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Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee
18 November 2011

Capital Programme 2012/13 to 2016/17

Report of the Treasurer

For further information about this report please contact Rachel Musson, Treasurer, on 01743 252007, or Joanne Coadey, Head of Finance, on 01743 260215.

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 2011/12 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.

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

4 The Capital Programme from 2012/13

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	2012/13 £ 000	2013/14 £ 000	2014/15 £ 000	2015/16 £ 000	2016/17 £000
2012/13	105	15	15	15	15	15
2013/14	50		7	7	7	7
2014/15	400			25	39	39
2015/16	1,200				30	140
2016/17	0					
		15	22	47	91	201
Annual Addition		15	7	25	44	110

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 schemes that start in 2012/13. 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 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 associated revenue consequences, such as running costs of property or systems.

5 Prudential Guidelines

The main issue for the Authority to consider is sustainability. The Fire Authority received a capital grant of £915,000 in 2011/12, and government supported borrowing within the Revenue Support Grant totalled £497,000 in 2011/12. 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 Future Capital Schemes

The forward capital programme is being thoroughly reviewed by officers and any future requests for schemes will be considered as part of the ongoing strategic planning process. Projects for consideration will be tested to ensure that as far as possible they are both realistically costed and resourced; will start when scheduled; and that, where possible, they have long-term revenue saving potential.

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 2012/13 to 2016/17

11 Background Papers

There are no background papers associated with this report.

Capital Programme 2012/13 to 2016/17

Scheme		**Total**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**
		£000	**£000**	**£000**	**£000**	**£000**	**£000**
2012/13							
Replace Workshop and Stores vans (2)	Fund	55	8	8	8	8	8
Provisional sum to replace light vehicles	Fund	50	7	7	7	7	7
		105	**15**	**15**	**15**	**15**	**15**
2013/14							
Provisional sum to replace light vehicles	Fund	50		7	7	7	7
		50		**7**	**7**	**7**	**7**
2014/15							
Replacement of Prime Movers (2)	Loan	150			4	18	18
Replace Ford Rangers (5) and Land Rovers (2) including pods	Fund	250			21	21	21
		400			**25**	**39**	**39**
2015/16							
Replace Sabre Appliances (6)	Loan	1,200				30	140
		1,200				**30**	**140**
2016/17							
			15	**22**	**47**	**91**	**201**