



**NOTTINGHAMSHIRE**  
**Fire & Rescue Service**  
*Creating Safer Communities*

Nottinghamshire and City of Nottingham  
Fire and Rescue Authority  
Finance and Resources Committee

# **CAPITAL BUDGET MONITORING REPORT TO AUGUST 2008**

Report of the Chief Fire Officer

**Date:** 24 October 2008

**Purpose of Report:**

To report to the Members on capital programme progress in the year 2008/09 to the end of August 2008. This report analyses significant variances against the original programme.

## **CONTACT OFFICER**

**Name :** Neil Timms  
Head of Finance and Resources

**Tel :** 0115 967 0880

**Email :** [neil.timms@notts-fire.gov.uk](mailto:neil.timms@notts-fire.gov.uk)

**Media Enquiries  
Contact :** Elisabeth Reeson  
(0115) 967 5889 [elisabeth.reeson@notts-fire.gov.uk](mailto:elisabeth.reeson@notts-fire.gov.uk)

## **1. BACKGROUND**

Budget monitoring is a key aspect of financial management for the Fire and Rescue Authority. Regular reporting of spending against both the revenue and capital budgets 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.

## **2. REPORT**

### **SUMMARY**

2.1 The capital budget monitoring statement is showing a projected underspend against the budget for the year of -£325k. The budget for the year includes the 2007/08 slippage of -£1,302k. The budget monitoring report is showing several significant outturn variances. Paragraph 2.10 summarises variations required to the 2008/09 capital programme, with the reasons for the variations explained in Paragraph 2.5. These variations do not result in a net increase or decrease in the current year's total capital programme.

### **SIGNIFICANT VARIANCES**

2.1.1 The rescue pump replacement programme of £2,835k is for the purchase of 11 appliances. The chassis are pre-ordered and the body build element has been awarded to a contractor. Four of the chassis were delivered in early September 2008 and the remaining seven are expected to be delivered at the end of September 2008. The first seven appliances are expected to be completed by the end of March 2009 and a further four by the end of May 2009, although there may be some slippage as the final delivery of completed appliances will be around the time of the end of the financial year. A specification will be drawn up for the purchase of the water carrier in early 2009 and this is envisaged to be the only forecast slippage in this financial year. The incident command vehicle chassis has been delivered, and the conversion is expected to be complete by November 2008. The LGV training vehicle has been ordered, and the estimated delivery date is the end of September 2008, with the conversion expected to be complete by February 2009. Orders have now been placed for a number of 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 outreach vehicle specification is being finalised and the quotations are expected at the end of October 2008. It is expected to be delivered in the current financial year. The overall estimated outturn for transport is £3,354k. Orders have now been placed for the purchase of four rescue pumps due in 2009/10, and the chassis delivery is expected in April 2009.

2.3 The specialist equipment budget has not yet started spending. It will mainly be used to replace worn out equipment as part of a rolling replacement programme. An order for £15k has been placed in September 2008 to replace the three existing boats and other equipment on the rescue tenders – the estimated delivery date is the end of November 2008.

- 2.4 The property budget for the year is currently showing an underspend of £902k. However, this is against the total annual budget. There is a projected outturn underspend of -£10k.
- 2.5 Several projects are in the early stages and professional fees have been incurred. The Procurement and Estates Department has been reviewing the Service's property and reprioritising projects as necessary. This review has highlighted some unforeseen works to be undertaken, which were not anticipated when the initial budget was set. These works are the conversion of Bingham Barn, Newark Fire Station shower refurbishment, Stockhill Fire Station roof and the refurbishment of the toilet facilities at Headquarters. These variations are set out in Paragraph 2.10.
- 2.6 The refurbishments of Southwell and Ashfield Fire Stations will not start until 2009/10, although some initial security work has been carried out in 2007/08 at Ashfield Fire Station. In addition, the project to refurbish the smoke house at SDC was completed in 2007/08 at a reduced cost and the budget included in the 2008/09 programme is not required at this stage. The budget for essential repairs pending strategic rebuilds is also likely to underspend as the rebuilds programme for Carlton (model station design) is now in the feasibility stage; the estimated outturn in this year for the model station design project includes professional fees.
- 2.7 Offsetting these underspends is some projected expenditure above the level originally budgeted for at Stapleford and Warsop fire stations. This has arisen because budgets are set before survey work is carried out and the extent of work required can sometimes be greater than anticipated. Worksop fire station is now projected to spend above the level of the original budget due to additional work required to be carried out on the removal of the dormitories.
- 2.8 The new Highfields fire station is moving into the final phase, and the building should be complete by the end of December 2008, ready to be occupied by the end of January 2009. The net budget for the project is £2.4m, which is a £7.8m cost less £5.4m capital receipts. This budget is spread over three financial years, with a budget of £118k in 2009/10 to cover the final payments.
- 2.9 The Information and Communications Technology (ICT) budget is currently under spending by -£759k against the annual budget. Key projects are in progress – eg: improvements to the human resources (HR) system, the incident recording system and the replacement equipment programme. Some projects were delayed in 2007/08 and have been slipped wholly or partially into 2008/09 – these include the HR system, business continuity and disaster recovery project, mobile computing, incident recording system, WAN upgrade and business process automation. The business continuity and disaster recovery project has now commenced and orders will be placed for the server, hardware and additional equipment by the end of October 2008. A consultant will be contracted to implement the project. This estimated outturn is £100k, with £47k being slipped into 2009/10. The mobile computing project is in progress, and orders will be placed by the end of December 2008; no slippage is anticipated at this stage. The business process automation project will not commence until January 2009, with initial expenditure of £30k for the software and consultancy and £98k to be slipped into 2009/10. The Firelink

project is now in progress and Airwave is currently carrying out acceptance testing on the cross band radios. Orders will be placed after further testing within the Service. The installation is anticipated to commence before the end of the financial year. At this stage no slippage has been assumed and this position will be updated as the year progresses. The incident recording system is due to be installed by the end of September 2008, and acceptance testing is expected to be completed by the end of October 2008. The WAN upgrade project is now in progress with six remaining wholetime and 13 retained stations still to be completed. A projected outturn overspend of £85k is anticipated at this stage.

## VARIATIONS TO THE CAPITAL PROGRAMME

2.10 Several projects within the property capital programme are going to underspend this year and there are some new projects, which need to be either started or completed in this year. The model station design project is brought forward from 2009/10, and the four new projects: Headquarters toilets; Newark fire station; Bingham Barn and Stockhill fire station will be funded from underspends in other areas of the property programme. Overall, there is no impact on the bottom line of this year's capital programme. Any impact on future years will be taken account of and tested for affordability during the 2009/10 budget process. The following table summarises the variations to the capital programme 2008/09, which Members are asked to approve.

<u>Capital Programme Project</u>	<u>Budget Including Slippage 2008/09</u>	<u>Variation to Budget</u>	<u>Revised Budget 2008/09</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
<b>Amendments to Existing Projects</b>			
SDC Smoke House	75	-75	0
Southwell Fire Station	200	-200	0
Stapleford Fire Station	200	64	264
Ashfield Fire Station	175	-150	25
West Bridgford Stores	33	2	35
Clifton Phase 2	75	-20	55
Warsop Fire Station	133	67	200
Mansfield Reception	42	-42	0
Essential Repairs	207	-115	92
Professional Fees	150	-80	70
Model Station Design	30	102	132
Worksop Fire Station	70	95	165
<b>New Projects</b>			
Newark Fire Station	0	66	66
Bingham Barn & Gym	0	165	165
Stockhill Fire Station	0	35	35
Headquarters Toilets	0	86	86
<b>Total</b>	<b>1,390</b>	<b>0</b>	<b>1,390</b>

## **CAPITAL FINANCING**

2.11 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 the Service is working with Sector to determine the optimum time in the year to borrow.

### **3. FINANCIAL IMPLICATIONS**

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

### **4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS**

There are no human resources or learning and development implications arising directly from this report.

### **5. EQUALITY IMPACT ASSESSMENT**

The initial equality impact assessment is attached at Appendix B.

### **6. CRIME AND DISORDER IMPLICATIONS**

There are no crime and disorder implications arising from this report.

### **7. LEGAL IMPLICATIONS**

There are no legal implications arising from this report.

### **8. RISK MANAGEMENT IMPLICATIONS**

## **FINANCIAL RISK**

8.1 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.

- 8.2 The property programme is where the highest risk of overspends against individual projects will lie. The increased costs of the Highfields station project have been managed and reported to Members. Other smaller capital projects are expected to underspend, which will mean that the programme overall will be balanced, over the three year programme period.
- 8.3 The ICT budget 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 the £830k programme. The business plans of the ICT Department reflect the level of project work taking place and are monitored regularly. If it becomes clear that projects will have to be delayed due to capacity problems, this will be reported and managed.
- 8.4 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**

- 8.5 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.
- 8.6 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.
- 8.7 These key projects are:
- Highfields new fire station;
  - Security upgrade;
  - Fuel tank renewal;
  - Replacement pumping appliances;
  - Replacement IT equipment;
  - IT security and business continuity.
- 8.8 Building work on the Highfields fire station project is now nine months into the 12 months timescale. The commercial aspects of site acquisition and the sale of the land at Dunkirk and Beeston are now completed. The completion date has slipped by 14 days, which means that the Service may not occupy the building until early January 2009. The project risk register was updated in June 2008 and controls are in place to help manage the risks.
- 8.9 The security upgrade has commenced and is complete at Headquarters. Rollout to all stations began in July 2008.
- 8.10 The project to renew fuel tanks across the Service started in April 2008. A survey of sites has been undertaken and a specification has been drawn up.
- 8.11 Progress with the replacement of pumping appliances is gathering pace and orders have been placed relating to 2008/09 deliveries. To ensure chassis delivery in the scheduled replacement year, orders have been / will be placed

in 2008/09 and 2009/10 – ie: a year in advance for the 2009/10 and 2010/11 appliances.

- 8.12 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.
- 8.13 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.

## **9. RECOMMENDATIONS**

That Members note the contents of the report and approve the variations to the capital budget for 2008/09, as set out in Paragraph 2.10.

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

None.

Frank Swann  
**CHIEF FIRE OFFICER**

## Appendix A

### Capital Budget Monitoring as at August 2008

	<u>2008/09</u> <u>Approved</u> <u>Budget</u> £000's	<u>2007/08</u> <u>Slippage</u> £000's	<u>Revised</u> <u>Budget</u> <u>2008/09</u> £000's	<u>Actual</u> £000's	<u>-Under /Over</u> £000's	<u>Estimated</u> <u>Outturn</u> £000's	<u>Outturn</u> <u>Variance</u> £000's
<b>TRANSPORT</b>							
Rescue Pump replacement programme	2,835		2,835	26	-2,809	2,595	-240
Special Appliances	240		240	43	-197	240	0
Community Safety Outreach Vehicle	100		100	0	-100	100	0
Small vehicle replacement programme	292		292	102	-190	292	0
Conversion of 2 second hand vehicles	37		37	0	-37	37	0
LGV Training Vehicle	90		90	0	-90	90	0
	<b>3,594</b>		<b>3,594</b>	<b>171</b>	<b>-3,423</b>	<b>3,354</b>	<b>-240</b>
<b>PROPERTY</b>							
Fuel tank renewal	250		250	49	-201	250	0
Security Upgrade	150		150	5	-145	150	0
Highfields - Land and Building Works	6,105	689	6,794	2,118	-4,676	6,794	0
Highfields - Capital receipts	-5,400		-5,400	0	5,400	-5,400	0
Head Quarters	0		0	49	49	86	86
<i>Station Improvements</i>							
SDC Smoke House	75		75	0	-75	0	-75
Southwell Fire station	200		200	3	-197	0	-200
Stapleford Fire Station	200		200	48	-152	264	64
Ashfield Fire Station	175		175	25	-150	25	-150
W Bridgford stores	33		33	2	-31	35	2
Clifton phase 2	75		75	7	-68	55	-20
Warsop Fire Station	133		133	14	-119	200	67
Battery Chargers 110 volt	15		15	0	-15	5	-10
Mansfield Reception	42		42	0	-42	0	-42
Essential repairs	60	147	207	0	-207	92	-115
Professional Fees	150		150	15	-135	70	-80
Building Improvements	75		75	0	-75	75	0
Model Station Design	30		30	31	1	132	102
Workshop	0	70	70	15	-55	165	95
Retentions	0	11	11	2	-9	11	0
Newark Fire station	0		0	0	0	66	66
Bingham Barn and Gym	0		0	0	0	165	165
Stockhill Fire station	0		0	0	0	35	35
	<b>2,368</b>	<b>917</b>	<b>3,285</b>	<b>2,383</b>	<b>-902</b>	<b>3,275</b>	<b>-10</b>
<b>SPECIALIST EQUIPMENT</b>							
Specialist rescue equipment	30		30	0	-30	30	0
	<b>30</b>		<b>30</b>	<b>0</b>	<b>-30</b>	<b>30</b>	<b>0</b>
<b>IT. &amp; COMMUNICATIONS</b>							
Business Continuity & Disaster Recovery	105	42	147	0	-147	100	-47
Mobile Computing	50	147	197	0	-197	197	0
Business Process Automation	75	53	128	0	-128	30	-98
FireLink Add Ons	100		100	0	-100	100	0
Business Expansion	40		40	2	-38	40	0
Replacement Equipment	60		60	12	-48	60	0
Business Process Automation	15		15	0	-15	0	-15
HR System	0	58	58	0	-58	58	0
Incident Recording System	0	40	40	0	-40	40	0
Wan Upgrade	0	45	45	57	12	130	85
	<b>445</b>	<b>385</b>	<b>830</b>	<b>71</b>	<b>-759</b>	<b>755</b>	<b>-75</b>
<b>GRAND TOTAL</b>							
	<b>6,437</b>	<b>1,302</b>	<b>7,739</b>	<b>2,625</b>	<b>-5,114</b>	<b>7,414</b>	<b>-325</b>



## INITIAL EQUALITY IMPACT ASSESSMENT

<i>Section</i> Finance	<i>Manager</i> Sue Cornish	Date of Assessment 25 September 2008	New or Existing Existing
Name of Report to be assessed		Capital Budget Monitoring Report – Period 5 August 2008	
1. Briefly describe the aims, objectives and purpose of the report.		This report analyses significant variances against the original capital programme.	
2. Who is intended to benefit from this report and what are the outcomes?		Members will be informed of the financial position on capital budgets.	
3. Who are the main stakeholders in relation to the report?		Members of Finance and Resources Committee	
4. Who implements and who is responsible for the report?		Tracey Stevenson Senior Accountant	

5. Please identify the differential impact in the terms of the six strands below. Please tick yes if you have identified any differential impacts. Please state evidence of negative or positive impacts below.

<i>STRAND</i>	Y	N	<i>NEGATIVE IMPACT</i>	<i>POSITIVE IMPACT</i>
Race		N		
Gender		N		
Disability		N		
Religion or Belief		N		
Sexuality		N		
Age		N		

6. Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group?	Y	N	7. Should the policy/service proceed to a full impact assessment?	Y	N
		N			N

**I am satisfied that this policy has been successfully impact assessed. I understand the impact assessment of this policy is a statutory obligation and that, as owners of this policy, we take responsibility for the completion and quality of this process.**

Signed (completing person).....Tracey Stevenson.....

Date ...25/9/2008