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Item 9: Revised Capital Programme 2016/17

Meeting Date: 15 December 2016



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Item 9

MEETING	Dorset & Wiltshire Fire and Rescue Authority
DATE OF MEETING	15 December 2016
SUBJECT OF THE REPORT	Revised Capital Programme 2016/17
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	For decision
EXECUTIVE SUMMARY	In reviewing the capital programme alternative requirements and amendments have been necessary, either due subsequent approvals/slippage, changing priorities or re-assessment of needs. This paper identifies and explains the changes and the impact of such changes regarding affordability, prudence and sustainability.
RISK ASSESSMENT	Risks are inherent within all capital programmes and as such some elements of the 2016/17 revised programme may not be completed by 31 March, due to a number of possible reasons, e.g. delays in planning permissions, availability of contractors, and materials etc., leading to delays in works being carried out. Where this occurs, at outturn, requests will be made to carry forward slippage to 2017/18.
COMMUNITY IMPACT ASSESSMENT	None for the purposes of this report.
BUDGET IMPLICATIONS	The financing of the capital programme can be through grants, reserves, use of receipts and through borrowing (prudential). The revised programme will be funded from capital reserves, available unused capital grants and capital receipts and therefore no prudential borrowing will be necessary. This means that the capital financing charges in respect of this 2016/17 programme will reduce in 2017/18.

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RECOMMENDATIONS	<ol style="list-style-type: none">1. Members are asked to approve the revised Capital Programme for 2016/17 of £5.423m; including Direct Revenue Financing of £99k,2. Members are asked to approve the revised prudential indicators – Appendix A, as a result of the change in the capital programme 2016/17.
BACKGROUND PAPERS	Agenda Item 4: Fire Authority Meeting Feb 16 - Budget 2016/17 and Medium Term Financial Plan
APPENDICES	Appendix A – Revised Prudential Indicators 2016/17
REPORT ORIGINATOR AND CONTACT	Name: Phil Chow, Finance Director & Treasurer Email: phil.chow@dwfire.org.uk Tel: 01722 691071, Mob: 07809 548055

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1. Introduction

- 1.1 The Capital Programme 2016/17 of £8.750m was approved at the Fire Authority meeting in February 2016. Following the year end capital outturn position 2015/16, approval was sought to roll forward capital slippage to the sum of £1.755m, making the total capital programme for 2016/17 to be £10.505m.
- 1.2 The purpose of this report is to seek Fire Authority approval for a Revised Capital Programme of £5.423m for 2016/17.

2. Revised Capital Programme

- 2.1 The capital programme has been revised, mainly as a result of a number of items, which are explained in more detail below: -

2.2 Property/Estates

- 2.2.1 **Safety Centre/Strategic Hub** - As Members will be aware, the major construction work on the Safety Centre is not scheduled to start until we obtain vacant possession of the hangar which is anticipated in Spring 2017. The costs to be incurred this year will therefore be much lower than shown in the capital programme, mainly covering professional fees, consultancy costs and preliminary work. At the present time a provisional total of £200k has been allowed for Safety Centre and Strategic Hub costs, with the balance of £3.241m carrying forward to 2017/18.

2.3 ICT

- 2.3.1 **BA Radios** - £90k was originally approved for the replacement of breathing apparatus radios. This project has been put on hold and will be reviewed again for 2017/18.
- 2.3.2 **Safety Centre/Strategic Hub** - Within the £1.012m revised budget for ICT, £602k relates to the Strategic Hub/Safety Centre and ICT infrastructure harmonisation. The provisional sum allocated for the Safety Centre was £50k, and although this is subject to the final design requirements, it will not be spent this year. Work continues on ICT infrastructure harmonisation.

2.4 Vehicles & Equipment

- 2.4.1 **Aerial Ladder Platform (ALP) Appliances**. The current approved capital programme includes £1.2m for the procurement of two new aerial ladder platform (ALP) appliances. The tender process for this procurement has recently concluded and a contract award made. Due to price increases the cost of the two new vehicles is now estimated at £1.36m. Although the vehicles have been ordered, some stage payments towards the overall cost will be made but we do not expect the vehicles to arrive during this financial year. This will mean that the full cost will be charged in 2017/18, rather than 2016/17.

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- 2.4.2 **Large Pumping Appliances.** £2.55m is included in the budget for the purchase of large fire appliances, including the buy-back of previously leased vehicles. Four new appliances were in-built with Dorset during 2015/16 and were delivered recently. £1.08m of the carry forward amount relates to these. The procurement process for the purchase of five other appliances has been completed, and a purchase order raised. The expected cost of these appliances is £1.35m. Due to chassis delivery timescales we may not receive delivery of these appliances until 2017/18, but they are still shown in the forecast costs for this year at the moment. The buy-back of a further 8 leased vehicles was originally planned in 2016/17 but completed prior to the start of the year so £120k will not be required in 2016/17.
- 2.4.3 **Special Appliances.** £90k is included in the budget for Off-road Vehicles and £200k is for Incident Command Vehicles. The replacement of these vehicles has been deferred pending a review of special vehicle requirements.
- 2.4.4 **Hydrant Maintenance Vehicle.** A saving of £35k has been taken as only one of two hydrant vans included in the capital programme needs replacing.
- 2.4.5 **Officer Cars.** The replacement of officer cars has been deferred to 2017/18 pending the outcome of a review (£30k).
- 2.4.6 **4X4 Rural Rescue Vehicles.** £124k was carried forward from last year for the purchase of three 4x4 rural rescue units, but the replacement of these has been put back to 2017/18, subject to further review.
- 2.4.7 **Replacement PPE Helmets.** A decision has been taken to align the replacement of helmets with the purchase in 2016/17. Current helmets are so close to the end of their working life and although still fit for purpose, many have significant visual damage through “fair wear and tear” as they were designed over 10 years ago and therefore does not incorporate any new technology that is now present in current fire helmets on the market. Purchases can be made now under the Central Clothing and PPE Contract replacing 525 helmets required at a reduced price of £187.86 (rather than £250) resulting in a capital purchase of £99k. This is much more cost effective to purchase now, and will align the replacements across the north and south. This will be funded through direct revenue financing and members are asked to approve the use of Direct Revenue Financing to fund this.

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2.5 In summary the changes as identified above are as below.

	Original Capital Programme 2016/17 £	Approved Adjustments 2016/17 £	Adjusted Capital Programme 2016/17 £	Proposed Additions/ Reductions 2016/17 £	Revised Capital Programme 2016/17 £
Capital Expenditure:					
Property/Estates	4,119,500	374,700	4,494,200	-3,240,800	1,253,400
Information & Communication Technology	855,600	156,100	1,011,700	-140,000	871,700
Vehicles & Equipment	3,774,700	1,224,100	4,998,800	-1,700,500	3,298,300
Total Capital Programme	8,749,800	1,754,900	10,504,700	-5,081,300	5,423,400
Financed By:					
- Capital Grant/Receipts			-2,120,700	0	-2,120,700
- Direct Revenue Financing			0	98,600	98,600
- Capital Reserves and Matched Funding			-4,042,900	641,600	-3,401,300
- Prudential Borrowing			-4,341,100	4,341,100	0
Total Finance			-10,504,700	5,081,300	-5,423,400

3. Prudential Indicators and Funding or Financing the Capital Programme

- 3.1 The Local Government Act 2003 introduced a new system of capital controls for Local Authorities, which replaced the statutory controls over borrowing to a system whereby the duty was on the local authority to determine its planned level of borrowing whilst considering affordability, prudence and sustainability. In compliance with the Prudential Code for Capital Finance in Local Authorities (published by the Chartered Institute of Public Finance and Accountancy (CIPFA)), the Authority formally approved a number of Prudential indicators at its February meeting.
- 3.2 Under the Prudential Code, there is a requirement that a report be brought to Members should the total quantum of capital expenditure change. In this case the attached Appendix A details the impact of the change in the capital programme regarding affordability, prudence and sustainability, i.e. revised prudential indicators.
- 3.3 The change in the capital programme is such that the borrowing requirement under the prudential code has reduced, and is not been necessary for the 2016/17 capital programme. This is primarily due to the revised 2016/17 capital programme being funded from capital reserves, capital receipts and available unused capital grants, earmarked or set aside resources specific to their intended purpose.

BENJAMIN ANSELL
Chief Fire Officer

15 December 2016

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