

LANCASHIRE COMBINED FIRE AUTHORITY**RESOURCES COMMITTEE**

Meeting to be held on 29 June 2016

YEAR END CAPITAL OUTTURN 2015/16**(Appendices 1 and 2 refer)**

Contact for further information:

Keith Mattinson - Director of Corporate Services – Telephone Number 01772 866804

Executive Summary

This report presents:

- the year end position for the Authority's capital programme, and how this has been financed;
- the impact of slippage from the 2015/16 capital programme into the 2016/17 programme.

Recommendation

The Authority is asked to:-

- note the capital outturn position, the financing of capital expenditure 2015/16 and the prudential indicators;
- approve the revised capital programme and financing of this for 2016/17.

Information

The year end position for the Authority's capital programme, and how this has been financed, is set out in Appendix 1, and summarised below, which shows total expenditure in year of £4.031m compared with total budget of £8.829m with a slippage requirement of £4.613m, resulting in an overall underspend of £0.185m:-

Area of Spend	Actual Expenditure £m	Slippage £m	Under/Over spend £m	Explanation
Property, Plant and Equipment				
Vehicles	2.956	(0.110)	(0.057)	Pumping Appliances - The expenditure relates to the completion of 5 appliances from the prior year programme, and completion of the 5 appliances in the 2015/16 programme. Other vehicles - this relates to the purchase of two aerial ladder platforms, in addition to various operational support vehicles, such as cars and vans, where £110k of slippage is required to enable the Authority to complete the procurements underway.

Buildings	0.956	(4.379)	(0.020)	<p>Expenditure in year relates to the completion of the Day Crewing Plus (DCP) accommodation at Bamber Bridge (£0.1m) and the costs for the DCP accommodation at Skelmersdale (£0.5m), which was completed during the year. In addition, Service Training Centre (STC) redevelopment costs include a replacement emergency generator, works to Lancaster House and work relating to on-site training props.</p> <p>Slippage relates to:</p> <ul style="list-style-type: none"> the balance of the re-development works at STC anticipated to take place in 16/17, i.e. the water main works and improvements in the overall landscaping of the site, i.e. car park areas and roadways replacement of Lancaster fire station for the new joint fire/ambulance station project that is underway in Lancaster replacement of Carnforth fire station <p>The net underspend (£0.020m) relates to underspends on Skelmersdale and Bamber Bridge DCP builds, less increased anticipated costs for the replacement of Carnforth fire station.</p>
Total Property, Plant and Equipment	3.912	(4.489)	(0.077)	
Intangible Assets				
ICT Systems	0.118	(0.124)	(0.108)	<p>Spend during the year relates to:</p> <ul style="list-style-type: none"> Costs of the replacement asset management system which began during 2014/15. Purchase of a replacement training course and skills management system. <p>The slippage is attributable to:</p> <ul style="list-style-type: none"> Final completion of the replacement asset management system modules. the upgrade for the CFRMIS (Community Fire Risk Management Information System) which will be progressed during 2016/17. Potential replacement Incident Recording System/Management Information System, a review of which is underway. <p>The underspend relates to the budget which was not required for the training system replacement and HR system modules, plus the reduction in expected costs for the CFRMIS replacement.</p>
Total Intangible Assets	0.118	(0.124)	(0.108)	
Grand Total	4.031	(4.613)	(0.185)	

Appendix 1 also shows how the programme has been financed in year, from a combination of capital grant (£0.5m), revenue contributions (£2.9m), capital reserves (£0.5m) and earmarked reserves (£0.1m).

Over the next five years the position in terms of capital reserves, available to fund future capital programmes will be as follows: -

	Capital Reserves £m	Capital Receipts £m	Total £m
Balance 31/3/15	10.604	1.187	11.791
Additions - RCCO per the capital programme	2.850	-	2.850
Less – RCCO utilised in 2015/16	(2.850)	-	(2.850)
Utilisation of capital reserves	(0.553)	-	(0.553)
Capital receipt in 2015/16	-	0.314	0.314
Additional RCCO	0.232	-	0.232
Balance 31/3/16	10.283	1.501	11.784
Additions/utilisation in year	(2.073)	-	(2.073)
Balance 31/3/17	8.210	1.501	9.711
Additions/utilisation in year	(1.950)	-	(1.950)
Balance 31/3/18	6.260	1.501	7.761
Additions/utilisation in year	(2.120)	-	(2.120)
Balance 31/3/19	4.140	1.501	5.541
Additions/utilisation in year	(2.786)	-	(2.786)
Balance 31/3/20	1.354	1.501	2.855
Additions/utilisation in year	-	-	-
Balance 31/3/21	1.354	1.501	2.855

As can be seen the capital programme over the next five financial years will leave a balance of £2.8m in capital reserves.

Prudential Indicators 2015/16

Under the prudential framework the Authority is required to identify various indicators to determine whether the approved capital programme is affordable, prudent and sustainable.

The revised indicators, after allowing for the various changes to the capital programme, are shown in the following table, alongside the actual outturn figures, and these show that performance has been within approved limits.

	Revised	Actual
Ratio of Financing Costs to Net Revenue Stream (this expresses net financing charges as a % of total net revenue spending)	0.32%	0.14%
Capital Expenditure (this is simply a measure of spend)	£8.829m	£4.031m
Capital Financing Requirement (this measures the authority's underlying need to borrow to fund its capital programmes)	£0.077m	£0.077m

Impact of 2015/16 Capital Programme on Council Tax

The estimated impact on band D council tax of the revised capital programme compared to the actual outturn figures is as follows:

	Revised	Actual
Gross Increases in Band D Council Tax	£14.17	£8.54
Estimated Government Support (RSG)	-	-
Increases in Band D Council Tax	£14.17	£8.54
Of which, due to the budgeted revenue contribution	£6.94	£6.94
Of which, due to utilisation of reserves	£7.23	£1.60
Net increases in Band D Council Tax	-	-

As can be seen, there is no increase in council tax arising from the use of the revenue budget to fund capital expenditure, which was already allowed for in the overall council tax charged for 2015/16. Hence the net impact in terms of new council tax was zero.

The Impact of Slippage from the 2015/16 Capital Programme into the 2016/17 Programme

The original approved capital programme for 2016/17 was £2.770m, which excluded any estimated slippage from 2015/16. This has been amended to reflect the final level of slippage of £4.613m, outlined above. A further adjustment of £0.280m is required in order to meet the anticipated cost of the Fleet workshop and the Multi Compartment Fire prop, both of which are subject to separate tendering exercises. Therefore the final proposed capital programme for 2016/17 is £7.663m, which is funded from capital grant, revenue contributions, capital reserves and the drawdown of the STC Improvement Programme earmarked reserve.

The revised programme and its funding are set out in appendix 2.

The following table sets out the revised prudential indicators for 2016/17-2018/19, showing that the revised programme remains affordable, prudent and sustainable, as follows: -

	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Ratio of Financing Costs to Net Revenue Stream. (the figures show that the revenue costs of the Authority's capital expenditure plans are still a very small part of the overall budget.)	(0.19%)	(0.31%)	(0.42%)
Capital Expenditure	£7.663m	£7.480m	£4.629m
Capital Financing Requirement	£0.049m	£0.023m	-

Impact of revised 2016/17 Capital Programme on Council Tax

The estimate of the impact of slippage would indicate the following increases in the band D council tax over the period:

	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Gross Increases in Band D Council Tax	£12.11	£15.95	£10.92
Estimated Government Support (RSG)	-	-	-
Increases in Band D Council Tax	£12.11	£15.95	£10.92
Of which, due to the budgeted revenue contribution	£6.63	£4.18	£3.55
Of which, due to utilisation of reserves	£5.48	£11.77	£7.38
Net increases in Band D Council Tax	-	-	-

As can be seen the increase in council tax arises from the budgeted drawdown from reserves, which has already been charged to the council tax in previous years, and the budgeted revenue contribution, which is already allowed for in the overall council tax charged for 2016/17. Hence there is no net impact in terms of new council tax in each of the three years.

Financial Implications

As outlined in the report.

Business Risk Implications

The outturn report sets out how the Authority has performed financially in the year, and as such is a key means of stakeholders monitoring the Authority and assessing how it is performing.

Environmental Impact

The environmental impact of decisions relating to the capital programme will be considered as part of the project planning process, and where possible we will look to minimise the environmental impact of this where it is considered practical and cost effective to do so.

Equality and Diversity Implications

The capital programme in respect of replacement/refurbishment of existing property will include some element of adaptations to ensure compliance with the Equality & Disability legislation.

Human Resource Implications

None

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	<i>Date</i>	Contact
None		
Reason for inclusion in Part II, if appropriate:		

CAPITAL BUDGET 2015/16

CAPITAL BUDGET 2015/16	Programme	Adjustment	Revised Programme	Actual Expenditure	Variance to Date	Slippage	Estimated final Cost	Over/ (Under) Spend
Vehicles								
Pumping Appliance	1.646	-	1.646	1.616	(0.030)	-	1.616	(0.030)
Other Vehicles	1.477	-	1.477	1.340	(0.137)	(0.110)	1.449	(0.027)
	3.123	-	3.123	2.956	(0.167)	(0.110)	3.066	(0.057)
Buildings Modifications								
STC Redevelopment	0.544	0.105	0.649	0.277	(0.372)	(0.372)	0.649	-
Day Crewing Plus	0.796	-	0.796	0.653	(0.143)	(0.008)	0.661	(0.135)
Lancaster Replacement	3.700	-	3.700	0.008	(3.692)	(3.692)	3.700	-
Other works	0.211	-	0.211	0.018	(0.193)	(0.308)	0.326	0.115
	5.251	0.105	5.356	0.956	(4.400)	(4.379)	5.336	(0.020)
ICT								
IT Systems	0.350	-	0.350	0.118	(0.232)	(0.124)	0.243	(0.107)
	0.350	-	0.350	0.118	(0.232)	(0.124)	0.243	(0.107)
Total Capital Requirement	8.724	0.105	8.829	4.031	(4.799)	(4.613)	8.645	(0.185)
Funding								
Capital Grant	3.010	-	3.010	0.523	(2.487)	(2.440)	2.963	(0.047)
Revenue Contributions	2.850	-	2.850	2.850	-	-	2.850	-
Earmarked Reserves	-	0.105	0.105	0.105	-	-	0.105	-
Capital Reserves	2.864	-	2.864	0.553	(2.311)	(2.173)	2.726	(0.138)
Total Capital Funding	8.724	0.105	8.829	4.031	(4.799)	(4.613)	8.644	(0.185)

CAPITAL BUDGET 2016/17

CAPITAL BUDGET 2016/17	Original Programme	Slippage	Additional Requirement	Revised Programme
Vehicles				
Pumping Appliance	0.950	-	-	0.950
Other Vehicles	0.420	0.110	-	0.530
	<u>1.370</u>	<u>0.110</u>	<u>-</u>	<u>1.480</u>
Operational Equipment				
Operational Equipment	1.000	-	-	1.000
	<u>1.000</u>	<u>-</u>	<u>-</u>	<u>1.000</u>
Buildings Modifications				
STC Redevelopment	0.200	0.372	0.280	0.852
Lancaster Replacement	-	3.692	-	3.692
Other works	-	0.315	-	0.315
	<u>0.200</u>	<u>4.379</u>	<u>0.280</u>	<u>4.859</u>
ICT				
IT Systems	0.200	0.124	-	0.324
	<u>0.200</u>	<u>0.124</u>	<u>-</u>	<u>0.324</u>
Total Capital Requirement	<u>2.770</u>	<u>4.613</u>	<u>0.280</u>	<u>7.663</u>
Funding				
Capital Grant	0.200	2.440	-	2.640
Revenue Contributions	2.750	-	-	2.750
Earmarked Reserves	-	-	0.200	0.200
Capital Reserves	(0.180)	2.173	0.080	2.073
Total Capital Funding	<u>2.770</u>	<u>4.613</u>	<u>0.280</u>	<u>7.663</u>