

**APPENDIX B TO REPORT RC/20/9**

<b>REPORT REFERENCE NO.</b>	N/A
<b>MEETING</b>	<b>URGENCY DECISION</b>
<b>DATE OF MEETING</b>	<b>2 JUNE 2020</b>
<b>SUBJECT OF REPORT</b>	<b>REVISION TO CAPITAL PROGRAMME 2020-21 TO 2022-23</b>
<b>LEAD OFFICER</b>	<b>Director of Finance (Treasurer)</b>
<b>RECOMMENDATIONS</b>	<i>That it be recommended to the Devon and Somerset Fire and Rescue Authority that the revised capital programme and associated prudential indicators for 2020-21 to 2022-23, as included in this report, be approved.</i>
<b>EXECUTIVE SUMMARY</b>	<p>A three year capital programme for 2020-21 to 2022-23 was approved at the budget meeting in February 2020. This report proposes a revision to that programme to reflect:</p> <p style="padding-left: 40px;">a) An amount of money not spent in 2019-20 to be carried forward to 2020-21;</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 eight years and, currently, there is no new borrowing required to support the Authority's Capital Programme covering 2020-21 to 2022-23.</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>	<p>A. Capital Programme 2020-21 to 2022-23.</p> <p>B. Revised Prudential Indicators 2020-21 to 2022-23.</p>
<b>LIST OF BACKGROUND PAPERS</b>	Capital Programme 2020-21 to 2021-23 report to DSFRA on 18 February 2020 (DSFRA/20/5).

## **1. INTRODUCTION**

- 1.1 The current capital programme covering the three years 2020-21 to 2022-23 was approved at the budget meeting in February 2020.
- 1.2 This report seeks approval of the Authority to revise this programme to reflect budget not spent in 2019-20.
- 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 2020-21 TO 2022-23**

- 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 18 February the Authority considered and approved a three year capital programme covering the years 2020-21 to 2022-23. This approved programme is included at Appendix A (2020/21 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 2020-21 to 2022-23. The changes included in the revised programme reflect:
  - a) Since setting the original programme in February 2020, there is further variance against budget in 2019/20 of £0.6m. This is made up of savings of £0.1m and budget unspent in 2019/20 of £0.5m which will align the Capital programme with the future aspirations of the service going forward. The £0.5m unspent budget is still required (carried forward to 2020-21) 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			
2019-20 (predicted outturn)	1.3	1.6	2.9
2020-21	6.2	4.5	10.7
2021-22 (provisional)	5.9	6.8	12.7
2022-23 (provisional)	5.7	3.6	9.3
Total 2019-20 to 2022-23	19.1	16.5	35.6
Revised Programme			
2019-20 (actual outturn)	1.1	1.2	2.3
2020-21	6.4	4.8	11.2
2021-22 (provisional)	5.9	6.8	12.7
2022-23 (provisional)	5.7	3.6	9.3
Total 2019-20 to 2022-23	19.1	16.4	35.5
Proposed change	0.0	-0.1	-0.1

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 2020. The next review of capital spending plans will take place in good time to inform the budget setting process for 2021-22.

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

4.1 This report provides a revision to the agreed capital programme for the year 2020-21. 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 ??<sup>th</sup> June 2020.

**Amy Webb**  
**Director of Finance (Treasurer)**

APPENDIX A

PROJECT	2020/21	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000	£000
	Approved Budget	Slippage & Approvals	Revised Budget	Approved Budget	Approved Budget	Indicative Budget	Indicative Budget
<b>Estate Development</b>							
Site re/new build	3,495	62	3,557	500	0	0	0
Improvements & structural maintenance	5,423	168	5,591	4,100	6,100	3,800	3,700
Optimism bias	(2,700)		(2,700)	1,300	(400)	1,800	0
<b>Estates Sub Total</b>	<b>6,218</b>	<b>230</b>	<b>6,448</b>	<b>5,900</b>	<b>5,700</b>	<b>5,600</b>	<b>3,700</b>
<b>Fleet &amp; Equipment</b>							
Appliance replacement	5,034	0	5,034	3,200	1,600	2,200	3,300
Specialist Operational Vehicles	300	330	630	3,600	1,100	1,100	900
Equipment	0	0	0	0	0	0	0
ICT Department	176	(17)	159	300	0	0	0
Water Rescue Boats	46	0	46	0	0	0	0
Optimism bias	(1,100)		(1,100)	(300)	900	500	0
<b>Fleet &amp; Equipment Sub Total</b>	<b>4,456</b>	<b>313</b>	<b>4,769</b>	<b>6,800</b>	<b>3,600</b>	<b>3,800</b>	<b>4,200</b>
<b>Overall Capital Totals</b>	<b>10,674</b>	<b>543</b>	<b>11,217</b>	<b>12,700</b>	<b>9,300</b>	<b>9,400</b>	<b>7,900</b>
<b>Programme funding</b>							
Earmarked Reserves:	7,055	537	7,592	8,639	5,898	157	0
Revenue funds:	2,097	0	2,097	2,037	2,037	2,037	2,037
Application of existing borrowing	1,522	6	1,528	2,024	1,365	7,206	5,863
<b>Total Funding</b>	<b>10,674</b>	<b>543</b>	<b>11,217</b>	<b>12,700</b>	<b>9,300</b>	<b>9,400</b>	<b>7,900</b>

## APPENDIX B

<b>PRUDENTIAL INDICATORS</b>				<b>INDICATIVE INDICATORS 2023/24 to 2024/25</b>	
	2020/21 £m Estimate	2021/22 £m Estimate	2022/23 £m Estimate	2023/24 £m Estimate	2024/25 £m Estimate
<b>Capital Expenditure</b>					
Non - HRA	11.217	12.700	9.300	9.400	7.900
HRA (applies only to housing authorities)					
<b>Total</b>	<b>11.217</b>	<b>12.700</b>	<b>9.300</b>	<b>9.400</b>	<b>7.900</b>
<b>Ratio of financing costs to net revenue stream</b>					
Non - HRA	4.08%	4.00%	3.63%	3.67%	4.07%
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	24,851	24,758	24,264	29,694	33,422
HRA (applies only to housing authorities)	0	0	0	0	0
Other long term liabilities	1,010	907	791	656	509
<b>Total</b>	<b>25,861</b>	<b>25,665</b>	<b>25,055</b>	<b>30,349</b>	<b>33,931</b>
<b>Annual change in Capital Financing Requirement</b>					
	£000	£000	£000	£000	£000
Non - HRA	(695)	(196)	(610)	5,295	3,582
HRA (applies only to housing authorities)	0	0	0	0	0
<b>Total</b>	<b>(695)</b>	<b>(196)</b>	<b>(610)</b>	<b>5,295</b>	<b>3,582</b>
<b>PRUDENTIAL INDICATORS - TREASURY MANAGEMENT</b>					
<b>Authorised Limit for external debt</b>					
	£000	£000	£000	£000	£000
Borrowing	26,787	26,189	26,071	31,772	35,651
Other long term liabilities	1,162	1,056	947	823	681
<b>Total</b>	<b>27,949</b>	<b>27,244</b>	<b>27,018</b>	<b>32,595</b>	<b>36,332</b>
<b>Operational Boundary for external debt</b>					
	£000	£000	£000	£000	£000
Borrowing	25,544	24,951	24,857	30,287	33,980
Other long term liabilities	1,112	1,010	907	791	656
<b>Total</b>	<b>26,656</b>	<b>25,961</b>	<b>25,765</b>	<b>31,078</b>	<b>34,636</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>	Lower Limit %
Limits on borrowing at fixed interest rates	70%
Limits on borrowing at variable interest rates	0%
<b>Maturity structure of fixed rate borrowing during 2020/21</b>	
Under 12 months	0%
12 months and within 24 months	2%
24 months and within 5 years	4%
5 years and within 10 years	13%
10 years and above	78%