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Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee
24 November 2010

Capital Programme 2011/12 to 2015/16

Report of the Treasurer

For further information about this report please contact Keith Dixon, Treasurer, on 01743 260202.

1 Purpose of Report

This report sets out the current schemes put forward for inclusion in the next five years' budgets. It then sets out the potential revenue consequences, subject to public value consideration, including project appraisals and to a review of financing possibilities.

2 Recommendations

The Committee is recommended to propose to the Authority, for inclusion in its five year budget planning,:

a) The schemes set out in the appendix to this report;
b) The potential funding of these schemes and the maximisation of the capital reserve, if possible; and
c) The revenue consequences that would flow from these schemes.

3 Background

The Authority has already agreed capital programmes for 2010/11 and earlier years. It has also agreed how these schemes are funded and the revenue consequences for future years. These figures are reviewed and included in earlier reports as commitments.

There is now reduced scope for changing the revenue consequences by altering policy on how these committed schemes are financed. This follows changes in accounting rules, which attempt to link funding to the anticipated life of the asset acquired.

This report deals with the options available for new schemes starting next year.

4 The Starts Programme

The schemes currently under consideration are set out in the appendix to this report, and can be summarised as follows:

Year of Start	Total Project Cost of Starts	Revenue Consequences				
	£ 000	2011/12 £ 000	2012/13 £ 000	2013/14 £ 000	2014/15 £ 000	2015/16 £000
2011/12	775	36	102	102	102	102
2012/13	105		15	15	15	15
2013/14	450			17	53	53
2014/15	400				29	36
2015/16	1,200					30
		36	117	134	199	236
Annual Addition		36	81	17	65	37

It should be noted that revenue consequences are limited to financing costs – any other costs need to be flagged up as part of the project appraisals. Also, the Authority is presently only committing itself to 2011/12 scheme starts. The majority of schemes are currently shown as being spent in the year of the start. However, experience shows that payments often slip into later years, thereby slowing the build-up of costs and resulting in revenue underspendings. Recent steps to minimise this have been taken with regular progress reports being made to the committee.

The revenue consequences are calculated in the following way. It is assumed that a loan will be raised at a mid point in the year – at 5%. Provision to repay the loan is now required to be set, beginning in the following year, at an appropriate level or Minimum Revenue Provision (MRP). This would be 4% where the asset is expected to last 25 years, but a higher percentage where asset life is shorter than 25 years. Similarly, where assets are financed from the capital reserve, repayments back to the reserve to pay for their replacement are made over the life of the asset.

Officers are currently producing project appraisals for each scheme to confirm their service value, the capital cost, phasing of expenditure and revenue consequences. There is, therefore, scope for these figures to change, especially if there are any knock-on revenue consequences, such as running costs of property or systems.

5 Prudential Guidelines

The main overall question concerns sustainability. Government supported borrowing within the Revenue Support Grant totalled a little under £500,000 in 2010/11. There was also a capital grant of £691,000 in that year. The Authority will need to take into account the capital funding levels put forward for future years in the Comprehensive Spending Review in judging the prudence and sustainability as well as the merits of the schemes involved. The Authority will, therefore, need to evaluate the final programme presented in January in the light of Prudential and Treasury Management Guidelines.

6 Capital Programme and Reserves

The forward capital programme has been thoroughly reviewed by officers and possible variations to the previous programme put forward during the Public Value consultation process. Projects now included have been tested to ensure that as far as possible they are both realistically costed and will start when scheduled. This has resulted in a number of schemes being dropped from the capital programme although there is a high possibility that schemes will be needed in the period although their exact nature timing and amount are currently uncertain. Examples of this are some I.T. issues and the possible need for work at Telford. The report on Reserves and Provisions therefore takes into account the need to retain some capacity to fund projects of this nature.

7 Financial Implications

The financial implications are as outlined in the report.

8 Legal Comment

There are no direct legal implications arising from this report.

9 Equality Impact Assessment

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Personnel 5 Part 2) and have decided that there are no discriminatory practices or differential impacts upon specific groups arising from this report. An Initial Equality Impact Assessment has not, therefore, been completed.

10 Appendix

Capital Programme 2011/12 to 2015/16

11 Background Papers

There are no background papers associated with this report.

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Business Continuity Planning		Member Involvement	
Capacity		National Framework	
Civil Contingencies Act		Operational Assurance	
Efficiency Savings		Public Value	
Environmental		Retained	
Financial	*	Risk and Insurance	
Fire Control/Fire Link		Staff	
Information Communications and Technology		Strategic Planning	*
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*
Legal	*		

Capital Programme 2011/12 to 2015/16

Scheme		**Total**	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**
		£000	**£000**	**£000**	**£000**	**£000**	**£000**
2011/12							
Breathing Apparatus Set Upgrade	Loan	330	8	50	50	50	50
Wellington Building Improvements	Loan	100	3	9	9	9	9
Information Technology	Fund	65	9	9	9	9	9
Four Wheel Drive Vehicles (3)	Fund	80	11	11	11	11	11
Appliance Replacement (1)	Loan	200	5	23	23	23	23
		775	**36**	**102**	**102**	**102**	**102**
2012/13							
Replace Workshop and Store(2) Vans	Fund	55		8	8	8	8
Provisional Sum to replace light vehicles	Fund	50		7	7	7	7
		105		**15**	**15**	**15**	**15**
2013/14							
Appliance replacement(2)	Loan	400			10	46	46
Provisional Sum to replace light vehicles	Fund	50			7	7	7
		450			**17**	**53**	**53**
2014/15							
Replacement of Prime Movers (2)	Loan	150				8	15
Replace Ford Rangers(5) and Land Rovers (2) including pods	Fund	250				21	21
		400				**29**	**36**
2015/16							
Replace Sabre Appliances(6)	Loan	1,200					30
		1,200					**30**
			36	**117**	**134**	**199**	**236**