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Shropshire and Wrekin Fire Authority
Strategy and Resources Committee
12 November 2009

Capital Programme 2010/11 to 2014/15

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 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 2009/10 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 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	2010/11 £ 000	2011/12 £ 000	2012/13 £ 000	2013/14 £ 000	2014/15 £ 000
2010/11	345	15	40	40	40	40
2011/12	1,420		78	223	223	223
2012/13	1,220			44	166	166
2013/14	1,535				52	161
2014/15	1,190					54
		15	118	307	481	644
Annual Addition		15	103	189	174	163

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 20010/11 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.

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.

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 including borrowing to meet committed schemes. 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. The Authority will, therefore, need to evaluate the final programme 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 2010/11 to 2014/15

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	*