

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	£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%