



Essex Police, Fire and Crime Commissioner Fire and Rescue Authority

Decision Report

Report reference number: 077-21

Government security classification: Not protectively marked

Title of report: Control Project – Use of Capital Receipts Reserve

Area of county / stakeholders affected: Service wide

Report by: Austin Page – Finance and Compliance Manager

Date of report: 15 December 2021

Enquiries to: Neil Cross – Chief Finance Officer (S151 Officer)

1. Purpose of the report

To approve the allocation of capital receipts totalling £1.846m to fund the Control Project.

2. Recommendations

The Commissioner is recommended to approve the allocation of £1.846m from the Capital Receipts Reserve to finance the capital element of the Control Project. This amount is in line with the contract award for the control system under decision 035-21.

The Commissioner should note that there is potential to utilise some of the EMSCP Grant received in 2016/17 to fund this project. It is anticipated that up to £443k of the grant could be allocated to fund the capital costs of the project - subjected to a business case being approved by the Home Office. If successful, this will reduce the level of capital receipts required.

3. Benefits of the proposal

Affordability of Capital Programme and Value for Money

The Capital Financing Requirement represents the Authority's underlying need to borrow for capital purposes. This is charged to the revenue budget through the minimum revenue provision (MRP) each year.

The current budget shows an MRP charge of £4.6m for 2022/23 (see appendix 1), which includes the use of capital receipts to finance the Control Project. The budget also includes core savings of £350k on MRP. Without this financing, the minimum revenue provision will increase to unbudgeted levels, which would create pressure for savings in other areas.

The use of capital receipts reserves provides value for money to the taxpayer by reducing the MRP charged to the revenue budget. The Authority has not utilised capital receipts in this way for several years, which shows we are now committed to making the best use of our resources, which is a primary aim of the Fire and Rescue Plan.

4. Background and proposal

The Authority is in the process of replacing the Control System, which comprises the Frequentis Integrated Communication and Control System (ICCS) and the Remsdaq Resque 4i Computer Aided Dispatch (CAD) system.

A contract was awarded to Airwave for the delivery of the Network Upgrade Programme and Emergency Service Network (ESN), as detailed in decision 035-21 and the control systems contract sign off as detailed in decision 061-21. The total contract awarded was £2.9m (both capital and revenue costs).

The Authority has received a grant of £443k from the Emergency Services Mobile Communication programme (ESMCP), which is a cross government project to deliver the new Emergency Services Network. The grant has been awarded, subject to submission of a business case, to assist in delivering the project, but the remaining costs will need to be funded internally.

5. Alternative options considered and rejected

Option 1 – Do not apply capital receipts reserves to the Control Project

If capital receipts are not utilised for this project, the minimum revenue provision will be over-budget for 2022/23. Consequently, savings will need to be found in other areas of the capital or revenue budgets, which could be a challenge based on existing savings targets.

Furthermore, the Authority needs to demonstrate a strategy for utilising the capital receipts reserve efficiently. The capital receipts reserve is forecast to reach £13.7m by the end of the 2021/22 financial year (appendix 2). If the Authority cannot demonstrate that capital receipts are being utilised effectively, it may be flagged in future value for money audits.

Option 2 – Apply capital receipts to the Control Project

Utilising capital receipts for the Control Project is an efficient use of capital receipts reserves, as a high return on investment is achieved, with MRP savings of up to £264k per annum (depending on the ESMCP grant awarded). This is a saving for the taxpayer.

Conversely to option 1, the use of capital receipts shows the Authority is utilising its resources effectively. The planned use of the capital receipts reserve is outlined in the budget paper which was presented to the Strategic Board on 13th December 2021 (see appendix 2 – budget paper extract).

6. Strategic priorities

A key strategic priority in the Fire and Rescue Plan is making the best use of resources. As stated in the proposal benefits above, the planned use of capital receipts will save the taxpayer money by reducing the MRP charged to the revenue budget.

7. Operational implications

No operational implications have been identified.

8. Financial implications

The use of capital receipts reserve will reduce the capital financing requirement, as well as the minimum revenue provision. This is a key factor in delivering a balanced budget.

The capital receipts will be applied in the year that the asset is brought into use. This is expected to be in the financial year 2022/23.

The capital receipts reserve is forecast to increase to £13.7m by the end of the financial year (details included the budget paper presented to the Strategic Board) and therefore the Authority has sufficient reserves to finance this expenditure.

9. Legal implications

Under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, the capital receipts reserve can only be utilised for capital projects. The proposed treatment above is consistent with this regulation.

10. Staffing implications

No applicable staffing implications have been identified.

11. Equality and Diversity implications

We have considered whether individuals with protected characteristics will be disadvantaged because of the actions being taken. Due regard has also been given to whether there is impact on each of the following protected groups as defined within the Equality Act 2010:

Race	N	Religion or belief	N
Sex	N	Gender reassignment	N
Age	N	Pregnancy & maternity	N
Disability	N	Marriage and Civil Partnership	N
Sexual orientation	N		

12. Risks

No applicable risks have been identified.

13. Governance Boards

The proposal has been included within the budget paper that was presented to the Strategic Board on 13th December 2021.

14. Background papers

Decision reports 035-21 (New Controls Systems Contract Award and Signature) and 061-21 (New Control Systems Contract Sign Off)

Proposed Budget 2022/23 – Report to the Strategic Board (13 December 2021)

Appendix 1 – MRP and Reserves Forecast

Summary MRP Forecast	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Existing assets	3,824	3,791	3,261	2,937
Assets under construction March 2021	18	38	38	38
Capital Programme to 2025	287	1,225	1,835	2,664
Less funding applied	(72)	(477)	(477)	(805)
Total MRP	4,057	4,577	4,657	4,834

Appendix 2 – Capital Receipts Reserve Forecast – Budget Extract

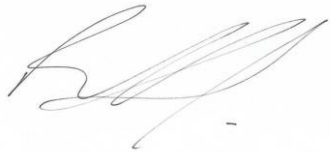
Capital Receipts Reserve	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Brought forward	9,669	13,700	9,856	6,856
Additions in year	4,496			
Utilised in year	(465)	(3,844)	(3,000)	(5,000)
Capital receipts carried forward	13,700	9,856	6,856	1,856

Decision Process (077-21)

Step 1A - Chief Fire Officer Comments

(The Chief Fire Officer is asked in their capacity as the Head of Paid Service to comment on the proposal.)

.....I support this recommendation



Sign:

Date:.....16/12/21.....

Step 1B – Consultation with representative bodies

(The Chief Fire Officer is to set out the consultation that has been undertaken with the representative bodies)

N/A

Step 2 - Statutory Officer Review

The report will be reviewed by the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority's ("the Commissioner's") Monitoring Officer and Chief Finance Officer prior to review and sign off by the Commissioner or their Deputy.

Monitoring Officer

Sign: 

Print: P. Brent-Isherwood

Date: 23 March 2022

Chief Finance Officer

Sign: 

Print:Neil Cross.....

Date: 16/12/21

Step 3 - Publication

Is the report for publication? **YES**

If 'NO', please give reasons for non-publication (Where relevant, cite the security classification of the document(s). State 'none' if applicable)

.....None.....

If the report is not for publication, the Monitoring Officer will decide if and how the public can be informed of the decision.

Step 4 - Redaction

If the report is for publication, is redaction required:

- 1 Of Decision Sheet **YES/NO**
- 2 Of Appendix **YES/NO**

If 'YES', please provide details of required redaction:

.....N/A.....
.....

Date redaction carried out:

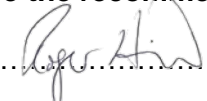
If redaction is required, the Chief Finance Officer or the Monitoring Officer are to sign off that redaction has been completed.

Sign: Print:

Date signed:

Step 5 - Decision by the Police, Fire and Crime Commissioner or Deputy Police, Fire and Crime Commissioner

I agree the recommendations to this report:

Sign:  (PFCC)

Print: Roger Hirst

Date signed: 25 March 2022