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY</b>	
	<b>FINANCE AND RESOURCES COMMITTEE</b>	
date	<b>12 October 2007</b>	agenda item number

### REPORT OF THE CHIEF FIRE OFFICER

#### CAPITAL MONITORING REPORT – PERIOD 05 ENDED 31 AUGUST 2007

#### 1. PURPOSE OF REPORT

To report to Members on Capital Programme progress in the year 2007/08 to the end of August 2007. 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.

#### 3. REPORT

##### 3.1 SUMMARY

3.1.1 The capital budget monitoring statement is showing a projected underspend against the budget for the year of -£3,845k. The budget for the year includes the 2006/07 slippage of -£1,344k, which was approved for carry forward at the Combined Fire Authority Meeting on 29 June 2007. The revenue implications of the projected underspend have been included in the revenue budget monitoring report for August.

##### 3.2 SIGNIFICANT VARIANCES

3.2.1 Transport is underspent by -£2,025k. In 2006/07 there was a delay in receiving the new Scania fire appliances attributable to the move to Euro 4 engines producing low emissions. Slippage from 2006/07 has been brought forward and payments for these vehicles are now showing. The LGV Training vehicle has been ordered and the estimated delivery date is August 2008, so the budget will need to be slipped to 2008/09. With regard to the 2007/08 programme for replacing rescue pumping appliances, there is now a requirement to carry out a "mini-tender" exercise to procure within the FireBuy framework agreement. This results in a longer lead time for the purchase of appliances and, coupled with the global shortage of commercial chassis, will mean significant slippage into 2008/09. Orders have been placed for small vehicles and, although delivery dates are not confirmed, it is expected that delivery will be within this financial year and expenditure will match the budget. The overall projected underspend for transport is -£1,785k.

- 3.2.2 Specialist equipment is currently underspent by -£157k, of which -£137k relates to slippage from 2006/07. The estimated outturn on this budget is not expected, at this stage, to be underspent. Every appliance is being fitted with hydraulic rescue equipment and some with ultra heavy rescue equipment. Additional equipment required for water rescue will also be purchased.
- 3.2.3 Property is currently underspent by -£4,560k, with a projected outturn underspend of -£1,308k primarily due to the fact that the building of the new fire station at Hassocks Lane is not due to start until later in the year.
- 3.2.4 Members received a briefing paper in January (copy attached as Appendix B) setting out the projected overspend of £568k on the Headquarters extension, which has resulted due to unforeseen problems plus some small changes from the project's original scope. The budget for this work was revised and the project is currently on target. Nevertheless, as expected, this project causes a small acceleration of the capital programme. The Hassocks Lane project is projected to overspend in total and this has been reported to Finance & Resources Committee. There is a further report on this project elsewhere on this agenda. The overspend will actually materialise in future years whilst this year's budget is still expected to underspend by -£1,520k due to the delay in the commencement of building works. The unspent budget will be slipped into 2008/09.
- 3.2.5 Several projects are in the early stages and professional fees have been incurred. Work will be done during the budget process to reprioritise these projects in the light of the overspend on minor works in 2006/07 and the overall projected spends on Headquarters and Hassocks Lane. The projects in question are: Collingham, Worksop, Retford and Carlton and, for now, the projected outturns assume that no further work will be done. This may be revised in a future monitoring report. The fuel tank renewal project is unlikely to be completed in this year.
- 3.2.6 Information Technology is currently under spending by -£1,584k, with -£468k relating to slippage from 2006/07. Key projects are in progress e.g. improvements to the HR system; Incident Recording System and the replacement equipment programme. Some projects are expected to be delayed and to slip wholly or partially into 2008/09 – these include the Security & Business Continuity project, WiFi Networking and Mobile Computing. This has been reflected in the estimated outturns. Further work will be carried out during the budget process to analyse the slippage brought forward from 2006/07 and determine spending requirements. For now, nil expenditure has been assumed against 2006/07 slippage.

### 3.3 CAPITAL FINANCING

- 3.3.1 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

### Financial Risk

- 7.1 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.

Specific risks inherent within this report are:

- Risk of overspending on any given project
- Risk of overspending against the whole capital programme
- Risk of significant underspends.

- 7.2 There are small overspend risks in relation to the purchase of new Fire Appliances in that the quotations from Scania exceed the amounts that had been budgeted. However, this is not a significant issue and has been taken into account by balancing off against some underspends in the light vehicle fleet.
- 7.3 The property programme is where the highest risk of overspends against individual projects will lie. The Hassocks Lane Project, which has yet to commence, is already looking to exceed the original estimates and although this is offset to a large extent by the increased value of the capital receipt there will still need to be some rescheduling of capital expenditure in order to accommodate this. This project is the subject of a separate report on this agenda. The changes being made to the HQ building are also set to overspend against the original budget due to unforeseen problems with groundworks (particularly a large 1.5m void under the existing concrete base) and some required design changes to improve access. Other smaller projects are expected to underspend which will mean that the programme overall will be balanced.
- 7.4 ICT does not present a high risk of overspending as there are no major projects in progress. The concern in this area relates to the capacity of the ICT Function to deliver against this £1.7m programme. It is very early in the process at present but nevertheless concerning that so little has been spent to date. The business plans of the ICT Department reflect the level of project work taking place and are monitored regularly. This should ensure that work is completed as planned.
- 7.5 Again the main risks to the Capital Programme would appear to be ones relating to underspending rather than overspending overall. Close liaison between finance staff and budget holders will seek to monitor, evaluate and report on this position.

### Corporate Risk

- 7.6 The risk of not completing a given Capital Project either on time, or at all, and the impact that may have on the organisation and its corporate objectives.
- 7.7 An examination of the Capital Programme shows that there are a number of projects which are key to the achievement of corporate objectives. That is not to imply that other projects are not important in supporting those objectives.

7.8 These key projects are:

Hassocks Lane new station  
Security Upgrade  
Replacement Pumping Appliances  
Specialist Rescue Equipment  
Replacement IT Equipment  
IT Security and Business Continuity

7.9 The Hassocks Lane project has now been tendered and work is due to start on site shortly and run for a period of 12 months. The commercial aspects of site acquisition and the sale of the land at Dunkirk and Beeston are now completed. Due to delays in the start date of the building works it is possible that the new building may not be available before the long stop date negotiated for the vacant possession of the Dunkirk site is required. This will mean that some contingency planning will need to be carried out to manage the overall risks to the service which may arise.

7.10 Whilst the security upgrade has not yet commenced, it is anticipated that this will be a relatively straightforward task which will progress around all stations throughout the year.

7.11 Progress with the replacement of pumping appliances is gathering pace and certainly orders have been placed relating to 2007/8 and 2008/9 deliveries. This will not prevent manufacturer delays and these are now more likely to occur due to the global shortage of chassis. The alternative would be to seek extensions to existing lease arrangements which are usually granted. The appliances being replaced are usually 12 years old but their design life is 15 years thus providing the service with some resilience should this occur. In order to manage this risk further into 2008/9 early orders have been placed for chassis to attempt to ensure supply.

7.12 New arrangements for Road Traffic Collision response rely to some extent on the purchase of specialist equipment for the Ultra Heavy Rescue appliances. This equipment has been specific and is readily available from suppliers. It can be purchased once the modifications have been made to the vehicles that will carry it. It should be emphasised that there is no degradation of service during this period as the Service is still equipped to a very high level.

7.13 Replacement of IT Equipment carries a low risk as there is little work involved in this beyond the preparation and installation of replacement equipment. There is therefore little or no technical risk as all hardware is for known and tested applications.

7.14 IT Security and Business Continuity represents the highest risk category. Corporately the organisation depends heavily on the use of IT, not just for administrative functions, but also for the deployment and management of front line services. A failure of business continuity or security may jeopardise these services. There are already some processes around both security and business continuity and this project represents the improvement of these. Again this project is within the business plan of the IT Department and is monitored regularly.

## **8. RECOMMENDATIONS**

That Members note the contents of this report.

## **9. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)**

None.

Frank Swann  
**CHIEF FIRE OFFICER**

**CONTACT OFFICER**

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**Capital Budget Monitoring as at 31 August 2007**

**Appendix A**

	<u>Budget</u> <u>2007/08</u>	<u>Slippage</u> <u>2006-07</u> <u>virements</u> <u>2007-08</u>	<u>Revised</u> <u>Budget</u> <u>2007-08</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>
<b>Transport</b>							
Small vehicles	288	0	288	118	-170	288	0
LGV Training Vehicle	70	0	70	0	-70	0	-70
Rescue Pump Replacement Programme	1,183	0	1,183	585	-598	655	-528
Special Appliances	0	0	0	0	0	0	0
Slippage from 2006-2007	0	1,187	1,187	0	-1,187	0	-1,187
	<b>1,541</b>	<b>1,187</b>	<b>2,728</b>	<b>703</b>	<b>-2,025</b>	<b>943</b>	<b>-1,785</b>
<b>Property</b>							
Headquarters Extension	436	0	436	284	-152	1,004	568
Community Safety Premises	10	0	10	2	-8	15	5
Beeston/Dunkirk	3,320	0	3,320	84	-3,236	2,200	-1,120
Beeston/Dunkirk	400	0	400	0	-400	0	-400
SDC Garage	100	0	100	0	-100	0	-100
Collingham Refurb	120	0	120	0	-120	7	-113
Workshop	70	0	70	0	-70	10	-60
Retford	75	0	75	0	-75	2	-73
Carlton	140	0	140	0	-140	2	-138
HQ - Stores	50	0	50	0	-50	66	16
Minor Schemes	400	0	400	165	-235	385	-15
Fuel Tank Renewal	250	0	250	0	-250	13	-237
Retentions	25	0	25	14	-11	51	26
Security upgrade project - all premises	170	0	170	0	-170	20	-150
Signage for Stations	0	0	0	10	10	35	35
Slippage from 2006-2007	0	-448	-448	0	448		448
	<b>5,566</b>	<b>-448</b>	<b>5,118</b>	<b>558</b>	<b>-4,560</b>	<b>3,810</b>	<b>-1,308</b>
<b>Equipment</b>							
Specialist Rescue Equipment	80	0	80	60	-20	80	0
Slippage From 2006-2007	0	137	137	0	-137	137	0
	<b>80</b>	<b>137</b>	<b>217</b>	<b>60</b>	<b>-157</b>	<b>217</b>	<b>0</b>
<b>I.T &amp; Communications</b>							
HR System	100	0	100	19	-81	100	0
IT Security and Business Continuity	205	0	205	0	-205	100	-105
Information Systems Developments	20	0	20	0	-20	0	-20
Wifi Networking	30	0	30	0	-30	0	-30
EISEC Caller Line Identification	0	0	0	0		0	0
Mobile Computing	200	0	200	0	-200	150	-50
Business Expansion	100	0	100	13	-87	50	-50
Replacement Equipment	200	0	200	76	-124	200	0
Incident Recording System	40	0	40	0	-40	40	0
WAN Upgrade	50	0	50	0	-50	50	0
Workflow Business Process Automation	150	0	150	0	-150	75	-75
Upgrade Station Telephones	10	0	10	0	-10	10	0
Replace UPS batteries	10	0	10	6	-4	6	-4
New FEM database	15	0	15	0	-15	0	-15
Firelink Add ons	100	0	100	0	-100	0	-100
Slippage From 2006-2007	0	468	468	0	-468	0	-468
	<b>1,230</b>	<b>468</b>	<b>1,698</b>	<b>114</b>	<b>-1,584</b>	<b>781</b>	<b>-917</b>
<b>Total</b>	<b>8,417</b>	<b>1,344</b>	<b>9,761</b>	<b>1,435</b>	<b>-8,326</b>	<b>5,916</b>	<b>-3,845</b>

## Briefing for Members

### Extension and Refurbishment to Canteen, Reception and Conference Suite

#### Disability Discrimination Act Report.

“The buildings have a number of shortfalls that require addressing in order to avoid conflict under the Disability Discrimination Act

Given the general level of accessibility through the ground floor of this building, but the inaccessibility of the principal reception area on the lower ground floor, which is the only facility provided on the lower ground floor, we recommend a development of an enhanced entrance as the principal entrance for all visitors. This requires the provision in this area of a new reception area, housed within a new build entrance, and served by a compliant ramp, all outfitted to current regulations. As some substantial expenditure is required to bring the existing entrance to required standards, it is reasonable to make this change in entrance designation while the upgrade works referred to below (Works proposals) are being considered.

Approach to site and access routes around the site should be improved. The provision of disabled parking spaces should be made.”



#### DDA – Summary

“The entrances to the buildings should be upgraded to allow easier and safer access by persons with a wide range of disabilities.”

#### The Work Proposal

A new feature reception facility is planned, constructed on the same level as the extended canteen, WCs and administration block and within easy reach of the car parks which will enable easier access for visitors.

Ramps have been incorporated within the external works to provide wheelchair access to reception from the existing visitors car park. In addition, ramps are included between the new reception and the proposed disabled spaces opposite.

The canteen extension and event entrance have been designed to provide a central feature building with a visual reference to the location of reception for anyone visiting the facility. The extensive glazing to the front elevation will also allow visitors and diners to take advantage of the views over the sports field.

The extended canteen has been designed to incorporate internal folding partitions to provide a flexible space capable of providing three individual large meeting rooms. Full audio and visual equipment will be installed in a climate controlled environment that can be controlled for individual areas

The plans for the existing reception area space have been developed and will provide the area split into to uses. Half of the space will be refurbished to provide a new conference room; the remaining half will be refurbished into offices that can be used by the Members

The existing conference space will be developed to provide two offices.

### **The benefits expected**

The proposed design will allow for flexible space and accommodation to be created which will enable key personnel to be co-located. This will eradicate the need for further travel and save cost on the rental of alternative office space and training facilities

### **Original Estimate of funding required**

Feasibility Cost - February 2006 - £ 623,000.00

Budget cost - December 2006 - £940,000

The main additions are due to changes in the foundation specification, removal and replacement of the existing canteen roof including asbestos soffit, addition of resurfacing works, additional drainage installation and repairs, enhanced electrical installations, enhanced reception desk, allowance for solar shading and inflation.

All items have been deemed necessary as a result of detailed surveys, investigations and discussions to ensure risks of cost escalation is minimised. A full breakdown of all the cost increases has been provided by the Architect and is attached.

### **Timescale for completion**

Commence February 2007, complete October 2007

The new and modernised facilities will provide an excellent entrance and meeting facility for Nottinghamshire Fire and rescue Service. Existing buildings will be brought back to a decent state of repair and compliance with current legislation concerning DDA will be assured.

The modernised training and conferencing facilities will ensure a comfortable and conducive environment to support organisational activities, and also save costs that would otherwise be incurred by using external facilities.

### **Recommendations**

1. That Members approve the additional costs of this project taking into account the reasons for those increases set out in the Architects schedule.

**Neil Timms Head of Finance and Resources**