

<b>REPORT REFERENCE NO.</b>	<b>RC/22/9</b>
<b>MEETING</b>	<b>RESOURCES COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>18 MAY 2022</b>
<b>SUBJECT OF REPORT</b>	<b>REVISION TO CAPITAL PROGRAMME 2022-23 TO 2024-25</b>
<b>LEAD OFFICER</b>	<b>Director of Finance, People &amp; Estates (Treasurer)</b>
<b>RECOMMENDATIONS</b>	<i><b>That the Authority be recommended to approve the revised capital programme and associated prudential indicators for 2022-23 to 2024-25 as set out in this report.</b></i>
<b>EXECUTIVE SUMMARY</b>	<p>A three-year capital programme for 2022-23 to 2024-25 was approved by the Authority at its budget meeting on 19 February 2022 (Minute DSFRA/21/39(b) refers). This report proposes a revision to that programme to allow for an amount of money not spent in 2021-22 being carried forward to 2022-23;</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 ten years, but the Capital Programme will require borrowing from 2024-25.</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 2022-23 to 2024-25.</p> <p>B. Revised Prudential Indicators 2022-23 to 2024-25.</p>
<b>LIST OF BACKGROUND PAPERS</b>	Report <a href="#">DSFRA/22/5 (Capital Programme 2022-23 to 2024-25)</a> to the Authority budget meeting on 21 February 2022 (and the Minutes of that meeting).

## **1. INTRODUCTION**

- 1.1. The current capital programme covering the three years 2022-23 to 2024-25 was approved at the budget meeting in February 2022.
- 1.2. This report seeks approval of the Authority to revise this programme to reflect budget not spent in 2021-22.
- 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 2022-23 TO 2024-25**

- 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 its budget meeting on 21 February 2022, the Authority considered and approved a three-year capital programme covering the years 2022-23 to 2024-25. This approved programme is included at Appendix A (2022/23 Approved Budget column).

## **3. PROPOSED REVISION TO THE CAPITAL PROGRAMME**

- 3.1. Appendix A to this report also sets out a revised capital programme for the years 2022-23 to 2024-25. The changes included in the revised programme reflect that:
  - (a) Since setting the original programme in February 2022, there is further variance against budget in 2021-22 of £1.57m.
  - (b) This is made up of savings of £0.05 and budget unspent in 2021-22 of £1.52m which will align the Capital programme with the future aspirations of the Service going forward. The £1.52m unspent budget is still required (carried forward to 2022-23) 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 overleaf.

**Figure 1**

	Estates £m	Fleet & Equipment £m		Optimism Bias £m	Total £m
Original Programme					
2021-22 (predicted outturn)	3.7	6.2	9.9	0.0	9.9
2022-23	3.9	4.9	8.8	-1.8	7.0
2023-24 (provisional)	7.3	10.5	17.8	-1.8	16.0
2024-25 (provisional)	0.9	4.6	5.5	2.5	8.0
Total 2021-22 to 2024-25	15.8	26.2	42.0	-1.1	40.9
Revised Programme					
2021-22 (actual outturn)	2.9	5.4	8.3	0.0	8.3
2022-23	4.7	5.7	10.4	-1.8	8.6
2023-24 (provisional)	7.3	10.5	17.8	-1.8	16.0
2024-25 (provisional)	0.9	4.6	5.5	2.5	8.0
Total 2021-22 to 2024-25	15.8	26.2	42.0	-1.1	40.9
Proposed change	0.0	0.0	0.0	0.0	0.0

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 2022. The next review of capital spending plans will take place in good time to inform the budget setting process for 2023-24.

#### **4. CONCLUSION**

4.1 This report proposes a revision to the agreed capital programme for the year 2022-23, having considered the outturn figures for 2021-22. The Committee is commended to recommend the revised Capital Programme 2022-23 to 2024-25 and associated prudential indicators to the Authority for approval.

**Shayne Scott**  
**Director of Finance, People & Estates (Treasurer)**

**APPENDIX A TO REPORT RC/22/9**

<b>PROJECT</b>	<b>2022/23</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Approved Budget</b>	<b>Revised Budget</b>	<b>Budget</b>	<b>Budget</b>
<b>Estate Development</b>				
Site re/new build	0	693	4,700	0
Improvements & structural maintenance	3,923	3,957	2,600	900
<b>Estates Sub Total</b>	<b>3,923</b>	<b>4,650</b>	<b>7,300</b>	<b>900</b>
<b>Fleet &amp; Equipment</b>				
Appliance replacement	3,861	4,593	4,500	2,400
Specialist Operational Vehicles	820	820	6,000	2,200
ICT Department	250	317	0	0
<b>Fleet &amp; Equipment Sub Total</b>	<b>4,931</b>	<b>5,730</b>	<b>10,500</b>	<b>4,600</b>
<b>Optimism bias Sub Total</b>	<b>(1,800)</b>	<b>(1,800)</b>	<b>(1,800)</b>	<b>2,500</b>
<b>Overall Capital Totals</b>	<b>7,054</b>	<b>8,580</b>	<b>16,000</b>	<b>8,000</b>
<b>Programme funding</b>				
Earmarked Reserves:	4,189	5,715	12,417	900
Revenue funds:	1,500	1,500	2,300	2,300
Borrowing - internal	1,365	1,365	1,283	1,370
Borrowing - external	0	0	0	3,430
<b>Total Funding</b>	<b>7,054</b>	<b>8,580</b>	<b>16,000</b>	<b>8,000</b>

## APPENDIX B TO REPORT RC/22/9

<b>PRUDENTIAL INDICATORS</b>	<b>INDICATIVE INDICATORS</b>				
	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Capital Expenditure</b>					
Non - HRA	8.580	16.000	8.000	6.600	6.400
HRA (applies only to housing authorities)					
<b>Total</b>	<b>8.580</b>	<b>16.000</b>	<b>8.000</b>	<b>6.600</b>	<b>6.400</b>
<b>Ratio of financing costs to net revenue stream</b>					
Non - HRA	3.80%	3.48%	3.52%	3.82%	3.52%
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	24,264	23,771	26,743	28,910	31,087
HRA (applies only to housing authorities)	0	0	0	0	0
Other long term liabilities	791	656	509	349	182
<b>Total</b>	<b>25,055</b>	<b>24,426</b>	<b>27,252</b>	<b>29,259</b>	<b>31,269</b>
<b>Annual change in Capital Financing Requirement</b>	£000	£000	£000	£000	£000
Non - HRA	(610)	(628)	2,825	2,008	2,010
HRA (applies only to housing authorities)	0	0	0	0	0
<b>Total</b>	<b>(610)</b>	<b>(628)</b>	<b>2,825</b>	<b>2,008</b>	<b>2,010</b>
<b>PRUDENTIAL INDICATORS - TREASURY MANAGEMENT</b>					
<b>Authorised Limit for external debt</b>	£000	£000	£000	£000	£000
Borrowing	26,071	25,553	28,638	30,549	33,335
Other long term liabilities	947	823	681	527	359
<b>Total</b>	<b>27,018</b>	<b>26,376</b>	<b>29,319</b>	<b>31,076</b>	<b>33,693</b>
<b>Operational Boundary for external debt</b>	£000	£000	£000	£000	£000
Borrowing	24,857	24,364	27,301	29,104	31,780
Other long term liabilities	907	791	656	509	349
<b>Total</b>	<b>25,765</b>	<b>25,155</b>	<b>27,957</b>	<b>29,613</b>	<b>32,130</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>	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 2022/23		
Under 12 months	30%	2%
12 months and within 24 months	30%	4%
24 months and within 5 years	50%	13%
5 years and within 10 years	75%	1%
10 years and above	100%	80%