



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

M. Pearson
CLERK TO THE AUTHORITY

To: The Chair and Members of the Resources
Committee

(see below)

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RESOURCES COMMITTEE
(Devon & Somerset Fire & Rescue Authority)

Tuesday, 17th May, 2016

A meeting of the Resources Committee is to be held on the above date, **commencing at 10.00 am in Committee Room B in Somerset House, Service Headquarters, Exeter** to consider the following matters.

M. Pearson
Clerk to the Authority

A G E N D A

PLEASE REFER TO THE NOTES AT THE END OF THE AGENDA LISTING SHEETS

1 Apologies

2 Minutes of the previous meeting held on 10 February 2016 (Pages 1 - 6)

3 Items Requiring Urgent Attention

Items which, in the opinion of the Chair, should be considered at the meeting as matters of urgency.

PART 1 - OPEN COMMITTEE

4 Draft Financial Outturn 2015/16 (Pages 7 - 22)

Report of the Treasurer to the Authority (RC/16/6) attached.

5 Revision to Capital Programme 2016/17 to 2018/19 (Pages 23 - 28)

Report of the Chief Fire Officer and Treasurer to the Authority (RC/16/7) attached.

6 Exclusion of the Press and Public

RECOMMENDATION that, in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in the following Paragraph(s) of Part 1 of Schedule 12A (as amended) to the Act:

- Paragraph 3 - information relating to the financial and business affairs of a particular person (including the authority holding that information).

PART 2 - ITEMS WHICH MAY BE CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC

7 Red One Performance Report for 2015/16 (Pages 29 - 32)

Report of the Treasurer to the Authority (RC/16/8) attached.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Dyke (Chair), Burridge-Clayton, Chugg, Greenslade, Singh, Thomas and Yeomans (Vice-Chair)

NOTES

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|----|---|
| 1. | <p><u>Access to Information</u>
Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact the person listed in the “Please ask for” section at the top of this agenda.</p> |
| 2. | <p><u>Reporting of Meetings</u>
Any person attending a meeting may report (film, photograph or make an audio recording) on any part of the meeting which is open to the public – unless there is good reason not to do so, as directed by the Chairman - and use any communication method, including the internet and social media (Facebook, Twitter etc.), to publish, post or otherwise share the report. The Authority accepts no liability for the content or accuracy of any such report, which should not be construed as representing the official, Authority record of the meeting. Similarly, any views expressed in such reports should not be interpreted as representing the views of the Authority.
Flash photography is not permitted and any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.</p> |
| 3. | <p><u>Disclosable Pecuniary Interests (Authority Members only)</u>
If you have any disclosable pecuniary interests (as defined by Regulations) in any item(s) to be considered at this meeting then, unless you have previously obtained a dispensation from the Authority’s Monitoring Officer, you must:</p> <ul style="list-style-type: none">(a) disclose any such interest at the time of commencement of consideration of the item in which you have the interest or, if later, as soon as it becomes apparent to you that you have such an interest;(b) leave the meeting room during consideration of the item in which you have such an interest, taking no part in any discussion or decision thereon; and(c) not seek to influence improperly any decision on the matter in which you have such an interest. <p>If the interest is sensitive (as agreed with the Monitoring Officer), you need not disclose the nature of the interest but merely that you have a disclosable pecuniary interest of a sensitive nature. You must still follow (b) and (c) above.</p> |
| 4. | <p><u>Part 2 Reports</u>
Members are reminded that any Part 2 reports as circulated with the agenda for this meeting contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Committee Secretary at the conclusion of the meeting for disposal.</p> |
| 5. | <p><u>Substitute Members (Committee Meetings only)</u>
Members are reminded that, in accordance with Standing Order 35, the Clerk (or his representative) must be advised of any substitution prior to the start of the meeting. Members are also reminded that substitutions are not permitted for full Authority meetings.</p> |

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RESOURCES COMMITTEE

(Devon and Somerset Fire and Rescue Authority)

10 February 2016

Present:-

Councillors D Yeomans (Vice-Chair, in the Chair), B Greenslade, A Horsfall (sub J Dyke), D Thomas, G Wheeler (sub C Singh) and J Woodman (sub P Burrige-Clayton).

In attendance:-

M Healey – Chairman of the Authority

*RC/10. Minutes

RESOLVED that the Minutes of the meeting held on 19 November 2015 be signed as a correct record.

*RC/11. Treasury Management Performance 2015-2016: Quarter 3

The Committee received for information a report of the Treasurer (RC/16/1) that set out the treasury management activities of the Authority for the third quarter of the current financial year (2015-16) to December 2015. The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management advocated that public authorities should receive a report on treasury management activities at least twice a year and preferably quarterly. This report therefore provided the Authority with the assurance required that it was compliant with the Code of Practice.

Cecelie Booth, representing Capita – the Authority's Treasury Management Adviser – was present at the meeting and she gave an overview of the economic background against which the Authority was operating together with an overview of performance to date as measured against the approved Treasury Management Strategy. The key points made were:

- The United Kingdom (UK) Gross Domestic Product (GDP) growth rates in 2013 and 2014 of 2.2% and 2.9% respectively were the strongest of any G7 country, with the 2015 UK growth rate predicted to be a leading rate in the G7 again.
- performance during the third quarter of the current financial year demonstrated a prudent approach to investment decisions, with priority being given to security and liquidity over yield in accordance with the Authority's current investment priorities;
- the Service had outperformed the LIBID 3 benchmark return of 0.45% with a performance of 0.49%, giving a return to quarter 3 of £90,719;
- no Prudential Indicators had been breached;
- the level of external borrowing was £25.8m.

Reference was made to the point that the Authority currently pursued a low risk approach to its investment portfolio whilst there were opportunities for higher investment returns available. The Committee had requested at its previous meeting on 19 November 2015 (Minute *RC/8 refers) that consideration be given diversification of the investment portfolio into higher risk/higher yield instruments and specifically, to consider Property Funds and Peer to Peer lending.

Cecilie Booth responded that, as the Authority's investment advisers, Capita would encourage the Authority to look at the opportunities available and to consider amending the Treasury Management Strategy to include provision for higher risk investments in due course. However, since the concept of Property Fund investment was relatively new, there was a limited history on the potential default position available to guide the Authority's potential level of risk and thus, the Committee expressed the view that the Treasury Management Strategy should not be amended at this stage.

Councillor Greenslade **MOVED** and was seconded by Councillor Yeomans:

“that Officers be requested to explore in greater detail the options that may be viable for the Authority in terms of a higher risk investment strategy and a report thereon be submitted to the next meeting of the Resources Committee”.

The motion was then put to the vote and was **CARRIED** (5 for, 0 against, 1 abstention).

RESOLVED

- (a) that the performance in relation to the treasury management activities of the Authority for 2015 -2016 (to December) be noted; and,
- (b) that Officers be requested to explore in greater detail the options that may be viable for the Authority in terms of a higher risk investment strategy and a report thereon be submitted to the next meeting of the Resources Committee.

RC/12. Capital Programme 2016/17 to 2018/19

The Committee considered a report of the Chief Fire Officer and Treasurer (RC/16/2) that set out the proposals for a three year Capital Programme covering the years 2016-17 to 2018-19 and which also outlined the difficulties in meeting the full capital requirements for this Authority given the number of fire stations, fire appliances and associated equipment required to be maintained and eventually replaced.

The Treasurer advised the Committee that the Capital Programme had been constructed on the basis of the principle that debt charges emanating from capital borrowing were kept within the 5% Prudential Indicator limit (debt charges as a percentage of the Revenue Budget) as set by the Authority. He referred to the difficulties in recent years of maintaining a capital programme that was affordable within the 5% Prudential Indicator against a reducing revenue budget. The existing borrowing level of £25.8m would reduce to £24.8m by 2021 and it was not proposed that any further external borrowing would be undertaken. Additionally, there was a report on the agenda for this meeting (RC/16/3) that included a recommendation for a minimum revenue contribution of £2.407m to support the financing of the 2016-17 to 2018-19 capital programme in the absence of any funding from Government.

RESOLVED that the Authority be recommended:

- (a) To approve a minimum revenue contribution of £2.407m from the 2016-17 revenue budget towards financing of the 2016-17 to 2019-19 capital programme;
- (b) To approve the draft Capital Programme 2016-17 to 2018-19 and associated Prudential Indicators, as detailed in the report and summarised at Appendices A and B respectively of report RC/16/2: and,
- (c) To note the forecasting impact of the proposed Capital Programme (from 2019-29 onwards) on the 5% debt ratio Prudential Indicators as indicated in this report.

RC/13. Revenue Budget and Council Tax Level 2016/17

The Committee considered a report of the Treasurer and Chief Fire Officer (RC/16/3) on options for the Authority's revenue budget and associated council tax level in 2016-17. It was a legislative requirement for the Authority to set a balanced budget and determine an associated council tax level prior to 1 March each year and this report set out the necessary financial background on which to consider the appropriate way forward for this Authority.

The Treasurer advised that the Department for Communities and Local Government had announced on 17 December 2015 that the council tax level which, if exceeded, would trigger the need for the Authority to hold a referendum, would be 2%. Reference was made to the point that the Department for Communities and Local Government had been requested to consider the implementation of an alternative set of principles for fire and rescue authorities that would apply a cash value of £5 on council tax increases for the purposes of the referendum limit rather than a set percentage. Whilst this had been applied to some police and crime commissioner areas and district councils, it had not been applied to fire and rescue authorities. Thus, given that the administrative costs associated with holding a local referendum were estimated to be in the region of £2.3million, this report did not include any proposal to go beyond the 2% limit.

The provisional Settlement Funding Assessment for this Authority for 2016-17 was £26.873m, representing a reduction of 8.6% (£2.540m) on 2015-16. This was broadly in line with the figures already included within the Authority's Medium Term Financial Plans. The Government had also provided settlement figures for a four year period to 2019-20 should the Authority accept an offer of a four year settlement. These figures showed a reduction in funding of 24.9% by 2019-20 (£7.333m) over 2015-16, representing the 7th worst settlement of all fire and rescue authorities.

The Treasurer reported that the final Settlement had now been received and, whilst the base funding figures had not changed, the Authority had been allocated an amount of £466k additional Section 31 grants in 2016-17 relating to Rural Services Delivery Grant (£317k) and transitional funding (£149k). Alongside this, however, the Authority had been advised that the Business Rate income would be £61k less than had been anticipated, resulting in a net gain of £405k in funding in 2016-17 overall, although this was not available to be added to the base budget in future years.

The report therefore set out two options for consideration by the Committee, namely:

- Option A – to freeze council tax at 2015-16 level (£78.42 for a Band D property);
- Option B – to increase council tax by 1.99% above 2015-16 (£79.98 for a Band D property).

Each of these options would result in a reduction in the amount of revenue funding for 2016-17 and the report also set out a summary of the reductions associated with each option including additional precept income.

Reference was made in particular to the budget savings that had been included within the proposed net revenue budget requirements for 2016-17 which totalled £3.222m. This had been achieved by a combination of stringent budget management measures, an anticipated reduction in retained activity together with the Corporate Plan proposals (to reduce support staff, senior management and remove 149 operational posts).

In terms of the £405k of additional revenue funding that had now been made available in the final Settlement Funding Assessment, Councillor Greenslade suggested that this money should be transferred into the Earmarked Reserve to contribute towards future capital expenditure.

Following a debate in respect of the options presented, Councillor Thomas **MOVED** and was seconded by Councillor Yeomans:

“that, subject to the inclusion of an additional recommendation that the additional £405k of Section 31 grant funding be added to the amount to be transferred into the Earmarked Reserve for future capital expenditure, it be recommended to the Authority that Option B as set out within report RC/16/3 be approved”.

The motion was then put to the vote and **CARRIED** unanimously.

RESOLVED that it be recommended to the Authority:

- (a) that the level of council tax in 2016-17 for a Band D property be set at £79.98, as outlined in Option B of report RC/16/3, representing a 1.99% increase over 2015-16; and
- (b) that the additional £405k of Section 31 grant funding be added to the amount to be transferred into the Earmarked Reserve for future capital expenditure.

NB. Minute RC/12 above also refers.

RC/14. Financial Performance Report 2015/16: Quarter 3

The Committee considered a report of the Treasurer (RC/16/4) that detailed the third quarter performance (to December 2015) against the agreed targets for the current financial year. In particular, it provided a forecast of spending against the 2015-16 revenue budget with explanations of the major variations.

The Treasurer advised that spending to quarter 3 was £74.225m, which was £0.486m less than the approved budget (0.65%). This saving was attributable largely to the ongoing crewing changes as a result of the Corporate Plan 2014-15 to 2016-17 together with a strategy to hold vacancies when staff left the organisation and a commitment to find in-year savings wherever possible. In view of this, the Treasurer was recommending to the Authority that a further £1.5m be transferred into the Earmarked Reserve to support future capital expenditure as outlined in paragraph 10.3 of report RC/16/4.

The Chief Fire Officer referred to the organisational restructure that was pending and the 16.5 support staff posts that been taken out already to assist in achieving the required budgetary savings. He added that he was confident that the organisation was fortunate to have staff that were committed to supporting its ongoing needs. Concern was expressed, however, that staff wellbeing was not being adversely impacted by the inevitable increased workloads and reference was made to the proposed introduction of Service Level Agreements which would define areas of work and responsibility more clearly. It was felt that consideration should be given to ensuring that there was investment in staff and opportunities available for them to develop into new roles. The Chief Fire Officer responded that work was progressing in respect of the Service Level Agreements and he undertook to share the work that had been undertaken on this and the restructure in a presentation to a subsequent Members' Forum.

The Committee expressed its appreciation to staff for the contribution made in assisting the Authority to achieve the required budgetary savings in 2016-17, whereupon Councillor Greenslade requested that part (c) of the recommendations in report RC/16/4 be amended to reflect this point. With this addition, Councillor Greenslade **MOVED** the recommendations set out in report RC/16/4 seconded by Councillor Horsfall.

The motion was put to the vote and was **CARRIED** unanimously, whereupon it was:

RESOLVED

- (a) That it be recommended to the Authority that a transfer be made to Earmarked Reserves of £1.5m for future funding of Capital Expenditure, as outlined in paragraph 10.3 of this report.
- (b) That subject to (a) above, the monitoring position in relation to projected spending against the 2015-2016 revenue and capital budgets be noted;
- (c) That the performance against the 2015-2016 financial targets be noted and that the appreciation of the Committee for the contribution made by staff in assisting the Authority to achieve the required budgetary savings in 2016-17 be recorded.

***RC/15. May 2016 Meeting - Proposed Change in Date**

The Committee considered a report of the Clerk to the Authority (RC/16/5) that proposed a change in date of the meeting of the Resources Committee that was scheduled currently for 18 May 2016 due to a clash with the Somerset County Full Council (Budget) meeting.

Reference was made to the point that a Members' Forum was also currently scheduled and it was suggested that the Resources Committee should meet at 09:30hours on 17 May 2016 to accommodate moving the Members' Forum to this date in addition.

RESOLVED that a change in date for the Resources Committee May 2016 meeting, from Wednesday 18 May to 09.30 on Tuesday 17 May 2016, be approved.

*** DENOTES DELEGATED MATTER WITH POWER TO ACT**

The meeting started at 10.00hours and finished at 11.40hours

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Agenda Item 4

REPORT REFERENCE NO.	RC/16/6
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	17 MAY 2016
SUBJECT OF REPORT	DRAFT FINANCIAL OUTTURN 2015/16
LEAD OFFICER	Treasurer to the Authority
RECOMMENDATIONS	<p>(a) That the Fire and Rescue Authority, at its meeting on the 26 May 2016, be recommended to approve:</p> <p>(i) That the provisional underspend against the 2015-16 revenue budget of £1.878m be utilised to fund the following transfers to Earmarked Reserves, as outlined in paragraph 12.5 of this report:</p> <p style="padding-left: 40px;">A. the transfer of £0.557m to an Earmarked Reserve to be utilised to fund Essential Spending Pressures not included in the 2016-17 base budget (Para 12.5(b));</p> <p style="padding-left: 40px;">B. the transfer of the remaining £1.321m to the Capital Funding Reserve (Para 12.5(f));</p> <p>(ii) That following a review of Earmarked Reserve requirements, an amount of £0.011m be transferred from Earmarked Reserves to General Reserve (Para. 12.5(d))</p> <p>(b) That, subject to (a) above, the following be noted:</p> <p>(i) The draft position in respect of the 2015-16 Revenue and Capital Outturn position, as indicated in this report.</p> <p>(ii) That the underspend figure of £1.878m is after;</p> <p style="padding-left: 40px;">A. A transfer of £0.420m to the Grants Unapplied Reserve, as required under International Financial Reporting Standards (IFRS) relating to grants received during the financial year but not utilised (Para.12.5(a))</p> <p style="padding-left: 40px;">B. A transfer of £0.091m to Earmarked Reserves for 2015-16 Budget Carry Forwards to fund planned projects not completed by 31 March 2016 (Para. 12.5(c))</p> <p style="padding-left: 40px;">C. A transfer of £1.677m to the Reserve for Capital funding (para 12.5(e))</p> <p style="padding-left: 40px;">D. Additional provisions relating to pension liabilities of £0.066m. (Para. 11.5(g))</p>

EXECUTIVE SUMMARY	<p>This report sets out the draft financial outturn position for 2015-16 against agreed financial targets.</p> <p>In particular, it provides a draft outturn spending position against the 2015-16 revenue budget with explanations of the major variations. Spending will be £1.878m below budget, (net of transfers to Earmarked reserves noted in this report) equivalent to 2.5% of the total budget.</p> <p>This significant saving is largely attributable to the continued implementation of the Corporate Plan changes agreed in July 2013, together with a strategy to work with budget holders to identify in-year savings against budget heads. Members will recall that in setting a revenue budget for 2016-17, at the February budget meeting, an amount of £3.2m was taken from the base budget to reflect further on-going budget savings.</p>
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	A. Summary of Prudential Indicators 2015-16.
LIST OF BACKGROUND PAPERS	None.

1. **INTRODUCTION**

1.1 This report provides the draft financial outturn position for the financial year ending on the 31 March 2016. As well as providing a summary of spending against the 2015-16 revenue and capital budget, the report also includes performance against other financial performance indicators, including the prudential and treasury management indicators.

1.2 Table 1 below provides a summary of performance against the key financial targets.

TABLE 1 –PERFORMANCE AGAINST KEY FINANCIAL TARGETS 2015-16

	Key Target	Target	Forecast Outturn		Forecast Variance	
			Quarter 4	Previous Quarter	Quarter 4 %	Previous Quarter %
Revenue Targets						
1	Spending within agreed revenue budget	£74.710m	£72.833m	£74.225m	(2.51%)	(0.65%)
2	General Reserve Balance as %age of total budget (minimum)	5.00%	7.07%	7.06%	(2.07)bp	(2.06)bp*
Capital Targets						
3	Spending within agreed capital budget	£8.202m	£6.171m	£7.454m	(24.76)%	(8.85%)
4	External Borrowing within Prudential Indicator limit	£29.477m	£25.817m	£25.817m	(12.42)%	(12.42)%
5	Debt Ratio (debt charges over total revenue budget)	3.76%	3.76%	3.76%	(0.00)bp	(0.00)bp*

1.3 The remainder of the report is split into the three sections of:

- **SECTION A** – Revenue Budget 2015-16.
- **SECTION B** – Capital Budget and Prudential Indicators 2015-16.
- **SECTION C** – Other Financial Indicators.

1.4 Each of these sections provides a more detailed analysis of performance, including commentary relating to the major variances.

2. **SECTION A - REVENUE BUDGET 2015-16**

2.1 Table 2 overleaf provides a summary of spending against all agreed subjective budget heads, e.g. employee costs, transport costs etc. This table indicates that spending at the year-end is £72.833m compared with an agreed budget figure of £74.710m, representing a saving of £1.878m (£0.486m in Q3), and equivalent to 2.51% of the total budget.

2.2 It should be noted that the forecast spending figure is net of the proposed transfers to Earmarked Reserves, as outlined in paragraph 12.5 of this report.

TABLE 2 – REVENUE MONITORING STATEMENT 2015-16**DEVON & SOMERSET FIRE AND RESCUE AUTHORITY**
Revenue Budget Monitoring Report 2015/16

Line No		2015/16 Budget £000	Spending to Month 12 £000	Projected Outturn £000	Projected Variance over/ (under) £000
	SPENDING				
	EMPLOYEE COSTS				
1	Wholetime uniform staff	27,965	27,852	27,918	(47)
2	Retained firefighters	11,983	11,862	11,862	(122)
3	Control room staff	1,647	1,601	1,601	(46)
4	Non uniformed staff	9,620	9,665	9,665	45
5	Training expenses	1,065	723	723	(342)
6	Fire Service Pensions recharge	2,787	2,861	2,861	74
		55,067	54,564	54,629	(437)
	PREMISES RELATED COSTS				
7	Repair and maintenance	1,318	1,314	1,314	(4)
8	Energy costs	615	500	500	(115)
9	Cleaning costs	445	381	381	(64)
10	Rent and rates	1,661	1,647	1,647	(13)
		4,039	3,842	3,842	(197)
	TRANSPORT RELATED COSTS				
11	Repair and maintenance	607	439	439	(167)
12	Running costs and insurances	1,344	1,184	1,184	(160)
13	Travel and subsistence	1,424	1,334	1,334	(90)
		3,375	2,958	2,958	(417)
	SUPPLIES AND SERVICES				
14	Equipment and furniture	2,482	2,120	2,120	(362)
16	Hydrants-installation and maintenance	128	199	199	70
17	Communications	2,114	1,801	1,801	(313)
18	Uniforms	609	567	567	(42)
19	Catering	220	127	127	(93)
20	External Fees and Services	115	55	55	(60)
21	Partnerships & regional collaborative projects	193	137	162	(30)
		5,862	5,007	5,032	(830)
	ESTABLISHMENT COSTS				
22	Printing, stationery and office expenses	380	252	252	(128)
23	Advertising	35	13	13	(23)
24	Insurances	341	306	306	(35)
		756	570	570	(186)
	PAYMENTS TO OTHER AUTHORITIES				
25	Support service contracts	568	633	633	65
		568	633	633	65
	CAPITAL FINANCING COSTS				
26	Capital charges	3,699	3,438	3,438	(261)
27	Revenue Contribution to Capital spending	2,157	572	572	(1,585)
		5,856	4,010	4,010	(1,846)
28	TOTAL SPENDING	75,523	71,583	71,673	(3,849)
	INCOME				
29	Investment income	(117)	(271)	(271)	(154)
30	Grants and Reimbursements	(3,219)	(3,080)	(3,080)	138
31	Other income	(998)	(1,210)	(1,210)	(212)
32	Internal Recharges	(30)	(19)	(19)	11
33	TOTAL INCOME	(4,363)	(4,580)	(4,580)	(217)
34	NET SPENDING	71,160	67,002	67,093	(4,066)
	TRANSFERS TO EARMARKED RESERVES				
35	Grants Unapplied	-	-	420	420
36	Transfer to Earmarked Reserve	3,551	3,551	3,642	91
37	Capital Funding	-	-	1,678	1,678
		3,551	3,551	5,739	2,189
38	NET SPENDING	74,710	70,553	72,833	(1,878)

- 2.3 These figures are based upon the draft outturn position as at 31 March 2016 and are based on all known commitments for the financial year 2015/16.
- 2.4 The significant underspend is largely as a result of the continued implementation of the Corporate Plan changes agreed in July 2013, which when fully implemented will have delivered on-going savings of £6.8m. It is recognised, however, that this full saving would take a number of years to deliver dependent on the natural turnover of staff through retirements. Members will recall that in setting a revenue budget for 2016-17, at the February budget meeting, an amount of £3.2m was taken from the base budget to reflect further on-going budget savings.
- 2.5 In addition all budget managers have been tasked by the Chief Fire Officer and Executive Board to control in-year spending from non-operational budget heads and managers have responded accordingly.
- 2.6 Explanations of the more significant variations from budget (over £0.050m variance) are explained below in paragraphs 3 to 10.

3. EMPLOYEE COSTS

Wholetime Staff

- 3.1 This forecast year end position of £27.918m against budget of £27.965m includes a provision of £0.066m for future pension liabilities which may arise on allowances following legislation and is intended to supplement the provision first made in the 2013/14 accounts.

Retained Pay Costs

- 3.2 Spend for the 2015-16 year is £0.122m below budget due to savings for ongoing vacancies and reduced activity levels.

Training Expenses

- 3.3 Training expenses are £0.723m against budget of £1.065m resulting in a saving of £0.342m due to fewer external courses in 2015/16 and a reduction to the number of grant funded Phoenix courses being run (reflected in a reduction to income). There have also been savings made due to the suspension of promotional training and assessment whilst the uniformed establishment and organisational development are being reviewed.

Fire Service Pensions Recharge

- 3.4 The outturn position of £0.074m over budget is as a result of an ill health and injury on duty case being resolved earlier than anticipated, meaning the spend is now to be included in 2015-16.

4. PREMISES RELATED COSTS

Energy Costs

- 4.1 Energy costs savings of £0.115m are due to weather variations and savings as a result of new energy contracts which have been let since the budget was set.

Cleaning Costs

- 4.2 Savings of £0.064m have been made on cleaning costs in 2015-16: £0.040m saving against the external cleaning contract (on one off/ deep cleans) and £0.020m against the refuse collection contract following a procurement exercise.

5. TRANSPORT RELATED COSTS

Repair and Maintenance

- 5.1 Fleet maintenance costs were £0.167m under budget as a result of a reduction in the volume of repairs and the positive impact of the introduction of Light Response Pump (LRP) on maintenance costs.

Running costs and Insurances

- 5.2 Savings of £0.160m have been made against this budget line, the majority as a result of low fuel prices throughout the year and reduced insurance premiums resulting from the formation of the fire insurance mutual.

Travel and Subsistence

- 5.3 Travel and Subsistence costs were £1.334m against a budget of £1.424m. The under spend of £0.090m is largely due to significant reductions to mileage claims for uniformed, non-uniformed staff and members as well as hired transport costs. The savings are as a consequence of a reduction in staff numbers and travelling levels.

6. SUPPLIES AND SERVICES

Equipment and Furniture

- 6.1 Spend on Equipment and Furniture was £2.120m against a budget of £2.482m. The under spend of £0.362m is largely because fewer items of operational equipment are required (because the Service is employing fewer staff) along with savings on ICT contracts.

Hydrants – Installation and Maintenance

- 6.2 Hydrants Installation and Maintenance is £70k overspent for the year. This variance is due to a backlog of maintenance work with South West Water, slipped from previous years.

Communications

- 6.3 The outturn position for Communication spend is £1.801m against budget of £2.114m. £79k of the saving is on the Airwave contract for Emergency Services communications and navigation equipment in vehicles, with £45k under spend being subject to a budget carry forward reserve request. A further £105k is attributable to the externally funded National Procurement Project which is subject to a year-end carry forward into 2016-17 as outlined in Para. 12.5(a) below.

Catering

- 6.4 The underspend of £0.093m on Catering is due to reduced training meals (in line with activity) along with lower spend on catering facilities across the service which is reflected by reduced income. The provision of training meals and canteen provisions across the service are currently subject to review.

External Fees & Services

- 6.5 Spend on External Fees & Services was £0.060m below budget, primarily as a result of the delay to the National Procurement project which will spend the grant funding in future years on staffing rather than external contractors (subject to Earmarked Reserve Request).

7. ESTABLISHMENT COSTS

Printing, Stationery and Office Expenses

- 7.1 Expenditure on Printing, Stationery and Office Expenses is £0.128m lower than budgeted as a result of savings on publications, postage and consultation fees.

8. PAYMENTS TO OTHER AUTHORITIES

Support Services Contracts

- 8.1 The outturn position for Support Services Contracts is £0.633m against budget of £0.568. The over spend relates to increased Occupational Health spend as a result of sickness levels and management action to both review ongoing sickness cases and support staff in a healthy return to work.

9. CAPITAL FINANCING COSTS

Capital Charges

- 9.1 Capital charges are £0.261m below budget, primarily as a result of fewer leased vehicles and items of equipment (some have been bought out) but also due to savings on debt interest as no new loans have been taken out in year due to the strategy to support capital expenditure from revenue underspends.

Revenue contribution to Capital Spending

- 9.2 As a result of slippage to the capital programme in 2015-16, there will be an under spend of £1.585m against this budget line. This amount is required to be transferred in to the Direct Funding to Capital Reserve to be used against ongoing projects.

10. INCOME

Investment Income

- 10.1 There is a £0.154m surplus for Investment income which is primarily due to strong yields on high cash balances producing £0.091m more income than budgeted.
- 10.2 Additionally the Authority has received £0.063m in Dividend Income from its trading subsidiary, Red One Limited, which relates to profits from 2013-14 and 2014-15. Per the strategy agreed by members when the company was set up, this amount will be transferred to the Reserve to support Capital Expenditure in future years.

Grants and Re-imbursements

- 10.3 Grants and Re-imbursements received in 2015-16 were £3.080m against a budget of £3.219m. The shortfall of £0.138m is largely due to fewer grant funded Phoenix Courses being run. It should be emphasised that there are savings across several other budget headings which offset the reduced grant income.

Other Income

- 10.4 Other income was £0.212m above budget which is due a variety of factors including increased Co-responder activity and improved cost recovery (£90k), Site sharing income (£38k) and revenue from sales of vehicle and equipment (£23k).
- 10.5 Also included in this figure, Training Income received from Red One Ltd was £29k above budget which will be subject to transfer to reserves per the strategy.

11. DIRECT REVENUE CONTRIBUTIONS TO CAPITAL

11.1 Table 2 above reflects that the underspend of £1.585m on Revenue Contribution to Capital arising in year is transferred directly to the Earmarked reserve for Capital funding.

11.2 **Commercial Income** – As outlined in paragraphs 10.2 and 10.5 of this report income from commercial activities is £0.092m more than budgeted. The Authority has previously made an “in principle” decision that any income from commercial activities in excess of that budgeted be ring fenced to provide direct revenue funding toward capital spending. Table 2 reflects a further transfer of £0.092m to the Earmarked Reserve for Direct Revenue Contributions to Capital at the year-end.

12. RESERVES AND PROVISIONS

12.1 As well as the funds available to the Authority by setting an annual budget, the Authority also holds reserve and provision balances.

Reserves

12.2 There are two types of Reserves held by the Authority:

Earmarked Reserves – these reserves are held to fund a **specific** purpose and can only be used to fund spending associated with that specific purpose. Should it transpire that not all of the agreed funds are required then the agreement of the Authority would be sought to decide how any remaining balance is to be utilised.

General Reserve – usage from this Reserve is **non-specific** and is held to fund any unforeseen spending that had not been included in the base budget e.g. excessive operational activity resulting in significant retained pay costs.

Provisions

12.3 In addition to reserves the Authority may also hold provisions which can be defined as:

Provisions – a Provision is held to provide funding for a liability or loss that is known with some certainty will occur in the future, but the timing and amount is less certain.

12.4 A summary of predicted balances on Reserves and Provisions is shown in Table 3 overleaf. These figures include those proposed transfers to Earmarked Reserves and provision outlined in this report which are recommended for approval by the Resources Committee.

TABLE 3 – RESERVES AND PROVISION BALANCES 31 MARCH 2016

RESERVES AND PROVISIONS						
	Note	Balance as at 1 April 2015 £000	Approved Transfers £000	Proposed Transfers £000	Spending to P12 £000	Proposed Balance as at 31 March 2016 £000
RESERVES						
Earmarked reserves						
Grants unapplied from previous years	a	(1,707)	-	(420)	706	(2,833)
Change & improvement programme	b	(938)	-	(417)	136	(1,491)
Budget Carry Forwards	c/d	(727)	-	(80)	85	(892)
Commercial Services		(192)	-	-	-	(192)
Direct Funding to Capital	e/f	(7,175)	(3,000)	(3,138)	-	(13,313)
Comprehensive Spending Review*		(4,955)	-	-	-	(4,955)
Community Safety Investment		(215)	-	-	42	(258)
PPE & Uniform Refresh		(996)	-	-	-	(996)
Pension Liability reserve		(1,525)	-	-	-	(1,525)
NNDR Smoothing Reserve		(62)	(551)	-	-	(613)
Total earmarked reserves		(18,492)	(3,551)	(4,055)	969	(27,067)
General reserve						
General fund balance	d	(5,271)		(11)	-	(5,282)
Percentage of general reserve compared to net budget						7.07%
TOTAL RESERVE BALANCES		(23,763)				(32,349)
PROVISIONS						
Fire fighters pension schemes	g	(784)		(66)	156	(694)
PFI Equalisation		(295)		-	-	(295)
TOTAL PROVISIONS		(1,079)		(66)	156	(989)

* The CSR Reserve has been established to provide additional financial contingency during the period of austerity, which is now confirmed by the CSR 2015 to run until at least 2019-20. It provides contingency in the event that transfers from reserves are required to meet government grant reductions and spending pressures in the Authority's Medium Term Financial Plan.

12.5 The 2015-16 outturn figures in Table 2 include recommended provisions and proposed transfers to Earmarked Reserves, as referenced in Table 3:

a. **Grants Unapplied (£0.420m)** - under IFRS accounting arrangements, any unused grants at the year-end, which are not subject to repayment, are to be identified and carried forward to 2015-16. An analysis of such grants is shown in the table below.

Grant Received From	£m	Purpose of Grant
Department of Communities and Local Government (CLG)	0.008	To fund Urban Search and Rescue (USAR) activities.
Department of Communities and Local Government (CLG)	0.372	Transformation funding for the National Procurement Project
Insure the Box (£15k) and Devon County Council (£25k)	0.040	Learn to Live programme
NET TRANSFER	0.420	

b. **2015-16 Earmarked Reserve for Change and Improvement Programme (£0.557m)** - A number of new opportunities for Change & Improvement have arisen since the 2016-17 budget was set and therefore it is recommended that the Authority approve a total transfer of £0.557m to the existing reserve to fund these projects, pending consideration of a full business case. These are identified as follows:

Description	£m
Support for the Emergency Services Mobile Communication Project	0.100
European Foundation for Quality Management Assurance	0.005
Profile project manager	0.065
Firefighter fitness	0.025
Public relations equipment	0.022
Performance Information Management System	0.200
Purchase of Confined Space Training Vehicle (subject to an increase in 2016-17 capital programme, as included in a separate report "Revision to Capital Programme 2016-17 to 2018-19" considered elsewhere on the agenda)	0.140
TOTAL TRANSFER	0.557

c. **Budget Carry Forwards (£0.091m)** - Budget carry forwards for revenue items are requested for items where budget was provided in 2015/16 but the purchase or procurement was delayed beyond 31 March 2016. These are identified as follows:

Description	£m
Aide memoire for use on Appliances	0.005
Telephony Upgrades	0.045
Home Fire Safety Visit Project/ Profile (Change & Improvement)	0.027
Fitness Equipment	0.015
TOTAL TRANSFER	0.091

d. In addition to these transfers, a recent review of historic Reserve balances has meant remaining balances for Committee Management Software (£9k) and a Replacement Oil Bunker (£2k) are no longer required because these projects have been delivered under budget and can therefore be returned to the General Fund. The net effect of these changes is for a transfer of £80k.

e. **Direct funding to Capital (£1.677m)** - As reported in paragraphs 11.1 and 11.2 of this report, a budget carry forward of £1.585m to fund capital commitments in 2015-16 is required in addition to Red One Income being utilised for Capital Funding.

Description	£m
Revenue Contribution to Capital from 2015-16	1.585
Red One Income	0.092
TOTAL TRANSFER	1.677

f. **Direct funding to Capital (£1.321m)** - It is recommended that the Authority approve that the remaining underspend of £1.321m be transferred to the Capital Funding Reserve in order to further prevent the need to borrow in future financial years. By utilising under spends in this way the revenue budget will be protected from future Capital Charges and ensure that debt charges are kept within the prudential indicator of affordability, set at 5% of total revenue budget.

g. **Provision for Firefighters pension schemes** - As detailed in Paragraph 3 of this report, a further enhancements to the Provision for Firefighters pension scheme is recommended for the Pensionable Allowances 2015/16 element of £0.066m.

13. **SECTION B – CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2015-16**

Monitoring of Capital Spending in 2015-16

- 13.1 Table 4 overleaf provides a summary of spending against the 2015-16 capital programme. Capital spending for the year was £6.171m (£7.454m in Q3) against a revised programme of £8.202m.

TABLE 4 – CAPITAL OUTTURN 2015-16

PROJECT	2015/16 £000 Revised Budget	2015/16 £000 Outturn	2015/16 £000 Forecast Slippage	2015/16 £000 Over/ (under) spend
Estate Development				
Major Projects - Training Facility at Exeter Airport	421	417	0	(4)
Minor improvements & structural maintenance	1,620	690	(725)	(205)
Estates Sub Total	2,041	1,107	(725)	(209)
Fleet & Equipment				
Appliance replacement	4,526	4,064	(393)	(69)
Community Fire Safety	0	0	0	0
Specialist Operational Vehicles	344	159	(125)	(60)
Equipment	953	523	(358)	(72)
ICT Department	245	251	0	6
Water Rescue Boats	93	67	(26)	0
Fleet & Equipment Sub Total	6,161	5,064	(902)	(195)
Overall Capital Totals	8,202	6,171	(1,627)	(404)
Programme funding				
Earmarked Reserves:	1,047	602	(384)	(61)
Revenue funds:	2,158	572	(1,243)	(343)
Application of existing borrowing	4,997	4,997		0
Total Funding	8,202	6,171	(1,627)	(404)

Slippage in 2015-16

- 13.2 As is illustrated in Table 4, there has been slippage against programme of £1.627m.
- 13.3 Estates Slippage has occurred across several projects which include: Replacement of Strategically placed fuel tanks (£140k), SHQ site various works (£92k), Carbon Management (£49k), Vehicle Washing works (170k) and modernisation of Ilminster station (£70k) amongst other smaller projects.
- 13.4 In Fleet and Equipment, slippage has been largely due to the delayed delivery of a six LRP Appliances and associated equipment (£523k) along with a Prime Mover (£125k) and Auxiliary Batteries (£181k) which are both in the procurement process.
- 13.5 It is a common feature of capital spending that individual projects included in the programme can be subject to delays, for instance as a consequence of weather delays, pending planning consents, or delays in the procurement/tendering process. Under the Prudential Code this does not cause any funding problems as slippage can be carried forward into the following years. In fact, slippage in capital spending has a positive impact against the revenue account in so much as it defers borrowing requirements and the associated debt charges.

Prudential Indicators (including Treasury Management)

- 13.6 Also included within Table 4 are details of how the spending of £6.171m is financed, which illustrates that all of this spending is to be funded from existing borrowing or revenue funding, therefore avoiding the need to increase external borrowing requirements in 2015-16.
- 13.7 Total external borrowing with the Public Works Loan Board (PWLB) as at 31 March 2016 stands at £25.817m from £26.864m at the previous quarter as a result of further principal repayments. This level of borrowing is well within the Authorised Limit for external debt of £29.477m (the absolute maximum the Authority has agreed as affordable).
- 13.8 Investment returns in the quarter yielded an average return of 0.57% which outperforms the LIBID 3 Month return (industry benchmark) of 0.46%. Investment returns from short-term deposits have exceeded the budgeted figure of £0.117m by £0.091m for the year to March 2016.
- 13.9 Appendix A of this report provides a summary of performance against all of the agreed Prudential Indicators for 2015-16, which illustrates that there was no breach of any of these indicators.

14. SECTION C - OTHER FINANCIAL PERFORMANCE INDICATORS

Aged Debt Analysis

- 13.1 Total debtor invoices outstanding as at Quarter 4 were £813,413 (previous quarter £86,306). Of this figure an amount of £494 (£10,518 as at 31 December 2015) was due from debtors relating to invoices that are more than 85 days old, equating to 0.06% (16.60% as at 31 December 2015) of the total debt outstanding. Table 5 below provides a summary of all debt outstanding as at 31 March 2016.

TABLE 5 – OUTSTANDING DEBT AS AT 31 MARCH 2016

	Total Value £	%
Current (allowed 28 days in which to pay invoice)	789,593	97.07%
1 to 28 days overdue	19,495	2.40%
29-56 days overdue	1,834	0.23%
57-84 days overdue	1,998	0.25%
Over 85 days overdue	494	0.06%
Total Debt Outstanding as at 31 March 2016	813,413	100.00%

- 13.2 Table 6 below provides further analysis of those debts in excess of 85 days old.

TABLE 6 – DEBTS OUTSTANDING FOR MORE THAN 85 DAYS

	No	Total Value	Action Taken
Individual Debts less than £1,000	2	£494	Each debt being pursued by the Risk and Insurance Officer.

Payment of Supplier Invoices within 30 days

- 13.3 There is a statutory requirement from April 2015 for the Authority to pay all undisputed invoices within 30 days. As this is a new requirement, the data has been re-analysed to ascertain which invoices have been under query (as the previously reported measure was the number of total invoices paid within 30 days). Actual performance for the quarter ended 31st March 2016 was 97.7% against a total of 98.5% for the entire year. Officers recognise the importance of this measure to ensure that suppliers are being paid promptly and therefore measures are being put in place to improve performance to 100% including analysis of query resolution times.

14. SUMMARY

- 14.1 The draft outturn position is that revenue spending is £1.878m less than the agreed budget figure for 2015-16, which aligns with the strategy adopted to deliver in-year savings where possible to be available to enhance Reserve balances.
- 14.2 This report makes proposals as to how this underspend can be utilised. Members of Resources Committee are asked to consider these proposals, as outlined in paragraph 12 of this report, with a view to making a recommendation to the meeting of the Fire and Rescue Authority to be held on the 26 May 2016.

KEVIN WOODWARD
Treasurer to the Authority

APPENDIX A TO REPORT RC/16/6

PRUDENTIAL INDICATORS 2015-16

Prudential Indicators and Treasury Management Indicators	Outturn £m	Target £m	Variance (favourable) /adverse
Capital Expenditure	6.171	8.202	(£2.031m)
External Borrowing vs Capital Financing Requirement (CFR) - Total	27.261	27.262	(£0.001m)
- Borrowing	25.817	25.818	
- Other long term liabilities	1.444	1.444	
External borrowing vs Authorised limit for external debt - Total	27.261	29.916	(£2.665m)
- Borrowing	25.817	28.400	
- Other long term liabilities	1.444	1.516	
Debt Ratio (debt charges as a %age of total revenue budget)	3.76%	3.76%	(0.0)bp
Cost of Borrowing – Total	1.096	1.091	£0.005m
- Interest on existing debt as at 31-3-15	1.096	1.091	
- Interest on new debt in 2015-16	0.000	0.000	
Investment Income – full year	0.271	0.117	(£0.154m)
	Actual (31 Mar 2016) %	Target for quarter %	Variance (favourable) /adverse
Investment Return	0.57%	0.46%	(0.11)bp

Prudential Indicators and Treasury Management Indicators	Actual (31 March 2016) %	Target Upper limit %	Target Lower limit %	Variance (favourable) /adverse %
Limit of fixed interest rates based on net debt	100.00%	100.00%	70.00%	0.00%
Limit of variable interest rates based on net debt	0.00%	30.00%	0.00%	(30.00%)
Maturity structure of borrowing limits				
Under 12 months	0.49%	30.00%	0.00%	(29.51%)
12 months to 2 years	0.36%	30.00%	0.00%	(29.14%)
2 years to 5 years	1.08%	50.00%	0.00%	(48.92%)
5 years to 10 years	8.22%	75.00%	0.00%	(66.78%)
10 years and above	89.86%	100.00%	50.00%	(10.14%)
- 10 years to 20 years	17.55%			
- 20 years to 30 years	14.26%			
- 30 years to 40 years	21.97%			
- 40 years to 50 years	36.07%			

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Agenda Item 5

REPORT REFERENCE NO.	RC/16/7
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	17 MAY 2016
SUBJECT OF REPORT	REVISION TO CAPITAL PROGRAMME 2016-17 TO 2018-19
LEAD OFFICER	Chief Fire Officer and Treasurer
RECOMMENDATIONS	<i>That it be recommended to the Devon and Somerset Fire and Rescue Authority that the revised capital programme and associated prudential indicators for 2016-17 to 2018-19, as included in this report, be approved.</i>
EXECUTIVE SUMMARY	<p>A three year capital programme for 2016-17 to 2018-19 was approved at the budget meeting in February 2016. This report proposes a revision to that programme to reflect:</p> <ul style="list-style-type: none"> a) An amount of money not spent in 2015-16 to be carried forward to 2016-17; b) Additional capital spending items in 2016-17 to be funded from revenue reserves. <p>It should be emphasised that these proposed revisions do not require any increase in the Authority external borrowing requirements.</p>
RESOURCE IMPLICATIONS	As indicated within the Report
EQUALITY IMPACT ASSESSMENT	The contents of this report are considered compatible with existing equalities and human rights legislation.
APPENDICES	<ul style="list-style-type: none"> A. Capital Programme 2016-17 to 2018-19. B. Revised Prudential Indicators 2016-17 to 2018-19.
LIST OF BACKGROUND PAPERS	Capital Programme 2016-17 to 2018-19 report to DSFRA on 19 February 2016 (DSFRA/16/2).

1. INTRODUCTION

- 1.1 The current capital programme covering the three years 2016-17 to 2018-19 was approved at the budget meeting in February 2016.
- 1.2 This report seeks approval of the Authority to revise this programme to reflect budget not spent in 2015-16 and the inclusion of new capital spending to be funded from a combination of the use of earmarked reserves and existing revenue budget.
- 1.3 It should be noted that the proposed changes do not require any additional external borrowing, over and above what has already been agreed, and therefore places no further burden on the revenue budget in terms of debt charges.

2. CURRENT CAPITAL PROGRAMME 2016-17 TO 2018-19

- 2.1 Each year the Capital Programme is reviewed and adjusted to include new projects and those carried forward, allowing the capital investment needs of the Service to be understood over a three year rolling programme.
- 2.2 At the budget meeting on 19 February the Authority considered and approved a three year capital programme covering the years 2016-17 to 2018-19. This approved programme is included at Appendix A (2016/17 Approved Budget column).

3. PROPOSED REVISION TO THE CAPITAL PROGRAMME

- 3.1 Appendix A to this report also provides a revised capital programme for the years 2016-17 to 2018-19. The changes included in the revised programme reflect:
 - a) A variance to budget in 2015/16 of £1.307m more than had been anticipated when setting the original programme for 2016-17 to 2018-19. As outlined in the draft Financial Performance Report Quarter 4, elsewhere on this agenda, there is additional saving of £0.203m and budget unspent in 2015/16 of £1.104m. This budget is still required (carried forward to 2016-17) and therefore reflects only a change to the timing of spend rather than an increase to funding requirements.
 - b) An increase of £0.140m in 2016-17 to cover the cost of an additional capital scheme to be funded from earmarked reserves as outlined in the Financial Performance Report 2015-16 Quarter 4, elsewhere on this agenda.
 - c) An increase of £0.031m to cover the purchase of a fire engine which had been leased previously to be funded from the 2016-17 revenue budget.

- 3.2 A summary of the impact to the overall programme of these changes is provided in Figure 1 below.

	Estates £m	Fleet & Equipment £m	Total £m
Original Programme			
2015-16 (predicted outturn)	1.4	6.0	7.4
2016-17	1.8	3.3	5.1
2017-18	2.4	2.6	5.0
2018-19	1.5	3.0	4.5
Total 2015-16 to 2018-19	7.1	14.9	22.0
Revised Programme			
2015-16 (actual outturn)	1.1	5.1	6.2
2016-17	2.1	4.2	6.3
2017-18	2.4	2.6	5.0
2018-19	1.5	3.0	4.5
Total 2015-16 to 2018-19	7.1	14.9	22.0
Proposed change	0.0	0.0	0.0

Figure 1

- 3.3 Appendix B to this report provides a summary of the revised prudential indicators emanating from the revised programme. The current forecasts are that the ratio of financing costs to net revenue stream 5% ceiling will not be breached in the medium term as reported to the Authority in February 2016. The next review of capital spending plans will take place in good time to inform the budget setting process for 2017-18.

4. SUMMARY AND RECOMMENDATION

- 4.1 This report provides a revision to the agreed capital programme for the year 2016-17. The Committee is asked to recommend this revision, and associated prudential indicators, to the next meeting of the Fire and Rescue Authority to be held on the 26th May 2016.

LEE HOWELL
Chief Fire Officer

KEVIN WOODWARD
Treasurer

APPENDIX A TO REPORT RC/16/7

Capital Programme 2016/17 to 2018/19									
Item	PROJECT	2016/17	2016/17	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
		£000	£000	£000	£000	£000	£000	£000	£000
		Approved Budget	Slippage & Approvals	Revised Budget	Approved Budget	Approved Budget	Indicative Budget	Indicative Budget	Indicative Budget
	Estate Development								
1	Minor improvements & structural maintenance	1,768	327	2,095	2,412	1,505	1,115	785	1,750
	Estates Sub Total	1,768	327	2,095	2,412	1,505	1,115	785	1,750
	Fleet & Equipment								
2	Appliance replacement	1,350	424	1,774	2,220	2,220	2,530	2,740	2,740
3	Community Fire Safety	0	0	0	0	0	0	0	0
4	Specialist Operational Vehicles	125	140	265	0	200	200	0	0
5	Equipment	1,019	358	1,377	351	570	210	200	200
6	ICT Department	800	0	800	0	0	0	0	0
7	Water Rescue Boats	0	26	26	0	0	0	0	0
	Fleet & Equipment Sub Total	3,294	948	4,242	2,571	2,990	2,940	2,940	2,940
	Overall Capital Totals	5,062	1,275	6,337	4,983	4,495	4,055	3,725	4,690
	Programme funding								
8	Earmarked Reserves:	47	1,219	1,266	1,079	665	182	355	815
9	Revenue funds:	3,048	31	3,079	2,000	2,000	2,000	2,000	2,000
10	Internal Borrowing	1,967	25	1,992	1,904	1,830	1,873	1,370	1,875
	Total Funding	5,062	1,275	6,337	4,983	4,495	4,055	3,725	4,690

APPENDIX B TO REPORT RC/16/7

PRUDENTIAL INDICATORS				INDICATIVE INDICATORS 2019/20 to 2021/22		
	2016/17 £m Estimate	2017/18 £m Estimate	2018/19 £m Estimate	2019/20 £m Estimate	2020/21 £m Estimate	2021/22 £m Estimate
Capital Expenditure						
Non - HRA	6.337	4.983	4.495	4.055	3.725	4.690
HRA (applies only to housing authorities)						
Total	6.337	4.983	4.495	4.055	3.725	4.690
Ratio of financing costs to net revenue stream						
Non - HRA	4.18%	4.17%	4.08%	4.10%	4.10%	4.07%
HRA (applies only to housing authorities)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Capital Financing Requirement as at 31 March	£000	£000	£000	£000	£000	£000
Non - HRA	25,724	25,630	25,537	25,444	24,851	24,757
HRA (applies only to housing authorities)	0	0	0	0	0	0
Other long term liabilities	1,374	1,299	1,209	1,112	1,010	907
Total	27,098	26,929	26,746	26,556	25,861	25,665
Annual change in Capital Financing Requirement	£000	£000	£000	£000	£000	£000
Non - HRA	(163)	(169)	(183)	(191)	(694)	(197)
HRA (applies only to housing authorities)	0	0	0	0	0	0
Total	(163)	(169)	(183)	(191)	(694)	(197)
Incremental impact of capital investment decisions	£ p	£ p	£ p	£ p	£ p	£ p
Increase/(decrease) in council tax (band D) per annum	£0.04	£0.03	£0.03	N/A	N/A	N/A
PRUDENTIAL INDICATORS - TREASURY MANAGEMENT						
Authorised Limit for external debt	£000	£000	£000	£000	£000	£000
Borrowing	26,824	26,726	26,128	26,030	29,044	31,243
Other long term liabilities	1,278	1,177	1,071	963	841	701
Total	28,101	27,902	27,199	26,993	29,885	31,944
Operational Boundary for external debt	£000	£000	£000	£000	£000	£000
Borrowing	25,537	25,444	24,851	24,757	27,802	30,005
Other long term liabilities	1,209	1,112	1,010	907	791	656
Total	26,747	26,556	25,861	25,665	28,592	30,661
Maximum Principal Sums Invested over 364 Days						
Principal Sums invested > 364 Days	5,000	5,000	5,000	5,000	5,000	5,000

TREASURY MANAGEMENT INDICATOR	Upper Limit %	Lower Limit %
Limits on borrowing at fixed interest rates	100%	70%
Limits on borrowing at variable interest rates	30%	0%
Maturity structure of fixed rate borrowing during 2016/17		
Under 12 months	30%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	50%

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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