



Meeting	Performance & Resources Board	Agenda Item No.	13
Meeting Date	28 June 2021		
Report Authors:	Director of Corporate Services		
Presented By	Director of Corporate Services		
Subject	Capital outturn implications 2021 - Property		
Type of Report:	Information		

RECOMMENDATIONS

Members of the Performance & Resources Board are asked to note the content of the report in regard to property capital outturn implications for 2021/22.

OVERVIEW

Part of the annual capital budgeting is allocated to Property Services. This budget is identified and agreed each September/October for the following financial year. In the financial year 2020/21 the expected spend was not achieved. This report considers the implications for the property portfolio of the underspend and its effects on the financial year 2021/22.

BACKGROUND

At the Performance & Resources Board on the 31st March it was agreed to request further information from the Property Services Department on two key elements arising from the Property Capital Programme for 2020/2021:-

- To give an overview of the capital spend along with the key points around the operational implications of not spending this year's capital budget.
- Advise on carry over and the reasoning for Shoebury & Lexden.

The targeted investment for the Property portfolio is £1.7m per annum. This was established by third party consultants in 2006/2007 following an extensive investigation into portfolio and operational requirements. To ensure that the level of investment matches the requirements of the property portfolio an annual stock condition survey is undertaken internally for every four years and externally every 5 years. The outcomes are recorded annually in the Property Performance Report.

Part of the benefits of the ECFRS property portfolio is that it is mainly static with very little change or proposed change. The capital spend is split into Asset Protection Works and Asset Improvement Works (extensions, change of use, new builds etc) to reflect this with protection works having an annual programme driven from the stock condition survey and improvement works being more business case driven usually with independent authorisation routes depending on the project.

Over the last 24 months there has been a move to improve oversight of capital reporting following a number of entries that have not been spent during the course of the financial year. The table below shows the identified capital expenditure for 2020/2021.

Essex County Fire & Rescue Service - Capital Expenditure as at 31st March 2021



Essex County
Fire & Rescue Service

* To be agreed at asset board

Nominal Code		Asset Life	Budget 2020/21	Forecast - Feb 2021	Adjustment to Forecast	Forecast - Mar 2021*	Carry Forward 2021-22	Actual Spend	Commitments / Orders
B112 - Land & Building									
B112	Lexden Workshops Relocation	20	750,000	-	-	-	-	-	-
Total B112 - Land & Building			750,000	-	-	-	-	-	-
B117 - Asset Improvement									
B117	Asset Improvement Works - Shoeburyness	20	500,000	96,000	(1,814)	94,186	100,000	94,186	-
B117	Asset Protection Works - Training Facilities	20	547,600	104,000	2,318	106,318	517,000	106,318	-
Total B117 - Asset Improvement			1,047,600	200,000	504	200,504	617,000	200,504	-
B118 - Asset Protection									
	Asset Protection	20	2,000,000	-	-	-	-	-	-
B118	Basildon Roofing	20	-	138,849	7,732	146,582	-	138,849	7,732
B118	Billericay Appliance Bay	20	-	22,051	1,540	23,591	-	22,051	1,540
B118	Colchester FP/WFS Offices	20	-	38,000	(16,978)	21,022	-	19,970	1,052
B118	Colchester Boiler Room	20	-	20,607	5,278	25,886	-	20,607	5,278
B118	WTC	20	-	14,130	-	14,130	-	14,130	-
B118	Witham Bolier Room	20	-	71,502	4,048	75,550	-	71,502	4,048
B118	Orsett Appliance Bay	20	-	15,000	17,680	32,680	-	31,046	1,634
B118	Southend Boilers	20	-	73,000	5,895	78,895	-	74,951	3,944
B118	Harlow Showers	20	-	134,924	20,854	155,778	-	151,883	3,894
B118	Loughton Drying	20	-	31,000	(3,500)	27,500	-	26,813	688
B118	Maldon Boilers	20	-	35,000	4,983	39,983	-	37,984	1,999
B118	Fire Alarms	20	-	30,000	84,296	114,296	-	108,591	5,705
B118	Burnham AB Floor	20	-	38,000	1,750	39,750	-	37,762	1,987
B118	Orsett BA split	20	-	96,817	55,786	152,603	-	107,060	45,543
B118	Orsett Boiler Replacement	20	-	78,000	(23,158)	54,843	-	53,505	1,338
B118	Appliance Bay Doors: Halstead, Wheely, Tollsbury	20	-	75,000	192	75,192	-	20,994	54,198
B118	Orsett - No time to lose	20	-	-	-	-	-	-	-
B118	Kelvedon Park heating system	20	-	235,227	7,443	242,670	-	242,313	357
B118	Other	20	-	-	6,508	6,508	-	3,779	2,729
B118 - Asset Protection			2,000,000	1,147,108	180,349	1,327,456	-	1,183,790	143,666

In September 2019 the budget requested for Asset Protection works was £2m, Lexden Workshops £750k, Shoebury £500k and training facilities £547k giving a total expectation of £3.79m with a completed spend of £1.6m.

The Lexden Workshops Relocation project has now identified a possible spend of circa £300k in 2021/22 as the project Board defines more clearly the expectations of all parties involved through the development of a Full Business Case. The budget identified originally was the worst-case scenario for investment requirements in this financial year. The requirement for a replacement facility still remains, with emergency works required at the existing Lexden site. Currently there are significant issues with the heating system to one of the sets of buildings which is complicated by the asbestos containing structures. Property Services are working to find a solution that will fit existing user and investment requirements.

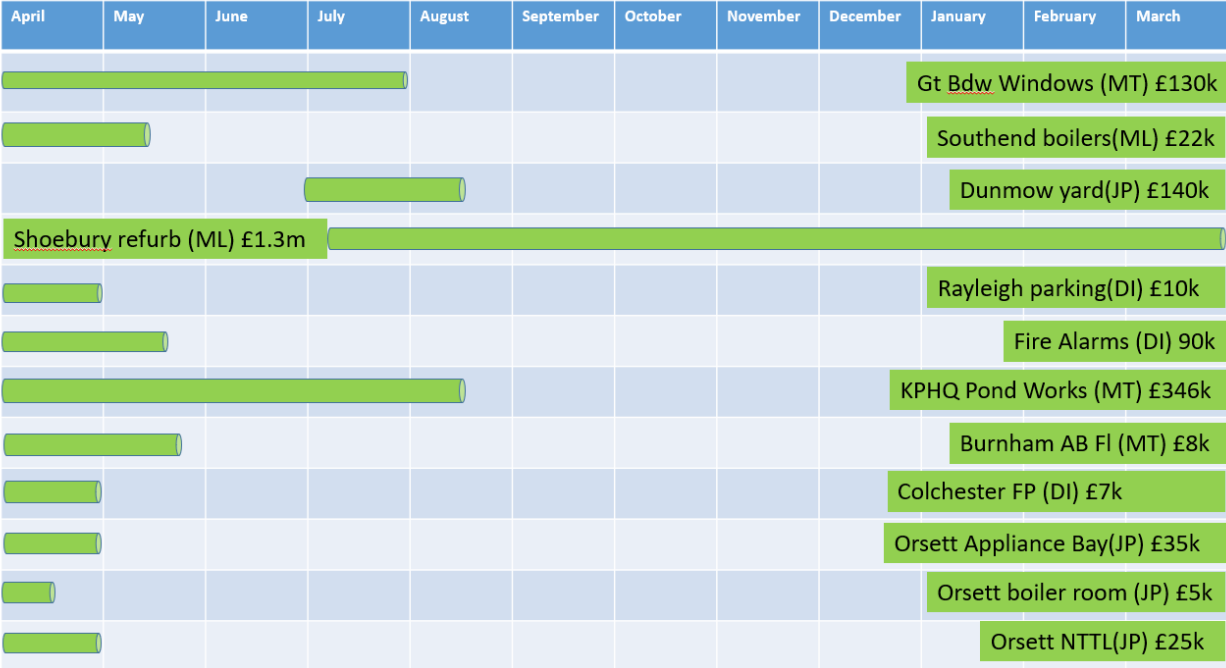
The Training Facilities project continues with some delays from the restriction issues over the last 12 months and work timetables adjusted to fit training events. However, this will be addressed within the delivery plan against the Strategy.

The Shoebury redevelopment project has recently progressed and the service is ready to appoint a contractor to commence works which are planned to start in July 2021 with a construction period of around 12 months. Interim works carried out to the former police station have ensured there are limited operational implications arising from any slippage of the full redevelopment.

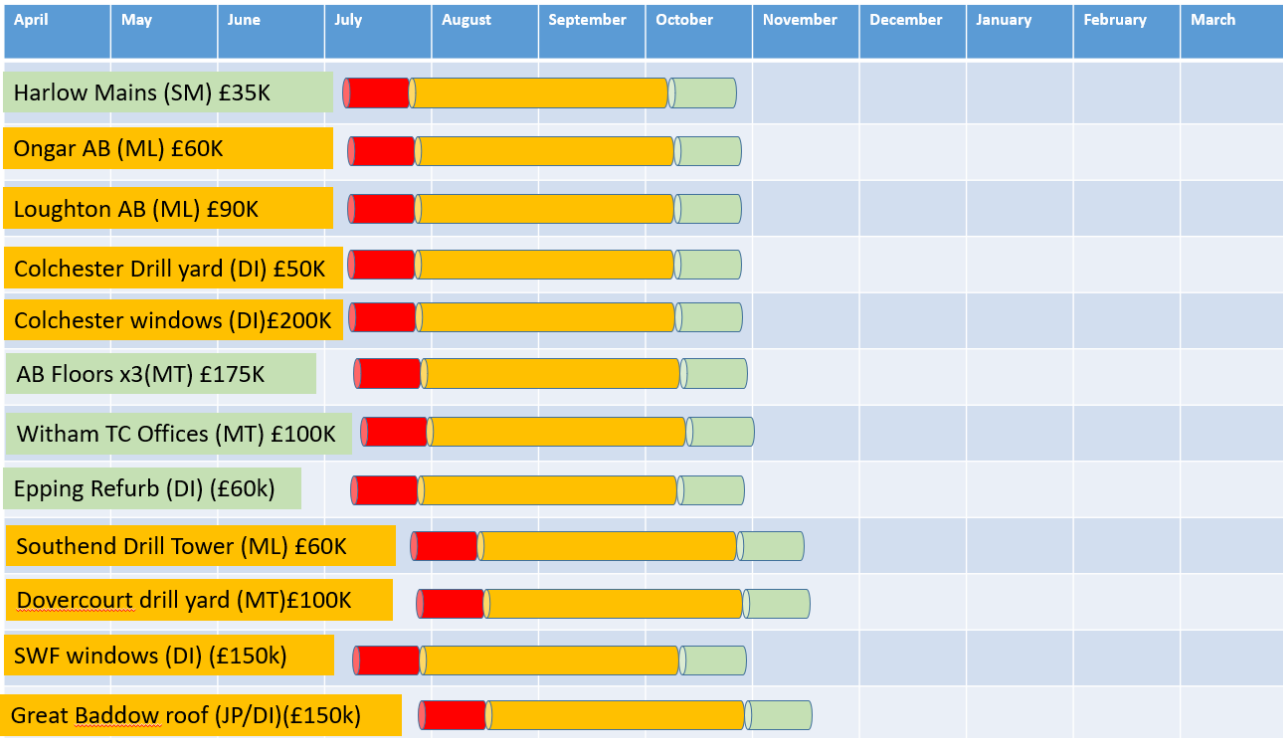
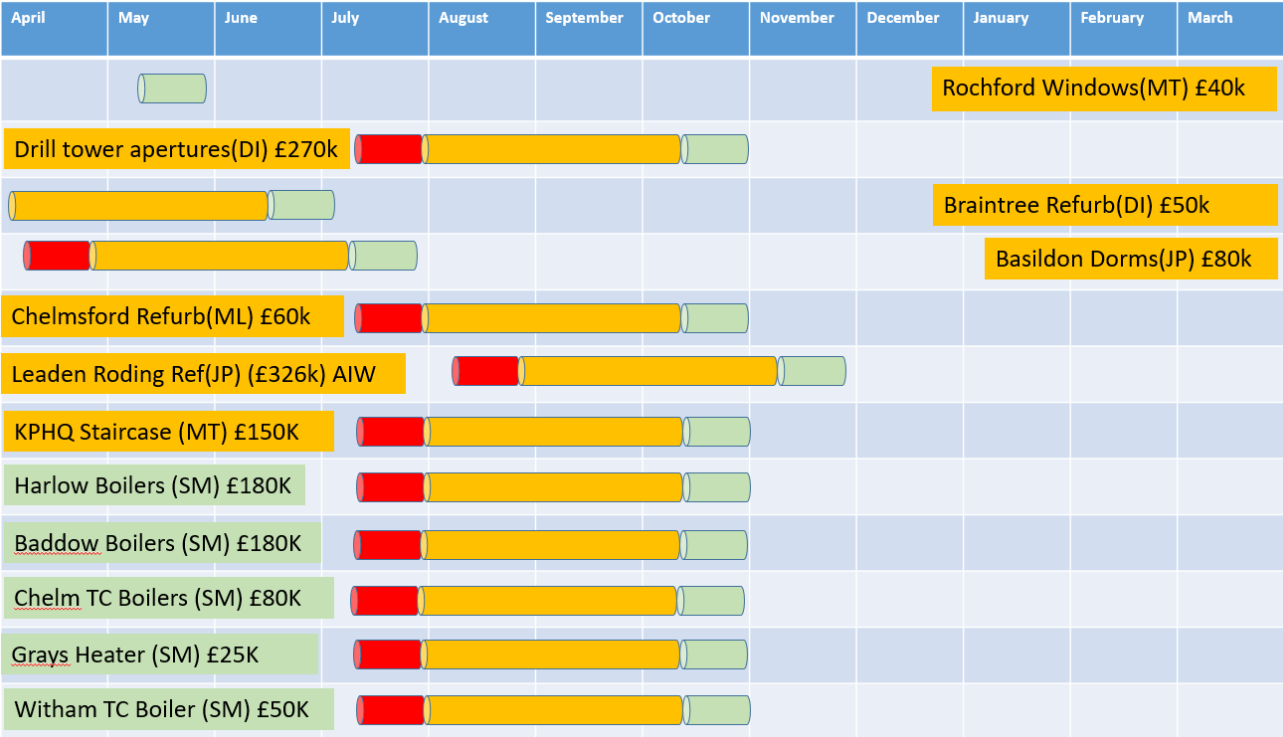
The works identified within the Asset Protection budget have also been under pressure from the issues over the last 12 months. Local and national restrictions alongside investment authorisation considerations have delayed the programme.

Consideration has been given to the extension of projects into 2021/22 and the review of identified projects that have not yet been instructed. The carry over of projects is shown below:-

Carry over 2021



It should be noted that each project has now been planned as the design and procurement activities are complete for the majority of projects. This allowed the restructure of the project plan for 2021/2022 to stay within budget and offers the following programme for new projects:-



Each project is given a green (to go ahead) or amber (design work to start) allocation with an outline bar plan to cover design stage (red), procurement stage (amber) and construction phase (green). A resource has been identified for each project. At this time procurement changes indicate that each project will be subject to a three-month procurement process, this had significant implications for the capital programme over the last two years with a number of projects requiring more time and resources to deliver.

The implications of not meeting the budget expectation for 2020/21 can be seen in the amber allocated projects. High risk projects identified from inspection have been incorporated into 2021/22 with lower risk projects moved into 2022/23 or sooner if either budget or risk changes. Any construction elements that are considered to be at a high risk have been identified and kept within the 2021/22 programme.

As more intelligence is gathered through the course of the year then each project timeline will be amended to a more realistic delivery timescale. This will be dependent on the final design solution (undertaken out of house), design sign off, procurement route, tendered returns and works.

OPTIONS AND ANALYSIS

With reference to the construction industry and Property Services, resources in forced or voluntary isolation, denial of sites, supply chain issues, working practices, site numbers, alternative ways of working have impacted on delivery of the capital programme.

The capital programme has been obviously delayed with proposed projects running into the 2021/22 financial year. The portfolio itself is at a standard where such a delay does not carry significant risk implications. This is made with the understanding that physical site inspections were not available last year and only emergency repair works were allowed at times.

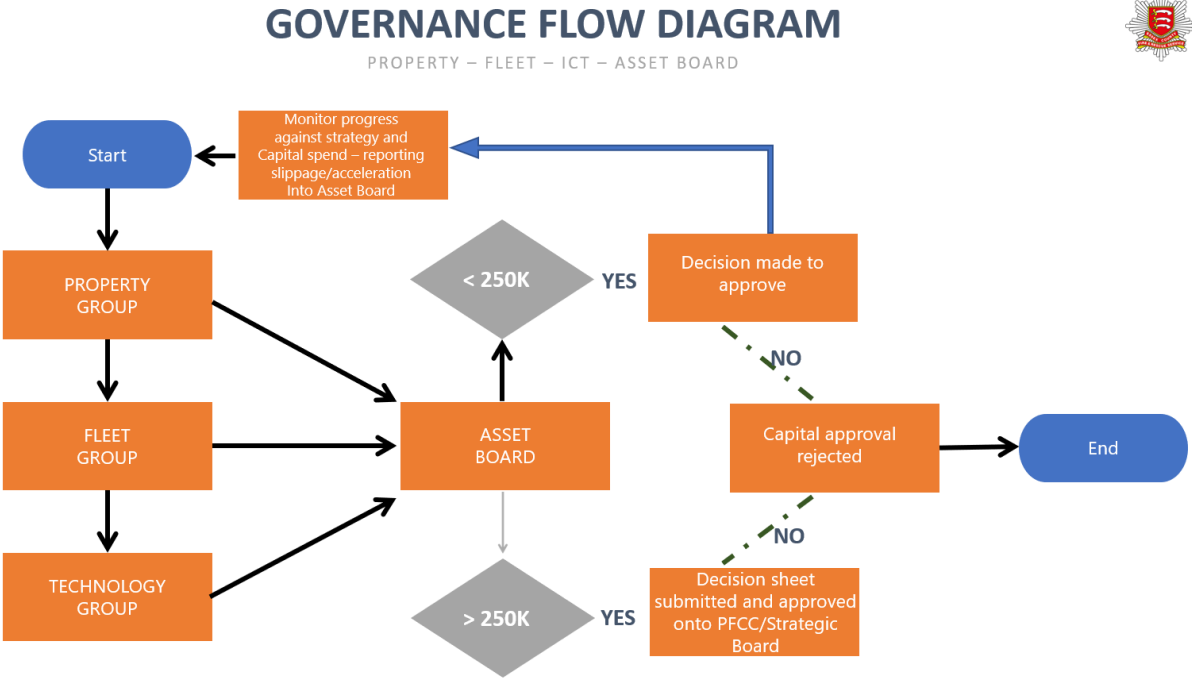
Property Services utilises a hybrid approach of physical inspection and useful remaining life to identify replacement plans; allied with a sound financial strategy this ensures that the works identified for the capital programme are replacement rather than repair. This ensures there is scope within the programme for carry over without imminent break downs.

The works identified in 2021/22 for delay into 2022/23 will be noted as items such as window, drill yard and roof replacements where emergency repairs can be undertaken individually if required.

The estimation of the delivery capability for 2021/22 has been reduced from £2m to £1.7m. There are still projects running in the background that can be brought forward to replace any that may be delayed during the course of the year although as it gets later this will become more difficult.

New governance groups have recently been established with independent Terms of Reference that directly feed into the Asset Board to improve the decision-making progress and tracking of Capital Spend against the agreed Capital Programme. All of which will align to the relevant and appropriate strategy/plan for delivery. At outline of the new governance flow can be seen below in diagram 1.

Diagram 1.



The procurement route has also been streamlined with the assistance of a contractor framework with Essex County Council. The use of this process is still in its infancy although it is anticipated it will greatly reduce the current procurement timetable. Other frameworks for consultancy works have been used to good effect over the last 12 months reducing delays and helping to meet budget expectations.

BENEFITS AND RISK IMPLICATIONS

The annual monitoring of the property portfolio is a critical part of asset protection given to ECFRS. Construction elements are identified and their degradation mapped allowing timely and effective replacement. The risks to the property portfolio are greatly reduced through this approach.

Forecasting for at least the next 48 months will need to consider the issues that arose and the implications for capital programming. The proposed programme for 2021/22 should now reflect this based on the experiences of the last 12 months.

Whilst there are no immediate operational implications that are affected as a result of delayed works, there is the longer-term aspect of now progressing at pace to effectively catch up with the existing programme whilst not delaying any of the future strategic objectives, for example, fleet workshops, training facilities etc. It is inevitable that in order to increase the pace, additional resource will be required and this will be presented in alignment with the new Property Strategy (under development) and supporting delivery plan moving forwards.

FINANCIAL IMPLICATIONS

Not meeting capital expenditure expectations has significant financial planning implications. While work has been undertaken to change the use of capital planning to a more considered approach there is still some way to go. With the assistance of the Commissioners Office, Directors and budget holders an updated approach to asset management is in progress.

EQUALITY AND DIVERSITY IMPLICATIONS

Is this decision anticipated to have an impact on any of the following protected groups as defined within the Equality Act 2010:

<i>Race</i>	<i>No</i>	<i>Religion or belief</i>	<i>No</i>
<i>Sex</i>	<i>No</i>	<i>Gender reassignment</i>	<i>No</i>
<i>Age</i>	<i>No</i>	<i>Pregnancy & maternity</i>	<i>No</i>
<i>Disability</i>	<i>No</i>	<i>Marriage and Civil Partnership</i>	<i>No</i>
<i>Sexual orientation</i>	<i>no</i>		

(If an impact on one group or more is anticipated, a full People Impact Assessment must be completed).

WORKFORCE ENGAGEMENT

There are no direct work force engagement issues arising from this report.

LEGAL IMPLICATIONS

There are no direct legal implications arising from this report.

HEALTH AND SAFETY IMPLICATIONS

There are no direct Health and Safety implications arising from this report.