

Capital Programme 2009/10 to 2013/14

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 project appraisals and 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, subject to reports on the "Shrewsbury Scheme";
- 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 2008/09 and earlier years. It has also agreed how these schemes are funded and the revenue consequences for future years. These figures are included in earlier papers 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, and can be summarised as follows:-

| Year of Start | Total Project Cost of Starts £ 000 | Revenue Consequences | | | | |
|---------------------------------|---------------------------------------|----------------------|------------------|------------------|------------------|------------------|
| | | 2009/10 £ 000 | 2010/11 £ 000 | 2011/12 £ 000 | 2012/13 £ 000 | 2013/14 £ 000 |
| 2009/10 | 2,150 | 110 | 238 | 238 | 238 | 238 |
| 2010/11 | 3,450 | | 122 | 348 | 348 | 348 |
| 2011/12 | 840 | | | 34 | 137 | 137 |
| 2012/13 | 720 | | | | 31 | 121 |
| 2013/14 | 535 | | | | | 26 |
| | <u>7,695</u> | <u>110</u> | <u>360</u> | <u>620</u> | <u>754</u> | <u>870</u> |
| Less funding by capital receipt | | - | - | 25 | - 50 | - 50 |
| | | <u>110</u> | <u>360</u> | <u>595</u> | <u>704</u> | <u>820</u> |

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 2009/10 scheme starts, and all 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. In the case of the Shrewsbury Project there is the potential for major variations, and in addition the Authority may have to commit itself in February to that part of the project currently shown as a 2010/11 start.

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 required at least at a rate of 4% (Minimum Revenue Provision or MRP) from 1 April in the year following when the loan is raised, i.e. a further 4% is added from 2010/11 onward for 2009/10 schemes. The Authority has decided and is now required to set an appropriate MRP where asset life is shorter than 25 years. Similarly where assets are financed from the capital reserve, repayments 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.

One major uncertainty is the “Shrewsbury Project”. At present our advisors are looking at all options with a view to bringing these to the January meeting of the Committee. The best way forward can then be recommended to the Authority in February as part of an overall budget package. There are also uncertainties on the funding side, especially the final decision on up to £1.0 million capital grant phased over 2009/10 and 2010/11, the amount available in the capital reserve, and the capital receipt generated by the Shrewsbury Project.

5 Summary

The main overall question concerns sustainability. Notwithstanding the proposed capital grant, Government supported borrowing totals a little over £400,000 each year, therefore the Authority would be undertaking prudential borrowing and is required to take into account prudence and sustainability as well as the merits of the schemes involved. This year’s programme is dominated by the “Shrewsbury Project”. The current paper does not take account of grant, or the availability of capital reserve funding. Nevertheless the Authority will need to evaluate the options presented in January in the light of Prudential Guidelines.

6 Financial Implications

The financial implications are as outlined in the report.

7 Legal Comment

There are no direct legal implications arising from this report.

8 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.

9 Appendices

Capital Programme 2009/10 to 2013/14

10 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 | * |

Appendix to report on
Capital Programme 2009/10 to 2013/14
Shropshire and Wrekin Fire Authority
Strategy and Resources Committee
13 November 2008

| Scheme | | Total | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|----------------------------------|-------------|-------|------------|------------|------------|------------|------------|
| 2009/10 | | | | | | | |
| RDS Availability System | Fund | 25 | 4 | 4 | 4 | 4 | 4 |
| Document Management System | Fund | 40 | 8 | 8 | 8 | 8 | 8 |
| Document Storage System | Fund | 60 | 12 | 12 | 12 | 12 | 12 |
| Training Facilities | Fund | 50 | 7 | 7 | 7 | 7 | 7 |
| Firekit Replacement | Fund | 250 | 36 | 36 | 36 | 36 | 36 |
| Retaining approval for WL scheme | <i>Fund</i> | 100 | | | | | |
| Shrewsbury Project | Loan | 900 | 23 | 81 | 81 | 81 | 81 |
| Building Improvements | Loan | 105 | 3 | 9 | 9 | 9 | 9 |
| Appliance Replacement | Loan | 370 | 10 | 48 | 48 | 48 | 48 |
| Light Pumping Unit | Loan | 250 | 7 | 33 | 33 | 33 | 33 |
| | | | 110 | 238 | 238 | 238 | 238 |
| 2010/11 | | | | | | | |
| Retaining approval for WL scheme | <i>Fund</i> | 50 | | | | | |
| Firekit Replacement | Fund | 250 | | 36 | 36 | 36 | 36 |
| Training Facilities | Fund | 50 | | 7 | 7 | 7 | 7 |
| Shrewsbury Project | Loan | 2,600 | | 65 | 234 | 234 | 234 |
| Appliance replacement | Loan | 185 | | 5 | 24 | 24 | 24 |
| Building Improvements | Loan | 65 | | 3 | 9 | 9 | 9 |
| BA Set Upgrade | Loan | 250 | | 6 | 38 | 38 | 38 |
| | | | | 122 | 348 | 348 | 348 |
| 2011/12 | | | | | | | |
| Training Facilities | Fund | 50 | | | 7 | 7 | 7 |
| Information Technology | Fund | 50 | | | 7 | 7 | 7 |
| Building Improvements | Loan | 65 | | | 3 | 9 | 9 |
| Appliance replacement | Loan | 555 | | | 14 | 98 | 98 |
| Water Carriers | Loan | 120 | | | 3 | 16 | 16 |
| | | | | | 34 | 137 | 137 |
| 2012/13 | | | | | | | |
| Training Facilities | Fund | 50 | | | | 7 | 7 |
| Information Technology | Fund | 50 | | | | 7 | 7 |
| Building Improvements | Loan | 65 | | | | 3 | 9 |
| Appliance replacement | Loan | 555 | | | | 14 | 98 |
| | | | | | | 31 | 121 |
| 2013/14 | | | | | | | |
| Training Facilities | Fund | 50 | | | | | 7 |
| Information Technology | Fund | 50 | | | | | 7 |
| Building Improvements | Loan | 65 | | | | | 3 |
| Appliance replacement | Loan | 370 | | | | | 9 |
| | | | | | | | 26 |
| | | | 110 | 360 | 620 | 754 | 870 |