

**LANCASHIRE COMBINED FIRE AUTHORITY  
RESOURCES COMMITTEE**

Meeting to be held on 23 September 2020

**YEAR END CAPITAL OUTTURN 2019/20  
(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 2019/20 capital programme into the 2020/21 programme.

**Recommendation**

The Committee is asked to:-

- note the capital outturn position, the financing of capital expenditure 2019/20 and the prudential indicators;
- approve the revised 2020/21 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 £2.9m compared with the budget of £3.6m, with the difference being slippage of £0.6m and an underspend of £0.1m. (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	19/20 Budget	Actual Expenditure	Slippage	(Under) / Over spend	Explanation
	£m	£m	£m	£m	
Pumping Appliances	1.076	0.739	(0.338)	-	The budget allowed for the remaining stage payments for 7 pumping appliances from the 2018/19 programme. Technical design issues between the crew cab and chassis had significantly delayed the build of these vehicles as previously reported to Resources as part of the High Value Procurements report. Although we had originally expected delivery by the end of June 2020, phased delivery of these vehicles is now expected over the first two quarters of the next financial year, as the supplier is based in Scotland and has been subject to more stringent lockdown measures, hence the slippage shown.

Other Vehicles	0.981	0.890	(0.092)	0.001	<p>This budget allowed for the replacement of various operational support vehicles, the most significant of which was the Water Tower, which was delivered during quarter one.</p> <p>In addition to these, the budget allowed for various support vehicles which are reviewed prior to replacement. Due to delivery timeframes there is a small amount of slippage to 2020/21.</p>
Operational Equipment	0.082	0.005	(0.077)	-	<p>This budget allowed for completion of the kitting out of three reserve pumping appliances, which is not yet complete, in addition to providing a £50k budget for innovations in fire-fighting to be explored. This has not been completed, and will slip forwards into next financial year.</p>
Buildings	0.400	0.420	(0.050)	0.070	<p>This budget allowed for:</p> <ul style="list-style-type: none"> <li>• Refurbishment of the Fire House, where work was completed in July, and where we incurred costs of £313k;</li> <li>• Initial costs of £107k relating to the STC Workshop development have been incurred, despite the full budget for this being moved to the 2021 budget in November, causing an overspend against this budget in 2019/20;</li> <li>• Based on the latest stock condition survey, several stations have identified upgrades to dormitory and shower facilities, however given the timing and the currently vacant Head of Property post, this will now be incurred in 2020/21.</li> </ul>
ICT Systems	1.018	0.807	-	(0.211)	<p>This budget allowed for:</p> <ul style="list-style-type: none"> <li>• The replacement station end project has been completed.</li> <li>• The replacement Storage Area Network has been delivered.</li> <li>• The replacement of the Services wide area network (WAN) providing an enhanced network and improving speed of use across the Service. The hardware has been delivered and commissioning work will be completed in quarter one of the new financial year.</li> <li>• The balance of the budget related to the replacement of various systems, in line with the ICT asset management plan. Reviews carried out have identified two systems which do not need replacing at this time, hence the underspend shown.</li> </ul>
<b>Grand Total</b>	<b>3.557</b>	<b>2.860</b>	<b>(0.557)</b>	<b>(0.140)</b>	

The programme has been financed in year, from a combination of revenue contributions (£2.0m) and the drawdown of capital reserves (£0.9m), as shown in Appendix 1.

### Prudential Indicators 2019/20

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)	(£0.209m)	(£0.035m)
Ratio of Financing Costs to Net Revenue Stream (this expresses net financing charges as a % of total net revenue spending)	(0.37%)	(0.06%)

	Revised £m	Actual £m
Capital Expenditure (this is simply a measure of spend)	3.557	2.860
Capital Financing (how the spending was funded):		
Grants and contributions	-	-
Own resources	3.557	2.860
Debt	-	-
Total	3.557	2.860

	Revised £m	Actual £m
Capital Financing Requirement (this measures the authority's underlying need to borrow to fund its capital programmes)	0.197	nil

### The Impact of Slippage from the 2019/20 Capital Programme into the 2020/21 Programme

The original approved capital programme for 2020/21 was £10.8m. This has been updated to reflect the final level of slippage of £0.6m, outlined above, therefore the final proposed capital programme for 2020/21 is £11.4m, which is funded from capital grant, revenue contributions, and capital reserves. The revised programme and its funding are set out in appendix 2. Whilst it is certain that due to the Covid-19 pandemic more slippage will occur during 2020/21, we are still reviewing the effect of this, however it is clear that there will be significant slippage in 2020/21. We provide an updated position to members at the November meeting.

The following table sets out the revised prudential indicators for 2020/21-2022/23, showing that the revised programme remains affordable, prudent and sustainable, as follows: -

	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Net financing costs (Income)	(£0.222m)	(£0.197m)	(£0.222m)
Ratio of Financing Costs to Net Revenue Stream. (the figures show that there is revenue income rather than costs.)	(0.39%)	(0.34%)	(0.37%)

	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Capital Expenditure	11.375	6.898	8.261
Capital Financing (how the spending will be funded):			
Grants and contributions	1.000	-	-
Own resources	10.375	6.898	8.261
Debt	-	-	-
Total	11.375	6.898	8.261

	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m
Capital Financing Requirement	-	-	-

## 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 31/3/19	17.4	1.6	0.0	19.0
Additions/utilisation in year	0.1	0.1	0.0	0.2
Balance 31/3/20	17.5	1.7	0.0	19.2
Additions/utilisation in year	(8.1)	0.0	0.0	(8.1)
Balance 31/3/21	9.4	1.7	0.0	11.1
Additions/utilisation in year	(3.2)	(1.7)	0.0	(4.9)
Balance 31/3/22	6.2	0.0	0.0	6.2
Additions/utilisation in year	(6.2)	0.0	0.0	(6.2)
Balance 31/3/23	0.0	0.0	0.0	0.0
Additions/utilisation in year	0.0	0.0	0.0	0.0
Balance 31/3/24	0.0	0.0	0.0	0.0
Additions/utilisation in year	0.0	0.0	0.0	0.0
Balance 31/3/25	0.0	0.0	0.0	0.0

As can be seen the capital programme over the next five financial years utilises all of the capital reserves and capital receipts.

## 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 2019/20**

<b>CAPITAL BUDGET 2019/20</b>	<b>Revised Prog</b>	<b>Year End Outturn</b>	<b>Slippage</b>	<b>Est final Cost</b>	<b>Over/ (Under) Spend</b>
<b>Vehicles</b>					
Pumping Appliance	1.076	0.739	(0.338)	1.076	0.000
Other Vehicles	0.981	0.890	(0.092)	0.982	0.001
	<b>2.057</b>	<b>1.629</b>	<b>(0.429)</b>	<b>2.058</b>	<b>0.002</b>
<b>Operational Equipment</b>					
Operational Equipment	0.082	0.005	(0.077)	0.082	-
	<b>0.082</b>	<b>0.005</b>	<b>(0.077)</b>	<b>0.082</b>	<b>-</b>
<b>Buildings Modifications</b>					
STC Redevelopment	0.350	0.420	-	0.420	0.070
NWAS Co-location - Morecambe	-	-	-	-	-
Area training hub - Morecambe	-	-	-	-	-
Enhanced station facilities	0.050	-	(0.050)	0.050	-
Lancaster Replacement	-	-	-	-	-
Preston Replacement	-	-	-	-	-
	<b>0.400</b>	<b>0.420</b>	<b>(0.050)</b>	<b>0.470</b>	<b>0.070</b>
<b>ICT</b>					
IT Systems	1.018	0.807	-	0.807	(0.211)
	<b>1.018</b>	<b>0.807</b>	<b>-</b>	<b>0.807</b>	<b>(0.211)</b>
<b>Total Capital Requirement</b>	<b>3.557</b>	<b>2.860</b>	<b>(0.557)</b>	<b>3.417</b>	<b>(0.140)</b>
<b>Funding</b>					
Capital Grant	-	-	-	-	-
Revenue Contributions	2.000	2.000	-	2.000	-
Earmarked Reserves	-	-	-	-	-
Capital Reserves	1.557	0.860	(0.557)	1.417	(0.140)
<b>Total Capital Funding</b>	<b>3.557</b>	<b>2.860</b>	<b>(0.557)</b>	<b>3.417</b>	<b>(0.140)</b>

**CAPITAL BUDGET 2020/21**

<b>CAPITAL BUDGET 2020/21</b>	<b>Original Programme</b>	<b>Slippage</b>	<b>Revised Programme</b>
<b>Vehicles</b>			
Pumping Appliance	1.060	0.338	1.398
Other Vehicles	2.189	0.092	2.280
	3.249	0.429	3.678
<b>Operational Equipment</b>			
Operational Equipment	0.100	0.077	0.177
	0.100	0.077	0.177
<b>Buildings Modifications</b>			
STC Workshop	4.200	-	4.200
NWAS Co-location - Morecambe	0.132	-	0.132
Area training hub - Morecambe	0.468	-	0.468
Enhanced station facilities	0.575	0.050	0.625
Drill tower replacements	0.200	-	0.200
	5.575	0.050	5.625
<b>ICT</b>			
IT Systems	1.895	-	1.895
	1.895	-	1.895
<b>Total Capital Requirement</b>	<b>10.819</b>	<b>0.557</b>	<b>11.375</b>
<b>Funding</b>			
Capital Grant	1.000	-	1.000
Revenue Contributions	2.150	-	2.150
Earmarked Reserves	-	-	-
Capital Reserves	7.669	0.557	8.225
<b>Total Capital Funding</b>	<b>10.819</b>	<b>0.557</b>	<b>11.375</b>