

SCOTTISH FIRE AND RESCUE SERVICE
The Board of Scottish Fire and Rescue Service



Report No: B/FCS/13-17

Agenda Item: 10

Report to:	THE BOARD OF SCOTTISH FIRE AND RESCUE SERVICE
Meeting Date:	31 AUGUST 2017
Report Title:	CAPITAL MONITORING REPORT 2017/18 – JULY 2017
Report Classification:	FOR NOTING

Prepared by:	Tracey-Anne Morrow, Capital Accountant
Sponsored by:	Sarah O'Donnell, Director of Finance & Contractual Services
Presented by:	Sarah O'Donnell, Director of Finance & Contractual Services

Links to Strategy
Our Money & Our Performance – SFRS Strategic Plan 2016-19

Governance Route for Report	Meeting Date	Comment
<i>Strategic Leadership Team</i>	<i>28 August 2017</i>	<i>For Noting</i>
<i>SFRS Board</i>	<i>31 August 2017</i>	<i>For Noting</i>

1	Purpose
1.1	To advise the Board of actual and committed expenditure against the 2017/18 capital budget for the period ending 31 July 2017.

2	Background
2.1	The Budget (Scotland) Bill, passed by the Scottish Parliament on 23 February 2017, set Capital DEL funding for the Scottish Fire and Rescue Service (SFRS) at £32.5 million for 2017/18.
2.2	In addition to Capital DEL budget, significant capital receipts are programmed to be delivered during 2017/18, from the sale of surplus properties under the Property Estate – Strategic Intent Programme. These receipts, which had been anticipated in earlier planning, are being reinvested, with the permission from the Scottish Government, to develop a fit for purpose support estate for the SFRS.

3 Budget Summary																																																									
3.1	<p>Expenditure</p> <table border="1"> <thead> <tr> <th rowspan="3">Category</th> <th rowspan="3">Approved Budget</th> <th colspan="5">Expenditure</th> </tr> <tr> <th rowspan="2">Ordered</th> <th rowspan="2">Received not yet Invoiced</th> <th rowspan="2">Paid</th> <th colspan="2">Total</th> </tr> <tr> <th>£000</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Property – Major Works</td> <td>14,917</td> <td>2,718</td> <td>32</td> <td>669</td> <td>3,419</td> <td>22.9</td> </tr> <tr> <td>Property – Minor Works</td> <td>5,650</td> <td>807</td> <td>0</td> <td>340</td> <td>1,147</td> <td>20.3</td> </tr> <tr> <td>Vehicles</td> <td>6,807</td> <td>1,552</td> <td>0</td> <td>223</td> <td>1,775</td> <td>26.1</td> </tr> <tr> <td>ICT</td> <td>7,446</td> <td>115</td> <td>16</td> <td>491</td> <td>622</td> <td>8.4</td> </tr> <tr> <td>Operational Equipment</td> <td>7,180</td> <td>458</td> <td>0</td> <td>551</td> <td>1,009</td> <td>14.1</td> </tr> <tr> <td>TOTAL EXPENDITURE</td> <td>42,000</td> <td>5,650</td> <td>48</td> <td>2,274</td> <td>7,972</td> <td>19.0</td> </tr> </tbody> </table>	Category	Approved Budget	Expenditure					Ordered	Received not yet Invoiced	Paid	Total		£000	%	Property – Major Works	14,917	2,718	32	669	3,419	22.9	Property – Minor Works	5,650	807	0	340	1,147	20.3	Vehicles	6,807	1,552	0	223	1,775	26.1	ICT	7,446	115	16	491	622	8.4	Operational Equipment	7,180	458	0	551	1,009	14.1	TOTAL EXPENDITURE	42,000	5,650	48	2,274	7,972	19.0
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4 Progress During the Month	
4.1	Expenditure
4.1.1	The draft layouts for the McDonald Road Fire Station Refurbishment are currently being worked on. The development of the proposed design has been done in consultation with other occupants. The appliance bay and temporary accommodation works will commence in November.
4.1.2	A programme of works is due to start in October for the East Training facility.
4.1.3	Orders were placed in the month for three Mercedes Benz Sprinter Vans.
4.1.4	An order for Incident Command Tabards was placed in the month for £84k.
4.1.5	Decommissioning of the temporary control facility was completed in the month with the modular accommodation also removed from the site. Work continues on the CCMS procurement with an expected award of contract likely to late 2017/early 2018.
4.2	Receipts
4.2.1	The missives were signed on 14 July 2017 for Gullane and the site has now transferred to the purchaser.
4.2.2	Scottish Government Housing has agreed to purchase North Anderson Drive at market value. This value has been agreed and the sale is expected to conclude by the end of next month.

4.2.3	The excess site to the rear of Balloch Fire Station and Tongue were sold at auction on the 1 March 2017 with Exchange dates of 12 April 2017 for both.
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5	Progress Anticipated Next Month
5.1	Expenditure
5.1.1	The North Anderson Drive site has now been segregated, with the excess part of the site due to be sold by the end of August. The heritage unit should be finished by the autumn, along with new training facilities.
5.1.2	Work is continuing to progress on minor works projects across the service. This is expected to continue over the coming months.
5.1.3	The first stage payment for one of the High Reach Appliance body-builds is due in the next few months and orders will be placed for 33 Rapid Response Vehicle chassis.
5.1.4	An order for Ladders is due to be placed in August and work is continuing on the Water Rescue contracts with an expected completion date in September.
5.1.5	The migration and rationalisation phase of the Command and Control Futures Project, is now complete. Formal closure of this phase is expected at the August Project Board.
5.2	Receipts
5.2.1	The preferred bidder has been chosen for Mounthooly with a guaranteed minimum price. We are currently awaiting planning period and conditions, with the legal work expected to conclude by November at the latest.
5.2.2	The sale of part of the site at Kinlochleven has now concluded, with the receipt due in the coming months.
5.2.3	The only other property due to be sold this year is Brae. We are awaiting de-crofting legal work to conclude before the sale can be finalised.

6	Forecast
6.1	Appendix A provides the original forecast in April and the current forecast spend profile for the full financial year.
6.2	The variance between April's cumulative forecast expenditure and the current cumulative actual expenditure as at the end of July, is £2.5m.
6.3	As reported last month, early monitoring of the budget highlighted a number of likely delays within several high value, multi-year, projects across the programme, due to external factors. Work has been undertaken to understand the extent of potential underspend within these projects and to consider how this funding could be realigned.
6.4	It is currently estimated that there may be up to £9.5million of slippage against the current programme (£6.5million in Property and £3million in ICT).
6.5	In seeking to realign this funding the first priority has been to identify expenditure that can be brought forward from 2018/19. On this basis, and taking account of key requirements across the asset base, alongside the deliverability of projects, it is proposed that work is progressed now to broadly realign the emerging underspend into the Vehicle programme. This will be allocated between escalating spend on Rapid Response Units, bringing forward expenditure currently planned for 2018/19; and commencing replacement of c.30

NOT PROTECTIVELY MARKED

	frontline appliances (14/18T vehicles), an area for which there is a current backlog of c.£25million.
6.6	Once budgets are realigned the forecast spend profile will be adjusted accordingly.
6.7	It is anticipated that if this realignment is approved, total forecast expenditure will be in line with the budgeted figure of £42.0m.

7	Key Strategic Implications
7.1	Financial
7.1.1	These are detailed in the main report.
7.2	Legal
7.2.1	Consultation with legal services has taken place regarding sale of assets.
7.3	Performance
7.3.1	Not applicable
7.4	Environmental & Sustainability
7.4.1	Not applicable
7.5	Workforce
7.5.1	Not applicable
7.6	Health & Safety
7.6.1	Not applicable
7.7	Timing
7.7.1	Not applicable
7.8	Equalities
7.8.1	Not applicable
7.9	Risk
7.9.1	Not applicable
7.10	Communications & Engagement
7.10.1	Not applicable
7.11	Training
7.11.1	Not applicable

8	Recommendation
8.1	<p>The Board is asked to approve the following recommendation:-</p> <ul style="list-style-type: none"> • That the level of actual and committed expenditure for the period ended 31 July 2017 be noted, • That the programme realignment proposed at paragraph 6.5 be approved.

9	Core Brief
9.1	The Director of Finance and Contractual Services advised the Board of actual and committed expenditure against the 2017/18 capital budget for the period ending 31 July 2017. It is currently anticipated that there could be slippage of up to £9.5million against the current programme, due to external factors, and as such a budget realignment was proposed, increasing expenditure on the vehicle fleet. If the budget realignment is approved it is anticipated that the full budget of £42.0m will spend by 31 March 2018.
10	Appendices/Further Reading
10.1	Appendix A - Forecast spend profiles (April & July) – Capital Programme 2017/18.

Scottish Fire & Rescue Service

Forecast Spend Profile (April) – Capital Programme 2017/18

£000

Category	Revised Budget	Actual			Forecast			Variance to budget	Variance (%)
		Apr-Jul	Aug-Sep	Oct-Dec	Jan-Mar	Total			
Property – Major Works	14,900	1,603	3,325	5,488	4,484	14,900	0	0	
Property – Minor Works	5,650	1,061	1,072	1,783	1,734	5,650	0	0	
Vehicles	6,807	257	816	2,211	3,523	6,807	0	0	
ICT	7,463	1,011	2,591	1,334	2,527	7,463	0	0	
Operational Equipment	7,180	890	1,730	1,800	2,760	7,180	0	0	
TOTAL EXPENDITURE	42,000	4,822	9,534	12,616	15,028	42,000	0	0	
CUMULATIVE TOTAL	42,000	4,822	14,356	26,972	42,000	0	0	0	

Current Spend Profile – July 2017

Category	Revised Budget	Actual			Forecast			Variance to budget	Variance (%)
		Apr-Jul	Aug-Sep	Oct-Dec	Jan-Mar	Total			
Property – Major Works	14,917	700	787	5,268	8,162	14,917	0	0	
Property – Minor Works	5,650	340	30	1,800	3,480	5,650	0	0	
Vehicles	6,807	223	598	2,834	3,152	6,807	0	0	
ICT	7,446	508	788	2,405	3,745	7,446	0	0	
Operational Equipment	7,180	551	1,506	2,357	2,766	7,180	0	0	
TOTAL EXPENDITURE	42,000	2,322	3,709	14,664	21,305	42,000	0	0	
CUMULATIVE TOTAL	42,000	2,322	6,031	20,695	42,000	0	0	0	
Cumulative Variance	0	2,500	8,325	6,277	0	0	0	0	