

REPORT REFERENCE NO.	RC/23/9
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	11 MAY 2023
SUBJECT OF REPORT	REVISION TO CAPITAL PROGRAMME 2023-24 TO 2025-26
LEAD OFFICER	Director of Finance, People and Estates (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 2023-24 to 2025-26, as included in this report, be approved.</i>
EXECUTIVE SUMMARY	<p>A three-year capital programme for 2023-24 to 2025-26 was approved at the budget meeting in February 2023. 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 2022-23 to be carried forward to 2023-24; b) A revision to the Fleet capital programme to focus on the delivery of front-line appliances, while delaying the requirement for the Authority to borrow; <p>The proposed revision reduces the Authority's external borrowing requirements in the short-term. The Authority has not taken any new borrowing for over ten years, but the Capital Programme will require borrowing from 2025-26, pushed back from 2024-25 as reported at budget setting.</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	<p>A. Capital Programme 2023-24 to 2025-26.</p> <p>B. Revised Prudential Indicators 2023-24 to 2025-26.</p>
BACKGROUND PAPERS	Capital Programme 2023-24 to 2025-26 report to DSFRA on 15 February 2023 (DSFRA/23/4).

1. INTRODUCTION

- 1.1 The current capital programme covering the three years 2023-24 to 2025-26 was approved at the budget meeting in February 2023.
- 1.2 This report seeks approval of the Authority to revise this programme to reflect budget not spent in 2022-23 and a revision to the Fleet capital programme.
- 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 2023-24 TO 2025-26

- 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 in February the Authority considered and approved a three-year capital programme covering the years 2023-24 to 2025-26. This approved programme is included at Appendix A (2023/24 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 2023-24 to 2025-26. The changes included in the revised programme reflect that:
 - a) Since setting the original programme, in February 2023, there is further variance against budget in 2022/23 of £1.315m.
 - b) This is made up of an additional overspend of £0.041m against the Plymstock station rebuild and budget unspent in 2022/23 of £1.356m against schemes which will align the Capital programme with the future aspirations of the service going forward. The £1.356m unspent budget is still required (carried forward to 2023-24) but reflects only a change to the timing of spend rather than an increase to funding requirements.
 - c) Fleet in conjunction with Service Delivery have reconsidered the requirement for front line appliances and specialist vehicles. With the emphasis on delivering front line appliances and extending the current vehicles where possible to delay the need for the Authority to borrow, this review has reduced the capital programme requirement by £153k over the 5-year programme life cycle, with the earlier 3 years seeing a £1.9m reduction.
- 3.2 A summary of the impact to the overall programme of these changes is provided in Figure 1 overleaf.

Figure 1

	Estates £m	Fleet & Equipment £m		Optimism Bias £m	Total £m
Original Programme					
2022-23 (predicted outturn)	2.5	4.0	6.5	0.0	6.5
2023-24	6.0	8.0	14.0	-1.2	12.8
2024-25 (provisional)	3.8	2.7	6.5	0.4	6.9
2025-26 (provisional)	0.1	4.5	4.6	0.8	5.4
Total 2022-23 to 2025-26	12.4	19.2	31.6	0.0	31.6
Revised Programme					
2022-23 (actual outturn)	1.6	3.6	5.2	0.0	5.2
2023-24	6.9	7.4	14.3	-1.2	13.1
2024-25 (provisional)	3.8	1.8	5.6	0.4	6.0
2025-26 (provisional)	0.1	4.5	4.6	0.8	5.4
Total 2022-23 to 2025-26	12.4	17.3	29.7	0.0	29.7
Proposed change	0.0	-1.9	-1.9	0.0	-1.9

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 2023. The next review of capital spending plans will take place in good time to inform the budget setting process for 2024-25.

4. **SUMMARY AND RECOMMENDATION**

4.1 This report provides a revision to the agreed capital programme for the year 2023-24 considering the outturn figures for 2022-23. The Authority is asked to recommend this revision and associated prudential indicators.

SHAYNE SCOTT
Director of Finance, People & Estates (Treasurer)

APPENDIX A TO REPORT RC/23/9

PROJECT	2023/24	2023/24	2024/25	2025/26
	£000	£000	£000	£000
	Approved Budget	Revised Budget	Approved Budget	Approved Budget
Estate Development				
Site re/new build	1,880	1,919	3,000	0
Improvements & structural maintenance	4,109	5,009	775	80
Estates Sub Total	5,989	6,928	3,775	80
Fleet & Equipment				
Appliance replacement	4,413	4,522	0	2,575
Specialist Operational Vehicles	2,979	2,266	1,425	1,280
ICT Department	570	570	380	679
Fleet & Equipment Sub Total	7,962	7,358	1,805	4,534
Optimism bias Sub Total	(1,200)	(1,200)	400	800
Overall Capital Totals	12,751	13,086	5,980	5,414
Programme funding				
Earmarked Reserves:	11,418	11,753	2,560	698
Revenue funds:	50	50	2,050	2,050
Borrowing - internal	1,283	1,283	1,370	1,790
Borrowing - external		0		876
Total Funding	12,751	13,086	5,980	5,414

APPENDIX B TO REPORT RC/23/9

PRUDENTIAL INDICATORS			INDICATIVE INDICATORS		
	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
	Estimate	Estimate	Estimate	Estimate	Estimate
Capital Expenditure					
Non - HRA	13.086	5.980	5.414	3.350	2.080
HRA (applies only to housing authorities)					
Total	13.086	5.980	5.414	3.350	2.080
Ratio of financing costs to net revenue stream					
Non - HRA	2.92%	2.92%	2.93%	2.66%	2.61%
HRA (applies only to housing authorities)	0.00%	0.00%	0.00%	0.00%	0.00%
Capital Financing Requirement as at 31 March					
	£000	£000	£000	£000	£000
Non - HRA	23,771	23,313	24,096	23,728	22,035
HRA (applies only to housing authorities)	0	0	0	0	0
Other long term liabilities	656	509	349	182	0
Total	24,426	23,822	24,445	23,910	22,035
Annual change in Capital Financing Requirement					
	£000	£000	£000	£000	£000
Non - HRA	(628)	(605)	624	(535)	(1,875)
HRA (applies only to housing authorities)	0	0	0	0	0
Total	(628)	(605)	624	(535)	(1,875)
PRUDENTIAL INDICATORS - TREASURY MANAGEMENT					
Authorised Limit for external debt					
	£000	£000	£000	£000	£000
Borrowing	25,553	25,037	25,493	26,682	24,004
Other long term liabilities	823	681	527	359	182
Total	26,376	25,718	26,020	27,040	24,186
Operational Boundary for external debt					
	£000	£000	£000	£000	£000
Borrowing	24,364	23,871	24,289	25,495	22,902
Other long term liabilities	791	656	509	349	182
Total	25,155	24,527	24,798	25,845	23,084
Maximum Principal Sums Invested over 364 Days					
Principal Sums invested > 364 Days	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 2023/24		
Under 12 months	30%	2%
12 months and within 24 months	30%	2%
24 months and within 5 years	50%	14%
5 years and within 10 years	75%	1%
10 years and above	100%	81%