

REPORT REFERENCE NO.	RC/18/11
MEETING	RESOURCES COMMITTEE
DATE OF MEETING	16 MAY 2018
SUBJECT OF REPORT	REVISION TO THE CAPITAL PROGRAMME 2018-19 TO 2020-21
LEAD OFFICER	Director of Finance (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 2018-19 to 2020-21, as included in this report, be approved.</i>
EXECUTIVE SUMMARY	<p>A three year capital programme for 2018-19 to 2020-21 was approved at the budget meeting in February 2018. 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 2017-18 to be carried forward to 2018-19; b) A revision of timing and cost of schemes; c) Recognition of two schemes being revenue in nature, to be funded by earmarked reserve from 2017/18 under spend. <p>These proposed revisions do not require any adjustments to the Authority's external borrowing requirements. The Authority has not taken any new borrowing in the last six years and, currently, there is no new borrowing required to support the Authority's Capital Programme covering 2018-19 to 2020-21.</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 2018-19 to 2020-21. B. Revised Prudential Indicators 2018-19 to 2020-21.
LIST OF BACKGROUND PAPERS	Capital Programme 2018-19 to 2020-21 report to DSFRA on 16 February 2018 (DSFRA/18/2).

1. INTRODUCTION

- 1.1 The current capital programme covering the three years 2018-19 to 2020-21 was approved at the budget meeting in February 2018.
- 1.2 This report seeks approval of the Authority to revise this programme to reflect budget not spent in 2017-18, the revision of timing and cost of future schemes and that two schemes are revenue in nature so will be funded by earmarked reserve from 2017-18 underspend, subject to approval by the Authority.
- 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 2018-19 TO 2020-21

- 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 16 February the Authority considered and approved a three year capital programme covering the years 2018-19 to 2020-21. This approved programme is included at Appendix A (2018/19 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 2018-19 to 2020-21. The changes included in the revised programme reflect:
 - a) Since setting the original programme for 2018-19 to 2020-21 in February 2018, there is further variance against budget in 2017/18 of £1.2m. This is made up of savings of £0.4m and budget unspent in 2017/18 of £0.8m which will align the Capital programme with the future aspirations of the service going forward. Additionally, a previously reported project identified for Barnstaple workshops of £0.1m has been surrendered pending a station review. The £1.2m unspent budget is still required (carried forward to 2018-19) but reflects only a change to the timing of spend rather than an increase to funding requirements.
 - b) A large budget reduction in 2018-19 (£4.6m) and 2019-20 (£0.9m) partly off-set by an increase in 2020-21 (£1.3m) reflecting the revision to the timing and cost of multiple schemes. The significant reduction to budgets is mostly due to the realignment of the Breathing Apparatus and Mobile Data Terminal replacement schemes to revenue due to the low value of individual sets (£2.4m) and removal of a significant Estates project at Crownhill pending the outcome of wider organisational planning (£1.4m).

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			
2017-18 (predicted outturn)	2.1	1.9	4.0
2018-19	3.3	7.0	10.3
2019-20	4.7	4.4	9.1
2020-21	2.5	2.9	5.4
Total 2017-18 to 2020-21	12.6	16.2	28.8
Revised Programme			
2017-18 (actual outturn)	2.1	0.8	2.9
2018-19	3.3	3.1	6.4
2019-20	3.6	4.7	8.3
2020-21	2.6	4.1	6.7
Total 2017-18 to 2020-21	11.6	12.7	24.5
Proposed change	(1.0)	(3.5)	(4.5)

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 2018. The next review of capital spending plans will take place in good time to inform the budget setting process for 2019-20.

4. SUMMARY AND RECOMMENDATION

4.1 This report provides a revision to the agreed capital programme for the year 2018-19. 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 8th June 2018.

Amy Webb
Director of Finance (Treasurer)

APPENDIX A TO REPORT RC/18/11

Capital Programme 2018/19 to 2020/21													
Item	PROJECT	2018/19	2018/19	2018/19	2019/20	2019/20	2019/20	2020/21	2020/21	2020/21	2021/22	2022/23	2023/24
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
		Approved Budget	Slippage & Approvals	Revised Budget	Approved Budget	Slippage & Approvals	Revised Budget	Indicative Budget	Slippage & Approvals	Revised Budget	Indicative Budget	Indicative Budget	Indicative Budget
	Estate Development												
1	Site re/new build	400	(200)	200	500	200	700	0	600	600	0	0	0
2	Improvements & structural maintenance	2,943	170	3,113	4,245	(1,375)	2,870	2,465	(410)	2,055	1,800	1,800	1,800
	Estates Sub Total	3,343	(30)	3,313	4,745	(1,175)	3,570	2,465	190	2,655	1,800	1,800	1,800
	Fleet & Equipment												
3	Appliance replacement	4,150	(2,021)	2,129	3,650	39	3,689	2,540	1,120	3,660	2,740	2,740	2,740
4	Specialist Operational Vehicles	125	0	125	625	0	625	200	0	200	0	0	0
5	Equipment	1,985	(1,402)	583	150	216	366	200	0	200	200	200	200
6	ICT Department	627	(400)	227	0	0	0	0	0	0	0	0	0
7	Water Rescue Boats	46	0	46	0	0	0	0	0	0	0	0	0
	Fleet & Equipment Sub Total	6,933	(3,823)	3,110	4,425	255	4,680	2,940	1,120	4,060	2,940	2,940	2,940
	Overall Capital Totals	10,276	(3,853)	6,423	9,170	(920)	8,250	5,405	1,310	6,715	4,740	4,740	4,740
	Programme funding												
8	Earmarked Reserves:	5,981	(3,853)	2,128	4,220	(920)	3,300	460	1,310	1,770	0	0	0
9	Revenue funds:	2,384	0	2,384	2,989	0	2,989	3,498	0	3,498	2,802	3,457	3,542
10	Application of existing borrowing	1,911	0	1,911	1,961	0	1,961	1,447	0	1,447	1,938	1,283	1,198
	Total Funding	10,276	(3,853)	6,423	9,170	(920)	8,250	5,405	1,310	6,715	4,740	4,740	4,740

APPENDIX B TO REPORT RC/18/11

PRUDENTIAL INDICATORS			INDICATIVE INDICATORS 2021/22 to 2023/24			
	2018/19 £m Estimate	2019/20 £m Estimate	2020/21 £m Estimate	2021/22 £m Estimate	2022/23 £m Estimate	2023/24 £m Estimate
Capital Expenditure						
Non - HRA	6.423	8.250	6.715	4.740	4.740	4.740
HRA (applies only to housing authorities)						
Total	6.423	8.250	6.715	4.740	4.740	4.740
Ratio of financing costs to net revenue stream						
Non - HRA	4.03%	4.03%	3.97%	3.89%	3.52%	3.41%
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	25,538	25,444	24,851	24,758	24,264	23,771
HRA (applies only to housing authorities)	0	0	0	0	0	0
Other long term liabilities	1,209	1,112	1,010	907	791	656
Total	26,747	26,556	25,861	25,665	25,055	24,427
Annual change in Capital Financing Requirement	£000	£000	£000	£000	£000	£000
Non - HRA	(182)	(191)	(694)	(197)	(610)	(628)
HRA (applies only to housing authorities)	0	0	0	0	0	0
Total	(182)	(191)	(694)	(197)	(610)	(628)
PRUDENTIAL INDICATORS - TREASURY MANAGEMENT						
Authorised Limit for external debt	£000	£000	£000	£000	£000	£000
Borrowing	27,007	26,910	26,787	26,189	26,071	25,553
Other long term liabilities	1,359	1,265	1,162	1,056	947	823
Total	28,367	28,174	27,949	27,244	27,018	26,376
Operational Boundary for external debt	£000	£000	£000	£000	£000	£000
Borrowing	25,731	25,637	25,544	24,951	24,857	24,364
Other long term liabilities	1,299	1,209	1,112	1,010	907	791
Total	27,029	26,847	26,656	25,961	25,765	25,155
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 2017/18		
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%