



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Item 17/63

MEETING	Dorset & Wiltshire Fire and Rescue Authority
DATE OF MEETING	5 December 2017
SUBJECT OF THE REPORT	Revised Capital Programme 2017-18
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	To note and approve
EXECUTIVE SUMMARY	The capital programme is regularly monitored and reviewed by the Treasurer, and as a consequence of the review and changing business need, alternative requirements and amendments have been necessary. This paper identifies how the programme has therefore been revised to take account of capital slippage and reassessment of needs and explains the impact of such changes regarding affordability, prudence and sustainability.
RISK ASSESSMENT	In establishing a revised capital programme, the programme has been reassessed in light of current and future requirements based on risk and priority, and has been profiled accordingly.
COMMUNITY IMPACT ASSESSMENT	None for the purposes of this report.
BUDGET IMPLICATIONS	The capital budget is an expenditure plan of the Authority's infrastructure, i.e. the assets of the authority which have value to the Authority over more than one year, and is fundamental to the effective and efficient long term delivery of its operations. It is made up of property/estates, fleet, equipment and ICT infrastructure expenditure requirements. The financial implication of the

	<p>capital programme is costed and funded through various forms of financing, ie. the capital programme can be paid for through use of grants, reserves, capital receipts and/or through borrowing (prudential). If prudential borrowing is incurred, there is a revenue impact ie. the impact of any prudential borrowing for capital purposes will be included in the revenue capital financing charges budget.</p>
RECOMMENDATIONS	<p>Members of the Authority are asked to:</p> <ol style="list-style-type: none"> 1. Note the changes required and reported in Section 2 below 2. Approve the revised Capital Programme for 2017-18 of £9.334m, and 3. Approve the revised prudential indicators – Appendix A, as a result of the change in the capital programme 2017-18
BACKGROUND PAPERS	Agenda Item 7: Authority Meeting Feb 17 - Budget 2017-18
APPENDICES	Appendix A – Revised Prudential Indicators 2017-18
REPORT ORIGINATOR AND CONTACT	<p>Phil Chow, Finance Director & Treasurer Email: phil.chow@dwfire.org.uk Telephone No: 01722 691071</p>

1. Introduction

- 1.1 The Capital Programme 2017-18 of £11.160m was approved at the Authority meeting in February 2017. Following the year end capital outturn position 2016-17, approval was sought to roll forward capital slippage for the sum of £2.647m, making the total capital programme for 2017-18 to be £13.807m.
- 1.2 The purpose of this report is to seek Authority approval for a Revised Capital Programme of £9.334m for 2017-18.

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** - The approved budget for 2017-18 is £3.355m which included carry forward from 2016-17. Members approved the revised project budget of £4.623m at its meeting in September to allow for additional enhancements and associated other costs. At the present time, a provisional total of £240k has been allowed for Safety Centre costs, with the balance of £4.383m carrying forward to 2018-19. A separate report is included on the agenda regarding the Safety Centre.

2.2.2 **Other Property Capital Works** – The approved budget for 2017-18 is £1.555m. Due to delays in contracts being let (mainly due to procurement or supplier response), slippage in programmes, deferrals awaiting outcomes of other work being undertaken and cost savings achieved, the minor capital programme works programme has been reduced to £1.096m, a net reduction of £459k, with £481k requested to be rolled forward to the 2018-19 programme to complete the expected works started in 2017-18. Additional cost of £173k are financed through capital receipts, therefore net savings/reductions of £195k have been made.

2.3 Information and Communication Technology (ICT)

2.3.1 Three projects within the ICT capital programme are requested to be rolled forward to 2018-19; namely safety centre ICT, £50k, as a result of delays in the safety centre programme; station hardware refresh, £50k (commenced, as temporary project post now filled); and, station mobile communication works, £37k, awaiting improvements in station infrastructure which is part of a wider procurement. Several programmes of work have been advanced to progress system harmonisation particularly around asset systems and incident command management, meaning a net increase in the ICT capital programme of £55k.

2.4 Vehicles and Equipment

- 2.4.1 **Aerial Ladder Platform (ALP) Appliances.** The current approved capital programme includes £1.362m for the procurement of two new aerial ladder platform (ALP) appliances. Estimated costs of £1.394m are expected. Additional capital requirements for 2017-18 are therefore £32k. In addition, due to lead in times, a further ALP, with a 42m ladder, has been ordered for delivery in 2018-19 for £768k.
- 2.4.2 **Special Appliances.** A number of specialist appliances totalling £581k, eg. includes Breathing Apparatus Support Unit (BASU), Incident Support Unit (ISU), Incident Command Unit (ICU), small pumping appliances and Technical Rescue Vehicles, have been deferred to 2018-19, pending a special vehicle review.
- 2.4.3 **Support vehicles** - Net savings and reductions of £367k, mainly in relation to support vehicles, have been made by procuring different vehicles than originally anticipated (eg. vans instead of cars) and buying fewer vehicles.
- 2.4.4 **Equipment** – The equipment replacement capital budget is expected to be underspent in 2017-18 by £57k, largely as a result of delays in procurement and delivery lead in times, which mean the costs will be incurred in 2018-19.

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

	Original Capital Programme 2017-18 £	Slippage/ Roll Forward From 2016-17 £	Adjusted Capital Programme 2017-18 £	Proposed Additions/ Reductions 2017-18 £	Revised Capital Programme 2017-18 £
Capital Expenditure					
- Property/Estates	4,690,100	219,900	4,910,000	-3,573,600	1,336,400
- Information Communication Technology	1,068,500	441,000	1,509,500	74,600	1,584,100
- Vehicles & Equipment	5,401,300	1,986,500	7,387,800	-974,300	6,413,500
Total Capital Programme	11,159,900	2,647,400	13,807,300	-4,473,300	9,334,000
Financed by:					
- Use of Transformation Capital Grants					-601,200
- Use of Capital Receipts					-173,000
- Use of Capital Reserves					-8,559,800
Total Capital Financing					-9,334,000

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 B details the impact of the change in the capital programme regarding affordability, prudence and sustainability, ie. revised prudential indicators.
- 3.3 The change in the capital programme for 2017-18 is such that there is no borrowing requirement under the prudential code as it has not been necessary. This is primarily due to the revised 2017-18 capital programme being funded from capital grants, receipts and set aside reserves specific to their intended purpose, as well as use of general balances through direct revenue financing.

4. Summary and key Points

- 4.1 The original Capital Programme 2017-18 approved at the Authority meeting in February 2017 for £11.160m has been revised, firstly in respect of carry forwards from 2016-17 of £2.647m, and secondly, revised down in relation to other necessary changes by £4.473m to a Revised Capital Programme requirement of £9.334m for 2017-18.
- 4.2 As a result of the changes, the prudential indicators, which are a measure of affordability, prudence and sustainability (as per appendix A) have also been revised since the original budget was approved at the Authority meeting in February 2017.

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