

<b>REPORT REFERENCE NO.</b>	<b>RC/24/11</b>
<b>MEETING</b>	<b>RESOURCES COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>9 MAY 2024</b>
<b>SUBJECT OF REPORT</b>	<b>REVISION TO CAPITAL PROGRAMME 2024-25 TO 2026-27</b>
<b>LEAD OFFICER</b>	<b>Head of Finance (Treasurer)</b>
<b>RECOMMENDATIONS</b>	<i><b>That the Authority be recommended to approve the revised capital programme and associated prudential indicators for 2024-25 to 2026-27, as included in this report.</b></i>
<b>EXECUTIVE SUMMARY</b>	<p>A three-year capital programme for 2024-25 to 2026-27 was approved at the budget meeting in February 2024. This report proposes a revision to that programme to reflect:</p> <ul style="list-style-type: none"> <li>a) An amount of money not spent in 2023-24 to be carried forward to 2024-25;</li> <li>b) A revision in the timing of some of the Fleet capital programme to reflect the manufacturers project plans;</li> <li>c) Part (£2,356,308) of the 2023/24 revenue underspend be transferred to the capital reserve.</li> </ul> <p>The proposed revision does not require any adjustments to the Authority's external borrowing requirements. The Authority has not taken any new borrowing in the last eleven years and, currently, there is no new borrowing required to support the Authority's Capital Programme forecast until 2026/27, but level required will be reduced due to the transfer to the capital reserve.</p>
<b>RESOURCE IMPLICATIONS</b>	As indicated within the Report
<b>EQUALITY IMPACT ASSESSMENT</b>	The contents of this report are considered compatible with existing equalities and human rights legislation.
<b>APPENDICES</b>	<ul style="list-style-type: none"> <li>A. Capital Programme 2024-25 to 2026-27.</li> <li>B. Revised Prudential Indicators 2024-25 to 2026-27.</li> </ul>
<b>LIST OF BACKGROUND PAPERS</b>	Capital Programme 2024-25 to 2026-27 report to DSFRA on 16 February 2024 (DSFRA/24/4).

## **1. INTRODUCTION**

- 1.1 The current capital programme covering the three years 2024-25 to 2026-27 was approved at the budget meeting in February 2024.
- 1.2 This report seeks approval of the Authority to revise this programme to reflect budget not spent in 2023-24, a revision to the timing of the Fleet capital programme, and an increase to the capital reserve used to fund the 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. In fact, the increase in the capital reserve will reduce the need to borrow in 2026/27 and therefore reduce the debt charges for that year.

## **2. CURRENT CAPITAL PROGRAMME 2024-25 TO 2026-27**

- 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 2024-25 to 2026-27. This approved programme is included at Appendix A (2024/25 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 2024-25 to 2026-27. The changes included in the revised programme reflect that:
  - a) Since setting the original programme, in February 2024, there is further variance against budget in 2023/24 of £0.302m.
  - b) This is made up of savings of £0.069m and budget unspent in 2023/24 of £0.233m against schemes which will align the Capital programme with the future aspirations of the service going forward. The £0.233m unspent budget is still required (carried forward to 2024-25) but reflects only a change to the timing of spend rather than an increase to funding requirements.
  - c) Fleet have received updated project plans for the all-wheel-drive medium rescue pumps (vehicles 5 to 8) and water carriers (x 4) by the manufacture. This reflects a change in the timing of the projects but no change to the overall programme spends.
  - d) It is proposed to utilise some of the 2023/24 revenue budget underspend to fund the capital programme via the capital reserve. This will reduce the forecast level of borrowing needed in 2026/27.

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 & Equipmen t £m	Total £m	Optimis m Bias £m	Total £m
Original Programme					
2023-24 (predicted outturn)	1.0	5.3	6.3	0.0	6.3
2024-25	4.8	3.4	8.2	-1.0	7.2
2025-26 (provisional)	6.0	2.6	8.6	-0.2	8.4
2026-27 (provisional)	8.6	2.2	10.8	-0.5	10.3
Total 2023-24 to 2026-27	20.4	13.5	33.9	-1.7	32.2
Revised Programme					
2023-24 (actual outturn)	0.8	5.2	6.0	0.0	6.0
2024-25	4.9	3.8	8.7	-1.0	7.7
2025-26 (provisional)	6.0	2.9	8.9	-0.2	8.7
2026-27 (provisional)	8.6	1.6	10.2	-0.5	9.7
Total 2023-24 to 2026-27	20.3	13.5	33.8	-1.7	32.1
Proposed change	-0.1	0.0	-0.1	0.0	-0.1

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 2024. The next review of capital spending plans will take place in good time to inform the budget setting process for 2025-26.

#### **4. SUMMARY AND RECOMMENDATION**

4.1 This report provides a revision to the agreed capital programme for the year 2024-25 considering the outturn figures for 2023-24. The Authority is asked to recommend this revision and associated prudential indicators.

**ANDREW FURBEAR**  
**Head of Finance (Treasurer)**

**APPENDIX A TO REPORT RC/24/11**

PROJECT	2024/25	2024/25	2025/26	2026/27
	£000	£000	£000	£000
	Approved Budget	Revised Budget	Approved Budget	Approved Budget
<b>Estate Development</b>				
Site re/new build	520	531	3,884	500
Improvements & structural maintenance	4,293	4,396	2,075	8,122
<b>Estates Sub Total</b>	<b>4,813</b>	<b>4,927</b>	<b>5,959</b>	<b>8,622</b>
<b>Fleet &amp; Equipment</b>				
Appliance replacement	1,489	2,236	1,950	1,630
Specialist Operational Vehicles	1,944	1,543	948	0
ICT Department	0	0	0	0
<b>Fleet &amp; Equipment Sub Total</b>	<b>3,433</b>	<b>3,779</b>	<b>2,898</b>	<b>1,630</b>
<b>Optimism bias Sub Total</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>(200)</b>	<b>(500)</b>
<b>Overall Capital Totals</b>	<b>7,246</b>	<b>7,706</b>	<b>8,657</b>	<b>9,752</b>
<b>Programme funding</b>				
Earmarked Reserves:	4,716	5,167	4,795	3,803
Revenue funds:	719	719	2,050	2,050
Borrowing - internal	1,382	1,391	1,812	0
Borrowing - external		0		3,899
Contributions	429	429	0	0
<b>Total Funding</b>	<b>7,246</b>	<b>7,706</b>	<b>8,657</b>	<b>9,752</b>

## APPENDIX B TO REPORT RC/24/11

<b>PRUDENTIAL INDICATORS</b>			<b>INDICATIVE INDICATORS</b>		
	2024/25 £m Estimate	2025/26 £m Estimate	2026/27 £m Estimate	2027/28 £m Estimate	2028/29 £m Estimate
<b>Capital Expenditure</b>					
Non - HRA	7.706	8.657	9.752	6.780	3.520
HRA (applies only to housing authorities)					
<b>Total</b>	<b>7.706</b>	<b>8.657</b>	<b>9.752</b>	<b>6.780</b>	<b>3.520</b>
<b>Ratio of financing costs to net revenue stream</b>					
Non - HRA	3.04%	3.29%	3.04%	3.24%	2.88%
HRA (applies only to housing authorities)	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Capital Financing Requirement as at 31 March</b>					
	£000	£000	£000	£000	£000
Non - HRA	23,312	23,219	25,540	28,535	28,068
HRA (applies only to housing authorities)	0	0	0	0	0
Other long term liabilities	4,120	3,150	2,163	1,137	362
<b>Total</b>	<b>27,432</b>	<b>26,369</b>	<b>27,702</b>	<b>29,672</b>	<b>28,430</b>
<b>Annual change in Capital Financing Requirement</b>					
	£000	£000	£000	£000	£000
Non - HRA	3,005	(1,063)	1,333	1,970	(1,242)
HRA (applies only to housing authorities)	0	0	0	0	0
<b>Total</b>	<b>3,005</b>	<b>(1,063)</b>	<b>1,333</b>	<b>1,970</b>	<b>(1,242)</b>
<b>PRUDENTIAL INDICATORS - TREASURY MANAGEMENT</b>					
<b>Authorised Limit for external debt</b>					
	£000	£000	£000	£000	£000
Borrowing	26,037	25,574	29,495	31,655	31,038
Other long term liabilities	4,825	4,777	3,758	2,719	1,655
<b>Total</b>	<b>30,862</b>	<b>30,351</b>	<b>33,254</b>	<b>34,374</b>	<b>32,693</b>
<b>Operational Boundary for external debt</b>					
	£000	£000	£000	£000	£000
Borrowing	24,871	24,413	28,218	30,228	29,635
Other long term liabilities	4,620	4,620	3,650	2,663	1,637
<b>Total</b>	<b>29,490</b>	<b>29,032</b>	<b>31,868</b>	<b>32,891</b>	<b>31,272</b>
<b>Maximum Principal Sums Invested over 364 Days</b>					
Principal Sums invested > 364 Days	5,000	5,000	5,000	5,000	5,000

<b>TREASURY MANAGEMENT INDICATOR</b>	Upper Limit %	Lower Limit %
Limits on borrowing at fixed interest rates	100%	70%
Limits on borrowing at variable interest rates	30%	0%
<b>Maturity structure of fixed rate borrowing during 2024/25</b>		
Under 12 months	30%	2%
12 months and within 24 months	30%	11%
24 months and within 5 years	50%	3%
5 years and within 10 years	75%	5%
10 years and above	100%	79%