

NOTE OF THE TREASURER**CAPITAL PROGRAMME AND
THE REVENUE BUDGET****1 Purpose of Note**

This note links the attached report on the Ten Year Capital Programme to the revenue budget.

2 Recommendations

Subject to the acceptability of the strategy set out in the Ten Year Programme, and to the production of capital appraisals for each project then the Group proposes the following revenue commitments in the 2007/08 budget:-

	2007/08	2008/09	2009/10
	£ 000	£ 000	£ 000
2007/08 Starts	73	153	153
2008/09 Starts	-	72	175
2009/10 Starts	-	-	101
	<u>73</u>	<u>225</u>	<u>429</u>

3 Background

The Authority's investment in capital assets has largely been by borrowing. This has meant committing the revenue account to interest charges, and a provision for repaying the loan raised. Until recently the provision for repayment has been the minimum possible, i.e. 4% roughly equivalent to a 25 year repayment period. From 2006/07, however, provision closely matched to the expected life of assets has been introduced. This is more prudent and does not build up revenue commitments in later years.

The Fire Authority has also created a capital reserve to fund directly, rather than commit to borrowing. Contributions are repaid to the reserve to ensure that the asset can be replaced at the end of its working life.



Leasing has also been used in the past and, whilst building in revenue commitments in later years, is at least linked to the working life of the asset. The calculations in the next paragraph make assumptions about funding the capital programme in order to demonstrate the impact on the revenue account.

4 2007/08 Starts Programme

		Revenue Implications			
		Cost	2007/08	2008/09	2009/10
		£ 000	£ 000	£ 000	£ 000
Small schemes, some with, say, a 7 year life					
These might be funded from reserve.					
11	Ford Ranger	80	11	11	11
12	Road Traffic Collision Equipment for Ford Ranger	50	7	7	7
22	Training facilities	30	4	4	4
23	Information Technology	50	7	7	7
25	Station End Equipment	10	2	2	2
		220	31	31	31
Large schemes, some with a longer life					
These might be funded from borrowing or leasing.					
1	Building Improvements	65	3	6	6
2	Garaging Ford Ranger	20	1	2	2
4	Tweedale Improvements	20	1	2	2
7	Telford Central Improvements	300	8	27	27
10	Fire Appliances*	510	12	68	68
		915	25	105	105
Large schemes with a shorter life					
Ideally funded from reserve					
3	Fire Alarm Installations	120	17	17	17
		120	17	17	17
Total 2007/08		1255	73	153	153

* 12 years life



5 2008/09 Starts Programme

		Revenue Implications		
	Cost	2007/08	2008/09	2009/10
	£ 000	£ 000	£ 000	£ 000
Small schemes some with, say, a 7 year life				
12	Replacement for L4Ps (Small Fires Units)	100	14	14
22	Training Facilities	30	4	4
23	Information Technology	50	7	7
24	Regional Fire Control Link	10	2	2
25	Station End Equipment	25	4	4
26	Information Technology and Communications Equipment Room Relocation	75	11	44
		290	42	42
Larger schemes with a longer life				
1	Building Improvements	65	3	6
7	Telford Central Improvements	400	10	36
10	Fire Appliances	680	17	91
		1145	30	133
Total 2008/09		1435	72	175



6 2009/10 Starts Programme

		Revenue Implications		
	Cost	2007/08	2008/09	2009/10
	£ 000	£ 000	£ 000	£ 000
Small schemes some with, say, a 7 year life				
12	Replacement for L4Ps (Small Fires Unit)	100		17
22	Training Facilities	30		5
23	IT	50		9
25	Station End Equipment	25		5
		<u>205</u>		<u>36</u>
Large schemes with a longer life				
1	Building Improvements	105		3
7	Telford Central Improvements	400		10
8	Crucial Crew Venue	150		4
10	Fire Appliances	510		12
13	Light Pumping Unit	250		
		<u>1415</u>		<u>29</u>
Large schemes with a shorter life				
19	Firekit Replacement	250		36
Total 2009/10		<u>1870</u>		<u>101</u>

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

