

## Capital Programme 2008/09 to 2010/11

### 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 three 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 three year budget planning:-

- a) The schemes set out in paragraphs 4, 5 and 6;
- 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 2007/08 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.

In fact there is some scope for changing the revenue consequences by altering policy on how these committed schemes are financed, although this is not recommended as it will have implications for prudential guidelines and committed growth in later years.

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



## 4 2008/09 Starts Programme

The schemes included in the Medium Term Financial Plan (MTFP) are as follows:-

	2008/09 £ 000	Revenue Implications		
		2008/09 £ 000	2009/10 £ 000	2010/11 £ 000
<b>Financed from Borrowing</b>				
1 Building Improvements	65	3	6	6
2 Fire Appliances	680	17	91	91
	<u>745</u>	<u>20</u>	<u>97</u>	<u>97</u>
<b>Financed from Capital Reserve</b>				
3 Small Fires Unit	100	14	14	14
4 Training Facilities	30	4	4	4
5 Information Technology	50	7	7	7
6 Regional Fire Control Link	10	2	2	2
7 Station End Equipment	25	4	4	4
8 ITC Equipment Room relocation	75	11	11	11
	<u>290</u>	<u>42</u>	<u>42</u>	<u>42</u>
	<u>1,035</u>	<u>62</u>	<u>139</u>	<u>139</u>

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 2009/10 onward. The Authority has decided however to set a higher MRP where asset life is shorter than 25 years. In the case of scheme 2 – Fire Appliances, assets are replaced after 12 years, and therefore an 8.3% revenue provision is made each year.

Officers are currently producing project appraisals for each scheme to confirm the service value of each scheme, 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 2009/10 Starts Programme

The schemes included in the MTFP are:-

	2009/10 £ 000	Revenue Implications	
		2009/10 £ 000	2010/11 £ 000
<b>Financed from Borrowing</b>			
9 Building Improvements	105	3	9
10 Crucial Crew venue	150	4	14
11 Fire Appliances	510	12	68
12 Light Pumping Unit	250	7	33
	<u>1,015</u>	<u>26</u>	<u>124</u>
<b>Financed from Capital Reserve</b>			
13 Small Fires Unit	100	14	14
14 Training facilities	30	5	5
15 Information Technology	50	7	7
16 Station End Equipment	25	4	4
17 Fire Kit replacement	250	36	36
	<u>455</u>	<u>66</u>	<u>66</u>
	<u>1,470</u>	<u>92</u>	<u>190</u>

In fact, from the paper on Reserves and Provisions, the Capital Reserve would barely be adequate to fund the £455,000 envisaged.

## 6 2010/11 Starts Programme

The schemes included in the MTFP are:-

	2010/11 £ 000	Revenue Consequence	
		2010/11 £ 000	2011/12 £ 000
<b>Financed from Borrowing</b>			
18 Building Improvements (Retained Stations)	65	3	6
19 Shrewsbury IRMP (funded £500,000 from receipts)	1,500	25	90
20 Fire Appliances	510	12	68
21 Firekit Replacement	250	6	48
	<u>2,325</u>	<u>46</u>	<u>212</u>
<b>Financed from Capital Fund Reserve</b>			
22 Small Fires Unit	100	14	
23 Gas Tight Suits	34	5	
24 Breathing Apparatus upgrade	50	7	
25 Training facilities	30	4	
26 Information Technology	50	7	
	<u>264</u>	<u>37</u>	
	<u>2,589</u>	<u>83</u>	



At present funds available in the capital reserve would be limited largely to new contributions coming in during 2010/11 limiting the value of schemes financed to £264,000. Scheme 21, at £250,000, would therefore have to be financed from borrowing.

## 7 Summary

At present, the build-up of commitments (assuming capital reserve is available), is as follows:-

	2008/09 £ 000	2009/10 £ 000	2010/11 £ 000
2008/09 starts	62	139	139
2009/10 starts		92	190
2010/11 starts			83
	<u>62</u>	<u>231</u>	<u>412</u>

The main overall question concerns sustainability. 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. By the end of the three year period, the proposed projects will have added £400,000 of committed growth, rising to £578,000 in 2011/12. A fuller picture will emerge when the capital programme is considered in the context of the overall budget. However, the issues round the Shrewsbury Integrated Risk Management Planning have the potential to cause a lift in costs during 2011/12 and the following year or two.

## 8 Financial Implications

The financial implications are as outlined in the report.

## 9 Legal Comment

There are no direct legal implications arising from this report.

## 10 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.

## 11 Appendices

There are no appendices attached to this report.



## 12 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	*

