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| REPORT REFERENCE NO. | RC/21/11 |
| MEETING | RESOURCES COMMITTEE |
| DATE OF MEETING | 9 SEPTEMBER 2021 |
| SUBJECT OF REPORT | REVISION TO CAPITAL PROGRAMME 2021-22 TO 2023-24 |
| LEAD OFFICER | Director of Finance & Resourcing (Treasurer) |
| RECOMMENDATIONS | <i>That the Devon and Somerset Fire and Rescue Authority be recommended to approve the revised Capital Programme and associated prudential indicators for 2021-22 to 2023-24, as included in this report.</i> |
| EXECUTIVE SUMMARY | <p>A three year Capital Programme for 2021-22 to 2023-24 was approved at the budget meeting in February 2021. 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 2020-21 to be carried forward to 2021-22; b) A classroom at Station 60 funded by a contribution from the National Resilience Office; c) An amount to cover radio installation on 25 Medium Rescue Pumps (MRPs). <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 nine years and, currently, there is no new borrowing required to support the Authority's Capital Programme covering 2021-22 to 2023-24.</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 2021-22 to 2023-24. B. Revised Prudential Indicators 2021-22 to 2023-24. |
| LIST OF BACKGROUND PAPERS | Capital Programme 2021-22 to 2023-24 report to DSFRA on 19 February 2021 (DSFRA/21/4). |

1. INTRODUCTION

- 1.1 The current Capital Programme covering the three years 2021-22 to 2023-24 was approved at the Authority's budget meeting in February 2021 (Minute DSFRA/72(b) refers).
- 1.2 This report seeks Authority approval to revise this Programme to reflect budget not spent in 2020-21 and an additional scheme externally funded. Due to the timing of local elections in May 2021 and subsequent appointments to committees, the Resources Committee has not convened to consider and make recommendations prior to the meeting of 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 2021-22 TO 2023-24

- 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 2021, the Authority considered and approved a three year capital programme covering the years 2021-22 to 2023-24. This approved Programme is included at Appendix A (2021/22 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 2021-22 to 2023-24. The changes included in the revised programme reflect that:
- a) Since setting the original programme in February 2021, there is further variance against budget in 2020/21 of £2m.
 - b) This is made up of savings of £0.1m and budget unspent in 2020/21 of £1.9m which will align the Capital programme with the future aspirations of the service going forward. The £1.9m unspent budget is still required (carried forward to 2021-22) but reflects only a change to the timing of spend rather than an increase to funding requirements.
 - c) The Authority received £0.024m of external funding for a classroom at Station 60 Clyst St. George - Special Operations.
 - d) The original orders for the first 25 MRPs did not include the installation of a required radio. The additional cost for this installation is £0.085m
- 3.2 A summary of the impact to the overall Programme of these changes is provided in Figure 1 overleaf.

| | Estates £m | Fleet & Equipment £m | Optimism Bias £m | Total £m |
|-----------------------------|---------------|----------------------------|------------------------|-------------|
| Original Programme | | | | |
| 2020-21 (predicted outturn) | 3.3 | 3.3 | 0.0 | 6.6 |
| 2021-22 | 7.2 | 6.0 | -2.6 | 10.6 |
| 2022-23 (provisional) | 3.6 | 7.4 | 0.4 | 11.4 |
| 2023-24 (provisional) | 1.3 | 4.7 | 1.0 | 7.0 |
| Total 2020-21 to 2023-24 | 15.4 | 21.4 | -1.2 | 35.6 |
| Revised Programme | | | | |
| 2020-21 (actual outturn) | 2.6 | 2.0 | 0.0 | 4.6 |
| 2021-22 | 8.0 | 7.3 | -2.6 | 12.7 |
| 2022-23 (provisional) | 3.6 | 7.4 | 0.4 | 11.4 |
| 2023-24 (provisional) | 1.3 | 4.7 | 1.0 | 7.0 |
| Total 2020-21 to 2023-24 | 15.5 | 21.4 | -1.2 | 35.7 |
| Proposed change | 0.1 | 0.0 | 0.0 | 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 2021. The next review of capital spending plans will take place in good time to inform the budget setting process for 2022-23.

4. SUMMARY AND RECOMMENDATION

- 4.1 This report provides a revision to the agreed capital programme for the year 2021-22 in light of the outturn figures for 2020-21. The Authority is asked to approve this revision, and associated prudential indicators.

SHAYNE SCOTT
Director of Finance & Resourcing (Treasurer)

APPENDIX A TO REPORT RC/21/11

| PROJECT | 2021/22 | 2022/23 | 2023/24 |
|--|----------------|----------------|----------------|
| | £000 | £000 | £000 |
| | Budget | Budget | Budget |
| Estate Development | | | |
| Site re/new build | 2,150 | 0 | 0 |
| Improvements & structural maintenance | 5,089 | 3,600 | 1,300 |
| Estates Sub Total | 7,239 | 3,600 | 1,300 |
| Fleet & Equipment | | | |
| Appliance replacement | 5,157 | 2,300 | 2,800 |
| Specialist Operational Vehicles | 440 | 5,100 | 1,900 |
| Equipment | 0 | 0 | 0 |
| ICT Department | 400 | 0 | 0 |
| Water Rescue Boats | 0 | 0 | 0 |
| Fleet & Equipment Sub Total | 5,997 | 7,400 | 4,700 |
| Estates Optimism bias | (1,400) | (500) | (200) |
| Fleet Optimism bias | (1,200) | (800) | (600) |
| Optimism bias Sub Total | (2,600) | (1,300) | (800) |
| Overall Capital Totals | 10,636 | 9,700 | 5,200 |
| Programme funding | | | |
| Earmarked Reserves: | | | |
| Capital reserve | 6,575 | 6,298 | 1,617 |
| USAR - Water Rescue Boats | | | |
| Earmarked Reserves: | 6,575 | 6,298 | 1,617 |
| Revenue funds: | 2,037 | 2,037 | 2,300 |
| Borrowing - internal | 2,024 | 1,365 | 1,283 |
| Borrowing - external | 0 | 0 | 0 |
| Total Funding | 10,636 | 9,700 | 5,200 |

APPENDIX B TO REPORT RC/21/11

| PRUDENTIAL INDICATORS | INDICATIVE INDICATORS | | | | |
|---|------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 2021/22 £m Estimate | 2022/23 £m Estimate | 2023/24 £m Estimate | 2024/25 £m Estimate | 2025/26 £m Estimate |
| Capital Expenditure | | | | | |
| Non - HRA | 12,693 | 11,400 | 7,000 | 8,200 | 6,400 |
| HRA (applies only to housing authorities) | | | | | |
| Total | 12,693 | 11,400 | 7,000 | 8,200 | 6,400 |
| Ratio of financing costs to net revenue stream | | | | | |
| Non - HRA | 4.30% | 3.93% | 3.76% | 3.64% | 3.68% |
| 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 | 24,758 | 24,264 | 23,771 | 24,540 | 26,747 |
| HRA (applies only to housing authorities) | 0 | 0 | 0 | 0 | 0 |
| Other long term liabilities | 907 | 791 | 656 | 509 | 349 |
| Total | 25,665 | 25,055 | 24,426 | 25,049 | 27,096 |
| Annual change in Capital Financing Requirement | £000 | £000 | £000 | £000 | £000 |
| Non - HRA | (196) | (610) | (628) | 622 | 2,048 |
| HRA (applies only to housing authorities) | 0 | 0 | 0 | 0 | 0 |
| Total | (196) | (610) | (628) | 622 | 2,048 |
| PRUDENTIAL INDICATORS - TREASURY MANAGEMENT | | | | | |
| Authorised Limit for external debt | £000 | £000 | £000 | £000 | £000 |
| Borrowing | 26,189 | 26,071 | 25,553 | 26,325 | 28,278 |
| Other long term liabilities | 1,056 | 947 | 823 | 681 | 527 |
| Total | 27,244 | 27,018 | 26,376 | 27,006 | 28,805 |
| Operational Boundary for external debt | £000 | £000 | £000 | £000 | £000 |
| Borrowing | 24,951 | 24,857 | 24,364 | 25,098 | 26,941 |
| Other long term liabilities | 1,010 | 907 | 791 | 656 | 509 |
| Total | 25,961 | 25,765 | 25,155 | 25,754 | 27,450 |
| 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 | 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 2021/22 | | |
| Under 12 months | 30% | 2% |
| 12 months and within 24 months | 30% | 2% |
| 24 months and within 5 years | 50% | 13% |
| 5 years and within 10 years | 75% | 3% |
| 10 years and above | 100% | 80% |