



**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 31 MAY 2009**

Report of the Chief Fire Officer

**Date:** 10 July 2009

**Purpose of Report:**

To report to Members on capital programme progress in the year 2009/10 to the end of May 2009. 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 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 an underspend to date of -£6,619k, against the budget for the year of £7,682k. The budget for the year includes slippage of £2,137k brought forward from 2008/09. The capital monitoring statement shows some projected outturn variances in respect of the property capital programme.

### **SIGNIFICANT VARIANCES**

#### **TRANSPORT:**

- 2.2 The rescue pump replacement programme of £2m is for the completion of eleven appliances from 2008/09 and four appliances for 2009/2010. 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 and the body work of eight of the appliances has commenced. The first eight appliances are expected to be delivered to the Service by the end of June 2009 and a further three by the end of September 2009. The four chassis for 2009/2010 have been delivered and the vehicles are expected to be fully built by January 2011. Orders have now been placed for the purchase of four rescue pumps due in 2010/2011, and the chassis delivery is expected in December 2009.
- 2.3 A specification will be drawn up for the purchase of the water carrier (special appliance) in September 2009. The incident command vehicle chassis has been delivered, and the conversion is expected to be complete by the end of July 2009.
- 2.4 The outreach vehicle specification has been finalised, the tender has been awarded and is expected to be complete by February 2010.
- 2.5 Orders have now been placed for a chassis for an incident welfare support unit and two light vehicles

#### **SPECIALIST EQUIPMENT:**

- 2.6 The specialist equipment budget is mainly to be used to replace worn out equipment as part of a rolling replacement programme. An order for £30k was placed in September 2008 to replace the three existing boats and other

equipment on the rescue tenders – all of the boats have now been delivered and are operational, however the invoices have yet to be received.

- 2.7 New gym equipment is currently being rolled out across stations. £175k has been invested in this replacement programme and will be financed from an earmarked reserve held for capital and other one-off items.

#### **PROPERTY:**

- 2.8 The property budget for the year is currently showing an underspend to date of £3,481k. An element of 'over-programming' has taken place, in anticipation of some projects slipping into 2010/11. This will be reported on further as the year progresses.
- 2.9 The project to refurbish East Leake fire station (£325k) has been accelerated from 2010/2011 and this will be financed from the capital grant of £738k received from Communities and Local Government.
- 2.10 Phase 2 of the Southwell fire station refurbishment commenced in February 2009 with an estimated outturn of £249k in 2009/2010.

#### **INFORMATION & COMMUNICATIONS TECHNOLOGY:**

- 2.11 The information and communications technology (ICT) budget is currently under spending by -£910k to date against the annual budget. Key projects are in progress – eg: the replacement equipment programme. Some projects were delayed in 2008/09 and have been slipped into 2009/10 – these include the business continuity and disaster recovery project, mobile computing, business process automation and Firelink.
- 2.12 The ongoing business continuity and disaster recovery project has made significant progress and the server has been delivered. Consultants have been contracted to implement the project and the first stage is now complete with work currently underway on phase 2.
- 2.13 The mobile computing project is in progress and notebooks for of community fire risk management information system (CFRMIS) have been delivered. A pilot for WIFI will cost £5k and is anticipated to commence this financial year.

#### **CAPITAL FINANCING**

- 2.14 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 the Service is working with Sector to determine the optimum time in the year to borrow to finance these projects.
- 2.15 A capital grant of £738k has been received from Communities and Local Government and will be used to partially finance the property capital programme.

### **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**

There are no equality implications arising directly from this report.

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

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

### **7. LEGAL IMPLICATIONS**

There are no legal implications arising directly 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. 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 £1,011k 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:
- Carton fire station rebuild;
  - East Leake fire station refurbishment;
  - Tuxford fire station refurbishment;
  - Replacement pumping appliances;
  - Replacement IT equipment;
  - IT security and business continuity.
- 8.8 Building work on the Highfields fire station project is now complete and the building is occupied.
- 8.9 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 2009/10 and 2010/11.
- 8.10 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.
- 8.11 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 this report.

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

None.

Frank Swann  
**CHIEF FIRE OFFICER**

**Capital Budget Monitoring as at 31 May 2009**

	<u>2008/09 Approved Budget</u>	<u>2008/2009 Slippage</u>	<u>Revised Budget 2009/10</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
<b>TRANSPORT</b>							
Rescue Pump replacement programme	982	1,018	2,000	732	-1,268	2,000	
Special Appliances	155	197	352		-352	352	
Community Safety Outreach Vehicle	0	100	100		-100	100	
Small vehicle replacement programme	363	43	406		-406	406	
Appliance CCTV Camera System	48	30	78		-78	78	
	<b>1,548</b>	<b>1,388</b>	<b>2,936</b>	<b>732</b>	<b>-2,204</b>	<b>2,936</b>	
<b>PROPERTY</b>							
Hassocks Lane - Land and Building Works	118		118	26	-92	118	
Head Quarters						10	10
<i>Station Improvements</i>							
East Leake Fire Station						325	325
Southwell Fire station	262		262	115	-147	249	-13
Warsop Fire Station	0			7	7	10	10
Misterton Fire Station	300		300		-300	325	25
Stockhill Fire station	75		75		-75	60	-15
Tuxford Fire Station	300		300		-300	325	25
Carlton Rebuild	1,825		1,825	21	-1,804	1,825	
Other Costs	40		40	1	-39	40	
Mansfield Fire Station	300		300		-300	160	-140
Professional Fees	191		191		-191	191	
Fuel Tank Renewal		52	52	54	2	56	4
Retentions	80		80		-80	80	1
Battery Chargers		15	15		-15	37	22
Bingham Barn		148	148		-148	0	-148
	<b>3,490</b>	<b>215</b>	<b>3,705</b>	<b>225</b>	<b>-3,481</b>	<b>3,811</b>	<b>106</b>
Gym Equipment	0		0	5	5	175	175
Specialist Rescue Equipment	0	30	30		-30	30	
		<b>30</b>	<b>30</b>	<b>5</b>	<b>-25</b>	<b>205</b>	<b>175</b>
<b>IT. &amp; COMMUNICATIONS</b>							
Business Continuity & Disaster Recovery	75	85	160	69	-91	160	
Business Process Automation	0	128	128		-128	128	
Information Systems Developments	17		17		-17	17	
Mobile Computing	15	143	158		-158	158	
HR System	60	58	118		-118	118	
Regional Finance System	150		150		-150	150	
Business Expansion	40		40	19	-21	40	
Replacement Equipment	150		150	13	-137	150	
Fire Link	0	90	90		-90	90	
	<b>507</b>	<b>504</b>	<b>1,011</b>	<b>101</b>	<b>-910</b>	<b>1,011</b>	
<b>GRAND TOTAL</b>	<b>5,545</b>	<b>2,137</b>	<b>7,682</b>	<b>1,063</b>	<b>-6,619</b>	<b>7,963</b>	<b>281</b>
<b>To Be Financed By :</b>							
Capital Grant	-738		-738				-738