



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 AUGUST 2010

Report of the Chief Fire Officer

Agenda Item No:

Date: 15 October 2010

Purpose of Report:

To report to Members on Capital Programme progress in the year 2010/11 to the end of August 2010. This report analyses significant variances against the original programme.

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1. BACKGROUND

Budget monitoring is a key aspect of financial management for the Fire & 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 £6,046k, against the budget for the year of £7,652k. The budget for the year includes slippage of £2,986k brought forward from 2009/10. The capital monitoring statement shows projected outturn variances relating to projects in the capital programme. In total a projected overspend of £23k is shown for the programme by the end of the year.
- 2.2 In 2009/10 certain projects were delayed against the capital programme and this slippage has been included in the main 2010/11 budget monitoring report; however this slippage requires Member approval at the Finance and Resources Committee approval on the 15th October 2010.
- 2.3 The Authority has received a capital grant of £946k this year and this will be used to finance an element of the capital programme.

SIGNIFICANT VARIANCES

TRANSPORT:

- 2.4 The Rescue Pump replacement programme of £1.1m is for the completion of four appliances in 2010/11. The four chassis for 2010/11 have been delivered and the vehicles are expected to be fully built by January 2011.
- 2.5 A specification has been drawn up for two Specialist Rescue Units (Special Appliance) and the chassis delivery will be in September 2010, with completion expected by February 2011. Two Rapid Response Units van chassis are due for delivery and the start of conversion in October 2010, with completion anticipated in March 2011.
- 2.6 The small vehicles review has taken place and a light vehicle fleet replacement plan has been drawn up to maintain a steady and sustainable replacement programme. The majority of new small vehicles for 2010/11 are expected to be delivered in August 2010.

PROPERTY:

- 2.7 The Property programme for the year is currently showing an underspend to date of £3,057k.
- 2.8 Stockhill fire station has over spent by £34k this is due to the upgrade of the roof specification to allow access for training that was not in the original specification.
- 2.9 Tuxford fire station refurbishment is currently showing an estimated outturn of £728k in 2010/11. The £750k budget for the main build of the project was phased over 2009/10 (£300k) and 2010/11 (£450k). The £750k excluded professional fees (15k) excluding drainage (circa £20k). The project was delayed in 2009/10 and £263k of the £300k budget was slipped into 2010/11. The provision of temporary accommodation for the retained fire crew is now complete. The old fire station has been stripped back to its original steel frame and the excavation for the new building footprint has now been fully finished. Over the next few months works will start on the foundations and the new steel frame for the extension. The estimated completion date is April 2011. The motorised gate, fencing and the standby generator have been recovered from the old Carlton Fire Station for re-use at Tuxford.
- 2.10 Carlton fire station is currently showing an estimated outturn of £2,808k in 2010/11. The overall project is estimated at £3.5m over 3 years. The project slipped in 2009/10 which resulted in £1,248k being carried forward into 2010/11. The frame of the building and the roof are now complete with waterproof covering in place. The majority of the external walls to the fire station are in place and work on the internal walls and partitions are proceeding. The training building is now approximately 50% complete. There is an estimated 2 week delay on the building programme due to a Party Wall agreement being delayed, however it is anticipated that this project will be completed in November 2010. Training and familiarisation with regards to the building for the handover / occupation will be put in place just prior to completion and a second refresher within 3 to 6 weeks of occupation. Overall outturn is expected to be £3.4m giving a saving of £100k.
- 2.11 Mansfield former BTS refurbishment: the project slipped in 2009/10 which resulted in £292k being carried forward into 2010/11. The overall project cost is estimated at £360k (excluding fees but including telecoms) over 2 years for the whole refurbishment. There have been a few problems with the project ie discovery of an unmarked electrical cable, discovery of additional asbestos which has now been removed and the replacement of a roof where it was found that a structural deck had failed. The contractor has confirmed that they will no longer be able to maintain the programme due to these problems and the works are due to complete by mid September 2010.
- 2.12 Occupational Health unit refurbishment tenders have been received and the works will include provision of lockers for cyclists in the portacabin to the rear of the boiler house.

INFORMATION & COMMUNICATIONS TECHNOLOGY:

- 2.13 The Information and Communications Technology budget is currently under spending by £684k to date against the annual budget. Key projects are in progress e.g. the Replacement Equipment Programme. Some projects were delayed in 2009/10 and have been slipped into 2010/11 – these include the Business Continuity & Disaster Recovery project, Mobile Computing, Business Process Automation and Fire Link.
- 2.14 The ongoing Business Continuity and Disaster Recovery project has made significant progress. Consultants have been contracted to implement the project, and the first stage is now complete with work currently underway on phase 2. It is anticipated at this stage that this project will come in under budget.
- 2.15 The initial investigatory phase of the Business Process Automation project by Consultants has now been completed. The project was delayed in 2009/10 and £120k was slipped into 2010/11. Work on the main project itself is yet to commence.
- 2.16 The first three phases of the Mobile Computing project have been completed and the fourth and final phase is anticipated to be completed by March 2011; this project was delayed in 2009/10 and slipped into 2010/11.
- 2.17 The Regional Finance System project “go live” date has been extended to 8th November 2010 for Nottinghamshire and Leicestershire. The implementation for Derbyshire will follow. The project is expected to overspend by £30k as the final tenders came in above the sum originally budgeted for.
- 2.18 The Firelink (phase 2) project is complete with all radios fitted in the appliances. The overall cost of the project is not anticipated to be overspent at this stage, however the final invoice has not been received and £42k has been slipped into 2010/11.

CAPITAL FINANCING

- 2.19 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 financing transport and IT assets. For the premises capital programme, an assessment has been made of outgoing cash flows and borrowing will take place in the year.
- 2.20 A capital grant of £946k has been received from the department for 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. To counteract this it is possible to slip other projects forward to ensure that the programme in any one year is affordable.

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 £742k 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:

- Carlton fire station rebuild
- Tuxford fire station refurbishment
- Replacement pumping appliances
- Replacement IT equipment
- Business process automation

8.8 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.

8.9 Tuxford and Carlton Fire Station projects are running to schedule and not posing any corporate risk at present.

8.10 The Replacement of Appliances is running to schedule and not posing any corporate risk at present.

9. RECOMMENDATIONS

It is recommended that Members:

9.1 Note the contents of this report.

9.2 Approve the slippage from 2009/2010 to be carried forward into 2010/11.

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

None.

Frank Swann
CHIEF FIRE OFFICER

Appendix A

Capital Budget Monitoring as at 31 August 2010

	<u>2010/11 Approved Budget</u>	<u>2009/2010 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
TRANSPORT							
Rescue Pump replacement programme	1,104		1,104	5	-1,099	1,104	
Special Appliances	795	261	1,056	8	-1,048	1,056	
Community Safety Outreach Vehicle	0			7	7	7	7
Small vehicle replacement programme	214	180	394	204	-190	394	
Appliance CCTV Camera System				10	10		
	2,113	441	2,554	233	-2,321	2,561	7
PROPERTY							
Hassocks Lane - Land and Building Works	11		11	10	-1	11	
<u>Station Improvements</u>							
East Leake Fire Station	10		10	12	2	12	2
Southwell Fire station				15	15	15	15
Misterton Fire Station	12		12	1	-11	12	
Stockhill Fire station	3	71	74	108	34	108	34
Tuxford Fire Station	465	263	728	86	-642	728	
Carlton Rebuild	1,660	1,248	2,908	806	-2,102	2,808	-100
Blidworth Fire Station	20		20		-20	20	
Mansfield Fire Station	60	292	352	250	-102	365	13
Professional Fees		189	189	4	-185	189	
Retentions	45		45		-45	45	
Fuel Tanks				6	6	6	6
Battery Chargers	45		45		-45	45	
Occupational Health Unit	22		22		-22	22	
Furniture and Fittings	40		40		-40	40	
Sale of Carlton House	-100		-100		100	-100	
	2,293	2,063	4,356	1,298	-3,057	4,326	-30
Gym Equipment	0		0	16	16	16	16
Specialist Rescue Equipment	0						
				16	16	16	16
IT. & COMMUNICATIONS							
Business Continuity & Disaster Recovery	30	58	88	3	-85	88	
Business Process Automation	25	120	145		-145	145	
Information Systems Developments		1	1	1		1	
Mobile Computing		74	74	7	-67	74	
HR System		105	105		-105	105	
Regional Finance System	49	74	123	17	-106	153	30
Business Expansion	40		40	4	-36	40	
Replacement Equipment	90	8	98	27	-71	98	
Fire Link		42	42	-1	-43	42	
CFRMIS	26		26		-26	26	
	260	482	742	58	-684	772	30
GRAND TOTAL	4,666	2,986	7,652	1,606	-6,046	7,675	23
To Be Financed By :							
Capital Grant	946		946				946
Capital receipt	0		0				0