

2008/09 to 2010/11 Capital Report

Report of the Treasurer

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

1 Purpose of Report

This report updates the capital programmes which were presented to the Strategy and Resources Committee in November, for more recent information.

2 Recommendations

The Fire Authority is recommended to:

- a) Adopt the revised phasing of the St Michael's Street project, as in Option B;
- b) Adopt the rephrasing of appliance replacements, as in Option C;
- c) Adopt the changed programme for information technology (IT) investment, subject to detailed scrutiny of the project appraisal; and
- d) Agree that the following revenue consequences of the revised capital programme be included in the next phase of the budget, subject to Member scrutiny of individual project appraisals:

	Total Capital	Revenue Consequences		
	Cost	2008/09	2009/10	2010/11
	£000	£000	£000	£000
2008/09 starts	1,025	61	138	138
2009/10 starts	2,285	-	134	271
2011/12 starts	3,299	-	-	108
		<u>61</u>	<u>272</u>	<u>517</u>

3 Background

The provisional capital programme proposed by Strategy and Resources Committee is included in the "Green Booklet". It is based on the Medium



Term Financial Plan (MTFP), and is subject to reviewing financing possibilities, and project appraisals

4 St Michael's Street Project

The major scheme for the budget period is the St Michael's Street Project. Work is in progress on identifying options, and various implications of a number of outline alternatives have been considered by the Integrated Risk Management Planning (IRMP) Working Group. It is, therefore, now possible to update the broad assumptions made in the MTFP and contained in the Strategy and Resources Committee report.

The position can be summarised as follows:-

Strategy and Resources Report	Capital Costs	Revenue Consequences		
	£000	2009/10 £000	2010/11 £000	2011/12 £000
2010/11	1,500	-	38	135
Capital Receipt	500	-	13	45
2011/12	2,500	-	-	63
Capital Receipt	500	-	-	13
	<u>3,000</u>	<u>-</u>	<u>25</u>	<u>140</u>

Option A

This option reflects remaining at St Michael's Street, except for the workshops. Part of the site would be sold to help pay for remodelling the site and buildings. Work would start as soon as possible.

2009/10	3,500	88	315	315
2011/12 – Capital Receipt	1,000	-	-	25
	<u>2,500</u>	<u>88</u>	<u>315</u>	<u>290</u>

Option B

This option is based on Option A, but breaks the work down into relocating the workshops (£900,000) in 2009/10 and the rest of the work in 2010/11. This is potentially a more flexible approach and will free up saleable land as quickly as Option A.

2009/10	900	23	81	81
2010/11	2,600	-	65	234
2011/12 – Capital Receipt	1,000	-	-	25
	<u>2,500</u>	<u>23</u>	<u>146</u>	<u>290</u>



Option C

This option is the same as Option B for building works, but rephases more evenly the replacement of appliances, in order to smooth out prudential borrowing and the increase in committed revenue costs.

Strategy and Resources Report

2009/10

Replace 3 appliances	510	12	68	68
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2010/11

Replace 3 appliances	510	-	12	68
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	<u>1,020</u>	<u>12</u>	<u>80</u>	<u>136</u>
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Option C

2009/10

Replace 2 appliances	340	9	46	46
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2010/11

Replace 1 appliance	170		4	23
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2011/12

Replace 3 appliances	510			12
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	<u>1,020</u>	<u>9</u>	<u>50</u>	<u>81</u>
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Summary

The revenue implications of the three options, compared to the report to Strategy and Resources Committee can be summarised as follows:

	2009/10 £000	2010/11 £000	2011/12 £000
Option A	88+	290+	150+
Option B	23+	121+	150+
Option C	20+	91+	95+

5 IT Investment

The Capital Programme considered by Strategy and Resources Committee included £50,000 a year for investment in IT. The Authority has always recognised the need for such investment, and has included annual provisional sums subject to detailed project appraisal.

That appraisal has now been completed by officers, and has produced the following:

	Total Capital Cost £000	Revenue Consequences		
		2008/09 £000	2009/10 £000	2010/11 £000
2008/09	40	6	6	6
2009/10	135	-	29	29
2010/11	-	-	-	-
	<u>175</u>	<u>6</u>	<u>35</u>	<u>35</u>



This compares with £150,000 provided over the three years and would reduce the figures included in the total for Strategy and Resources Committee by £1,000 in 2008/09, but increase them by £21,000 in 2009/10 and £14,000 in 2010/11.

6 Prudential Guidelines and Other Implications

The effect of the changes outlined above, if Option C in paragraph 4 and the developments for IT are accepted, would be as follows:

Total Capital Costs	2008/09	2009/10	2010/11
	£000	£000	£000
As at Strategy and Resources	1,035	1,470	2,589
Option C - Building		900	1,100
- Appliances		170	340
IT	10	85	50
	<u>1,025</u>	<u>2,285</u>	<u>3,299</u>
Revenue Implications			
As at Strategy and Resources	62	231	412
Option C - Buildings		23	121
- Appliances		3	30
IT	1	21	14
	<u>61</u>	<u>272</u>	<u>517</u>

Bringing forward the St Michael's Street scheme increases revenue consequences within the three-year grant settlement period, although the final costs are lower than previously envisaged, as the total capital cost has reduced from £4.0m to £3.5m.

It does clarify the issue of prudential guidelines and the sustainability of borrowing that would be needed:

Funding Payments	2008/09	2009/10	2010/11
	£000	£000	£000
Borrowing – grant supported	433	483	497
- prudential	312	1,262	2,588
- capital resource (if available)	280	540	214
- capital receipts	-	-	-
	<u>1,025</u>	<u>2,285</u>	<u>3,299</u>

Prudential borrowing can be seen to increase to £2,588,000 in 2010/11. There is a final committed growth of £236,000 in 2011/12 as the full year effect of this borrowing is felt, but in later years this will be offset by the benefit of the capital receipt for St Michael's Street.

Finally the major changes and opportunities brought about by the St Michael's Street scheme may have as yet unidentified impacts on the Service, which will have potential revenue implications in addition to financing changes. This issue is addressed in the report on Service Developments.



7 Financial Implications

The financial implications are as outlined in the report.

8 Legal Comment

The Fire Authority has power to act as proposed in 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 Appendices

There are no appendices attached to this report.

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.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	*
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	
Financial	*	Staff	
Fire Control/Fire Link		Strategic Planning	*
Information Communications and Technology	*	West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*

