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| REPORT REFERENCE NO. | RC/19/11 |
| MEETING | RESOURCES COMMITTEE |
| DATE OF MEETING | 15 MAY 2019 |
| SUBJECT OF REPORT | REVISION TO CAPITAL PROGRAMME 2019-20 TO 2021-22 |
| LEAD OFFICER | Director of Finance (Treasurer) |
| RECOMMENDATIONS | <i>That it be recommended to the Authority that the revised capital programme and associated prudential indicators for 2019-20 to 2021-22, as included in this report, be approved.</i> |
| EXECUTIVE SUMMARY | <p>A three year capital programme for 2019-20 to 2021-22 was approved at the budget meeting in February 2019. This report proposes a revision to that programme to reflect:</p> <p style="padding-left: 40px;">a) An amount of money not spent in 2018-19 to be carried forward to 2019-20;</p> <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 seven years and, currently, there is no new borrowing required to support the Authority's Capital Programme covering 2019-20 to 2021-22.</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 2019-20 to 2021-22.</p> <p>B. Revised Prudential Indicators 2019-20 to 2021-22.</p> |
| LIST OF BACKGROUND PAPERS | Capital Programme 2019-20 to 2021-22 report to DSFRA on 19 February 2019 (DSFRA/19/4). |

1. INTRODUCTION

- 1.1 The current capital programme covering the three years 2019-20 to 2021-22 was approved at the budget meeting in February 2019.
- 1.2 This report seeks approval of the Authority to revise this programme to reflect budget not spent in 2018-19.
- 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 2019-20 TO 2021-22

- 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 2019-20 to 2021-22. This approved programme is included at Appendix A (2019/20 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 2019-20 to 2021-22. The changes included in the revised programme reflect:
 - a) Since setting the original programme for 2019-20 to 2021-22 in February 2019, there is further variance against budget in 2018/19 of £1.1m. This is made up of savings of £0.3m and budget unspent in 2018/19 of £0.8m which will align the capital programme with the future aspirations of the service going forward. The £0.8m unspent budget is still required (carried forward to 2019-20) but reflects only a change to the timing of spend rather than an increase to funding requirements.

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 | | | |
| 2018-19 (predicted outturn) | 1.8 | 2.1 | 3.9 |
| 2019-20 | 4.4 | 3.6 | 8.0 |
| 2020-21 (provisional) | 10.2 | 6.3 | 16.5 |
| 2021-22 (provisional) | 7.9 | 4.9 | 12.8 |
| Total 2018-19 to 2021-22 | 24.3 | 16.9 | 41.2 |
| Revised Programme | | | |
| 2018-19 (actual outturn) | 0.9 | 2.0 | 2.9 |
| 2019-20 | 5.0 | 3.8 | 8.8 |
| 2020-21 (provisional) | 10.2 | 6.3 | 16.5 |
| 2021-22 (provisional) | 7.9 | 4.9 | 12.8 |
| Total 2018-19 to 2021-22 | 24.0 | 17.0 | 41.0 |
| Proposed change | -0.3 | 0.1 | -0.2 |

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 2019. The next review of capital spending plans will take place in good time to inform the budget setting process for 2020-21.

4. **SUMMARY AND RECOMMENDATION**

4.1 This report provides a revision to the agreed capital programme for the year 2019-20. The Committee is asked to recommend this revision, and associated prudential indicators, to the next meeting of Authority to be held on the 7th June 2019.

AMY WEBB
Director of Finance (Treasurer)

APPENDIX A TO REPORT RC/19/11

| PROJECT | 2019/20 | 2019/20 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|--|-----------------|----------------------|----------------|-----------------|-----------------|-------------------|-------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| | Approved Budget | Slippage & Approvals | Revised Budget | Approved Budget | Approved Budget | Indicative Budget | Indicative Budget |
| Estate Development | | | | | | | |
| Site re/new build | 1,100 | 17 | 1,117 | 3,100 | 200 | 0 | 0 |
| Improvements & structural maintenance | 3,307 | 595 | 3,902 | 7,100 | 7,700 | 9,300 | 7,000 |
| Estates Sub Total | 4,407 | 612 | 5,019 | 10,200 | 7,900 | 9,300 | 7,000 |
| Fleet & Equipment | | | | | | | |
| Appliance replacement | 1,793 | 0 | 1,793 | 3,800 | 3,300 | 2,700 | 2,200 |
| Specialist Operational Vehicles | 1,134 | 0 | 1,134 | 2,300 | 1,400 | 900 | 1,900 |
| Equipment | 366 | 187 | 553 | 200 | 200 | 200 | 200 |
| ICT Department | 268 | 0 | 268 | 0 | 0 | 0 | 0 |
| Water Rescue Boats | 46 | 0 | 46 | 0 | 0 | 0 | 0 |
| Fleet & Equipment Sub Total | 3,607 | 187 | 3,794 | 6,300 | 4,900 | 3,800 | 4,300 |
| Overall Capital Totals | 8,014 | 799 | 8,813 | 16,500 | 12,800 | 13,100 | 11,300 |
| Programme funding | | | | | | | |
| Earmarked Reserves: | 3,439 | 756 | 4,195 | 11,145 | 4,628 | 0 | 0 |
| Revenue funds: | 2,614 | 0 | 2,614 | 2,614 | 2,614 | 2,614 | 2,614 |
| Capital receipt | | | | | | | 520 |
| Application of existing borrowing | 1,961 | 43 | 2,004 | 1,491 | 5,308 | 10,436 | 5,905 |
| Contributions | | | 0 | 1,250 | 250 | 50 | 2,261 |
| Total Funding | 8,014 | 799 | 8,813 | 16,500 | 12,800 | 13,100 | 11,300 |

APPENDIX B TO REPORT RC/19/11

| PRUDENTIAL INDICATORS | | | | INDICATIVE INDICATORS 2022/23 to 2023/24 | |
|---|---------------------------|---------------------------|---------------------------|---|---------------------------|
| | 2019/20 £m Estimate | 2020/21 £m Estimate | 2021/22 £m Estimate | 2022/23 £m Estimate | 2023/24 £m Estimate |
| Capital Expenditure | | | | | |
| Non - HRA | 8.813 | 16.500 | 12.800 | 13.100 | 11.300 |
| HRA (applies only to housing authorities) | | | | | |
| Total | 8.813 | 16.500 | 12.800 | 13.100 | 11.300 |
| Ratio of financing costs to net revenue stream | | | | | |
| Non - HRA | 4.09% | 4.03% | 4.06% | 4.04% | 4.54% |
| 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 | 25,444 | 24,851 | 28,081 | 36,667 | 40,390 |
| HRA (applies only to housing authorities) | 0 | 0 | 0 | 0 | 0 |
| Other long term liabilities | 1,112 | 1,010 | 907 | 791 | 656 |
| Total | 26,556 | 25,861 | 28,988 | 37,457 | 41,045 |
| Annual change in Capital Financing Requirement | £000 | £000 | £000 | £000 | £000 |
| Non - HRA | (191) | (695) | 3,127 | 8,469 | 3,588 |
| HRA (applies only to housing authorities) | 0 | 0 | 0 | 0 | 0 |
| Total | (191) | (695) | 3,127 | 8,469 | 3,588 |
| PRUDENTIAL INDICATORS - TREASURY MANAGEMENT | | | | | |
| Authorised Limit for external debt | £000 | £000 | £000 | £000 | £000 |
| Borrowing | 26,910 | 26,787 | 29,678 | 39,094 | 43,003 |
| Other long term liabilities | 1,265 | 1,162 | 1,056 | 947 | 823 |
| Total | 28,174 | 27,949 | 30,733 | 40,041 | 43,826 |
| Operational Boundary for external debt | £000 | £000 | £000 | £000 | £000 |
| Borrowing | 25,637 | 25,544 | 28,274 | 37,260 | 40,983 |
| Other long term liabilities | 1,209 | 1,112 | 1,010 | 907 | 791 |
| Total | 26,847 | 26,656 | 29,284 | 38,168 | 41,774 |
| 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 | Lower Limit % |
|--|---------------|
| Limits on borrowing at fixed interest rates | 70% |
| Limits on borrowing at variable interest rates | 0% |
| Maturity structure of fixed rate borrowing during 2017/18 | |
| Under 12 months | 0% |
| 12 months and within 24 months | 0% |
| 24 months and within 5 years | 0% |
| 5 years and within 10 years | 0% |
| 10 years and above | 50% |