



**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 NOVEMBER 2008**

Report of the Chief Fire Officer

**Date:** 09 January 2009

**Purpose of Report:**

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

## **CONTACT OFFICER**

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## **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 the Strategic Management Team 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 -£772k. The budget for the year includes the 2007/08 slippage of -£1,302k. The budget monitoring report is showing several significant outturn variances. The capital variations were approved by the Finance and Resources Committee on 24 October 2008 and the revised budgets are reflected in the report.

### **SIGNIFICANT VARIANCES**

- 2.2 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. All of the chassis were delivered in September 2008. The body work of one of the appliances has just commenced. 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 February 2009. The LGV training vehicle has been delivered and is now in build, 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 December 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 – two of the boats have now been delivered. The remaining boat was delivered in early December 2008.

- 2.4 The property budget for the year is currently showing an overspend of £879k; however this is against the total annual budget, within this is the capital receipt for the sale of Dunkirk and Carlton. The completion date of the sale of Dunkirk is 24 January 2009 (£4.2m). The capital receipt for Beeston will be netted off against what the Authority owe Broxtowe for the land, this will result in a net payment of £800k .There is a projected outturn underspend of -£220k.
- 2.5 The Procurement and Estates Department have reviewed the Service's property and reprioritising projects as necessary and the variations to the capital programme were reported to Members on 24 October 2008. This review has highlighted some unforeseen works to be undertaken, which were not anticipated when the initial budget was set. Warsop Fire Station is now projected to spend above the level of the revised budget, due to additional work required to be carried out on the appliance bay and the training tower.
- 2.6 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.
- 2.7 The information and communications technology budget is currently under spending by -£667k against the annual budget. Key projects are in progress – eg: improvements to the human resources 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 human resources 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 have been placed for the server, hardware and additional equipment. A consultant will be contracted to implement the project. The mobile computing project is in progress, and orders will be placed by the end of December 2008. The estimated outturn is £70k, with £127k being slipped into 2009/10. 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, however the project has slipped beyond 2009. The Airwave is currently carrying out acceptance testing on the cross band radios and is anticipated to be complete by the end of February 2009. Orders will be placed after further testing within the Service. The estimated outturn is £10k, with £90k being slipped into 2009/10. The incident recording system has been installed, and acceptance testing is in the final stage and is expected to be completed by the end of January 2009. The WAN upgrade project is now in progress and all the orders have been placed the project is expected to be complete by the end of March 2009.

## **CAPITAL FINANCING**

- 2.8 Option appraisals will be carried out as and when required, in conjunction with Sector, the Service's 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 are 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 10 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 we 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 is expected to be complete by the end of the financial year.
- 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 i.e. 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.

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

None.

Frank Swann  
**CHIEF FIRE OFFICER**

## APPENDIX A

### Capital Budget Monitoring as at November 2008

	<u>2008/09 Approved Budget</u>	<u>2007/08 Slippage &amp; Variations</u>	<u>Revised Budget 2008/09</u>	<u>Actual</u>	<u>- Under /Over</u>	<u>Estimated Outturn</u>	<u>Outturn Variance</u>
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>TRANSPORT</b>							
Rescue Pump replacement programme	2,835		2,835	1,146	-1,689	2,595	-240
Special Appliances	240		240	43	-197	240	
Community Safety Outreach Vehicle	100		100		-100	100	
Small vehicle replacement programme	292		292	99	-193	292	
Conversion of 2 second hand vehicles	37		37	3	-34	37	
LGV Training Vehicle	90		90		-90	90	
	<b>3,594</b>		<b>3,594</b>	<b>1,291</b>	<b>-2,303</b>	<b>3,354</b>	<b>-240</b>
<b>PROPERTY</b>							
Fuel tank renewal	250		250	55	-195	250	
Security Upgrade	150		150	45	-105	150	
Hassocks Lane - Land and Building Works	6,105	689	6,794	3,437	-3,356	6,794	
Hassocks Lane - Capital receipts	-5,400		-5,400		5,400	-5,400	
Head Quarters	0	86	86	61	-25	86	
<i>Station Improvements</i>							
SDC Smoke house	75	-75	0			0	
Southwell Fire station	200	-200	0	3	3	0	
Stapleford Fire Station	200	64	264	185	-79	264	
Ashfield Fire Station	175	-150	25	25		25	
W Bridgford stores	33	2	35	3	-32	35	
Clifton phase 2	75	-20	55	7	-48	55	
Warsop Fire Station	133	67	200	232	32	230	30
Battery Chargers 110 volt	15		15		-15	5	-10
Mansfield Reception	42	-42	0			0	
Essential repairs	60	32	92		-92	0	-92
Professional Fees	150	-80	70	17	-53	70	
Building Improvements	75		75	28	-47	75	
Model Station Design	30	102	132		-132	132	
Workshop	0	165	165	111	-54	165	
Retentions	0	11	11	2	-9	11	
Newark Fire station	0	66	66	100	34	66	
Bigham Barn and Gym	0	165	165		-165	165	
Stockhill Fire station	0	35	35		-35	35	
Sale of Central Fire Station Forecourt	0			-148	-148	-148	-148
	<b>2,368</b>	<b>917</b>	<b>3,285</b>	<b>4,164</b>	<b>879</b>	<b>3,065</b>	<b>-220</b>
<b>SPECIALIST EQUIPMENT</b>							
Specialist rescue equipment	30		30		-30	30	
	<b>30</b>		<b>30</b>		<b>-30</b>	<b>30</b>	
<b>IT. &amp; COMMUNICATIONS</b>							
Business Continuity & Disaster Recovery	105	42	147	21	-126	147	
Mobile Computing	50	147	197	22	-175	70	-127
Business Process Automation	75	53	128		-128	30	-98
FireLink Add Ons	100		100		-100	10	-90
Business Expansion	40		40	13	-27	40	
Replacement Equipment	60		60	50	-10	60	
Business Process Automation	15		15		-15	0	-15
HR System	0	58	58		-58	58	
Incident Recording System	0	40	40		-40	40	
Wan Upgrade	0	45	45	57	12	63	18
	<b>445</b>	<b>385</b>	<b>830</b>	<b>163</b>	<b>-667</b>	<b>518</b>	<b>-312</b>
<b>GRAND TOTAL</b>	<b>6,437</b>	<b>1,302</b>	<b>7,739</b>	<b>5,617</b>	<b>-2,121</b>	<b>6,967</b>	<b>-772</b>

## INITIAL EQUALITY IMPACT ASSESSMENT

<i>Section</i> Finance	<i>Manager</i> Sue Cornish	Date of Assessment December 2008	New or Existing Existing
Name of Report to be assessed		Capital Budget Monitoring Report – Period November 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).....Sue Cornish.....

Date ...December 2008