

**LANCASHIRE COMBINED FIRE AUTHORITY  
RESOURCES COMMITTEE**

Meeting to be held on 29 May 2019

**YEAR END CAPITAL OUTTURN 2018/19  
(Appendices 1 and 2 refer)**

Contact for further information:

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**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 2018/19 capital programme into the 2019/20 programme.

**Recommendation**

The Resources Committee is asked to:-

- note the capital outturn position, the financing of capital expenditure 2018/19 and the prudential indicators;
- approve the revised 2019/20 capital programme, the financing of this and the prudential indicators.

**Information**

The year end position for the Authority's capital programme showed total expenditure of £2.4m compared with the budget of £4.2m, with the difference being slippage of £1.8m. (Members are aware that slippage is simply a timing issue dependent on the progress of capital schemes, and not an indication of future underspends.) Details of this are set out in the table below, and in appendix 1.

Area of Spend	18/19 Budget	Actual Expenditure	Slippage	(Under) / Over spend	Explanation
	£m	£m	£m	£m	
Pumping Appliances	0.350	0.408	-	0.058	The budget allowed for the first stage payments for the 6 pumping appliances from the original 2018/19 programme. A 7 <sup>th</sup> pumping appliance was ordered to replace two Driver Training Vehicles, but the full budget for this was included in the 2019/20 programme. All 7 vehicles are currently in build and the spend reflects their first stage payments. Delivery of all vehicles is anticipated at the end of the calendar year.

Other Vehicles	1.440	0.799	(0.650)	0.009	<p>Spend related to the purchase of the Aerial Ladder Platform and various operational support vehicles during the year.</p> <p>The slippage relates to the second Water Tower, which is scheduled for delivery in June, along with the budget for any support vehicles not yet received.</p>
Operational Equipment	0.466	0.431	(0.032)	(0.003)	<p>Spend relates to the purchase of technical rescue jackets and kitting out reserve appliances within the future firefighting budget, and the purchase of fist microphones to improve fire-ground communications.</p> <p>The slippage relates to the balance of costs to fully kit out 3 reserve appliances, which will be completed in the first quarter of the new financial year.</p>
Buildings	1.121	0.771	(0.370)	0.020	<p>Spend relates to Lancaster Fire &amp; Ambulance facility, which is complete, however final variations are still under discussion, and the provision of the welfare/ICT Portacabin at STC as previously reported, which is complete. Slippage relates to:</p> <ul style="list-style-type: none"> <li>• carry forward of outstanding STC redevelopment works,</li> <li>• anticipated fees in relation to Preston Fire Station replacement as previously forecast.</li> </ul>
ICT Systems	0.780	0.002	(0.778)	-	<p>The budget, and therefore the slippage, relates to:</p> <ul style="list-style-type: none"> <li>• the replacement of the Service wide area network providing an enhanced network and improving speed of use across the Service. The delivery of this is currently scheduled for the first half of the new financial year.</li> <li>• The replacement of the station end mobilising system which had been held back pending delivery of the ESMCP project, however we cannot delay this indefinitely and have therefore commenced work to replace the station end in the current financial year, whilst ensuring that any solution will be compatible with the eventual ESMCP solution.</li> </ul>
<b>Grand Total</b>	<b>4.157</b>	<b>2.410</b>	<b>(1.830)</b>	<b>0.083</b>	

The programme has been financed in year, from a combination of revenue contributions (£2.0m), the drawdown of earmarked reserves (£0.03m) and the drawdown of capital reserves (£0.4m), as shown in Appendix 1.

### Prudential Indicators 2018/19

Under the prudential framework the Authority is required to identify various indicators to determine whether the 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
Net financing costs (Income)	(£0.172m)	(£0.258m)
Ratio of Financing Costs to Net Revenue Stream (this expresses net financing charges as a % of total net revenue spending)	(0.31%)	(0.47%)

	Revised £m	Actual £m
Capital Expenditure (this is simply a measure of spend)	4.157	2.410
Capital Financing (how the spending was funded):		
Grants and contributions	-	-
Own resources	4.157	2.410
Debt	-	-
Total	4.157	2.410

	Revised £m	Actual £m
Capital Financing Requirement (this measures the authority's underlying need to borrow to fund its capital programmes)	0.192	0.192

### The Impact of Slippage from the 2018/19 Capital Programme into the 2019/20 Programme

The original approved capital programme for 2019/20 was £11.4m. This has been updated to reflect the final level of slippage of £1.8m, outlined above.

In addition we have reviewed the resultant budget for any changes in timing assumptions since budget setting, and have made the following changes:

- Vehicles £0.7m, the majority of which relates to replacement pumping appliances, whereby we need to undertake a new procurement exercise prior to ordering replacement appliances, and the change in cab specification has led to a delay in undertaking this exercise;
- Building Modifications £4.0m, which relates to delays on the Fleet workshop project, pending Polices decision re training requirements, and on Preston Station where design work is still on-going;

- ICT £1.1m – the majority of this relates to the replacement Vehicle Mounted Data System hardware, which has been put on hold pending delivery of the national ESMCP project and therefore will not be progressed during 2019/20. The remainder relates to various systems which are not expected to be replaced in the year.

Therefore the final proposed capital programme for 2019/20 is £7.5m, which is funded from capital grant, revenue contributions, and capital reserves. The revised programme and its funding are set out in appendix 2.

The following table sets out the revised prudential indicators for 2019/20-2021/22, showing that the revised programme remains affordable, prudent and sustainable, as follows: -

	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Net financing costs (Income)	(£0.254m)	(£0.221m)	(£0.188m)
Ratio of Financing Costs to Net Revenue Stream. (the figures show that there is revenue income rather than costs.)	(0.46%)	(0.39%)	(0.32%)

	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Capital Expenditure	7.457	6.476	5.691
Capital Financing (how the spending will be funded):			
Grants and contributions	1.000	-	-
Own resources	6.457	6.476	5.691
Debt	-	-	-
Total	7.457	6.476	5.691

	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Capital Financing Requirement	0.182	0.172	0.162

## Capital Reserves

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

	Capital Reserves	Capital Receipts	Capital Grant	Total
	£m	£m	£m	£m
Balance 31/3/18	17.7	1.6	0.0	19.3
Additions/utilisation in year	(0.4)	0.1	0.0	(0.3)
Balance 31/3/19	17.4	1.6	0.0	19.0
Additions/utilisation in year	(4.5)	0.0	0.0	(4.5)
Balance 31/3/20	12.9	1.6	0.0	14.6
Additions/utilisation in year	(8.5)	0.0	0.0	(8.5)
Balance 31/3/21	4.5	1.6	0.0	6.1
Additions/utilisation in year	(3.6)	(0.1)	0.0	(3.7)
Balance 31/3/22	0.9	1.6	0.0	2.4
Additions/utilisation in year	0.0	(0.1)	0.0	(0.1)

Balance 31/3/23	0.9	1.4	0.0	2.3
Additions/utilisation in year	0.6	0.0	0.0	0.6
Balance 31/3/24	1.5	1.4	0.0	2.9

As can be seen the capital programme over the next five financial years will leave a balance of £2.9m in capital reserves.

### **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	Date	Contact
None		
Reason for inclusion in Part II, if appropriate:		

**CAPITAL BUDGET 2018/19**

<b>CAPITAL BUDGET 2018/19</b>	<b>Final Programme</b>	<b>Actual Exp</b>	<b>Slippage</b>	<b>Est final Cost</b>	<b>Over/ (Under) Spend</b>
<b>Vehicles</b>					
Pumping Appliance	0.350	0.408	-	0.408	0.058
Other Vehicles	1.440	0.799	(0.650)	1.449	0.009
	1.790	1.207	(0.650)	1.856	0.066
<b>Operational Equipment</b>					
Operational Equipment	0.466	0.431	(0.032)	0.463	(0.003)
	0.466	0.431	(0.032)	0.463	(0.003)
<b>Buildings Modifications</b>					
STC Redevelopment	0.400	0.136	(0.270)	0.406	0.006
Lancaster Replacement	0.621	0.635	-	0.635	0.014
Preston Replacement	0.100	-	(0.100)	0.100	-
	1.121	0.771	(0.370)	1.141	0.020
<b>ICT</b>					
IT Systems	0.780	0.002	(0.778)	0.780	-
	0.780	0.002	(0.778)	0.780	-
<b>Total Capital Requirement</b>	<b>4.157</b>	<b>2.410</b>	<b>(1.830)</b>	<b>4.240</b>	<b>0.083</b>
<b>Funding</b>					
Capital Grant	-	-	-	-	-
Revenue Contributions	2.030	2.030	-	2.030	-
Earmarked Reserves	0.025	0.028	-	0.028	0.003
Capital Reserves	2.102	0.352	(1.830)	2.182	0.080
<b>Total Capital Funding</b>	<b>4.157</b>	<b>2.410</b>	<b>(1.830)</b>	<b>4.240</b>	<b>0.083</b>

**CAPITAL BUDGET 2019/20**

<b>CAPITAL BUDGET 2019/20</b>	<b>Original Programme</b>	<b>Slippage</b>	<b>May Resources</b>	<b>Revised Programme</b>
<b>Vehicles</b>				
Pumping Appliance	1.706	-	(0.500)	1.206
Other Vehicles	0.966	0.650	(0.180)	1.436
	<b>2.672</b>	<b>0.650</b>	<b>(0.680)</b>	<b>2.642</b>
<b>Operational Equipment</b>				
Operational Equipment	0.150	0.032	-	0.182
	<b>0.150</b>	<b>0.032</b>	<b>-</b>	<b>0.182</b>
<b>Buildings Modifications</b>				
STC Redevelopment	4.250	0.270	(3.000)	1.520
NWAS Co-location - Morecambe	0.120	-	-	0.120
Area training hub - Morecambe	0.400	-	-	0.400
Enhanced station facilities	0.275	-	-	0.275
Preston Replacement	1.100	0.100	(1.000)	0.200
	<b>6.145</b>	<b>0.370</b>	<b>(4.000)</b>	<b>2.515</b>
<b>ICT</b>				
IT Systems	2.470	0.778	(1.130)	2.118
	<b>2.470</b>	<b>0.778</b>	<b>(1.130)</b>	<b>2.118</b>
<b>Total Capital Requirement</b>	<b>11.437</b>	<b>1.830</b>	<b>(5.810)</b>	<b>7.457</b>
<b>Funding</b>				
Capital Grant	1.000	-	-	1.000
Revenue Contributions	2.000	-	-	2.000
Earmarked Reserves	-	-	-	-
Capital Reserves	8.437	1.830	(5.810)	4.457
<b>Total Capital Funding</b>	<b>11.437</b>	<b>1.830</b>	<b>(5.810)</b>	<b>7.457</b>