

Lancashire Combined Fire Authority

Resources Committee

Meeting to be held on 06 July 2022

Year End Capital Outturn 2021/22 (Appendices 1 and 2 refer)

Contact for further information: Keith Mattinson - Director of Corporate Services
Tel: 01772 866804

Table 1 Executive Summary and Recommendations

<p>Executive Summary</p> <p>This report presents:</p> <ul style="list-style-type: none">the year-end position for the Authority's capital programme, and how this has been financed;the impact of slippage from the 2021/22 capital programme into the 2022/23 programme. <p>Recommendation</p> <p>The Committee is asked to:</p> <ul style="list-style-type: none">note the capital outturn position and the financing of capital expenditure 2021/22;approve the revised 2022/23 capital programme and the financing of this;delegate approval to the Treasurer to increase the capital programme in respect of Flexi Duty Officer cars up to a maximum of 3 additional vehicles in any one year, such approval to be retrospectively reported to the Committee.

Information

The final capital programme for 2021/22 was £4.451m. Total capital expenditure for the year was £3.350m, reflecting £1.083m of slippage and an underspend of £18k, as set out in the table below, and in appendix 1.

Table 2 Details of capital spend during the year

Area of Spend	21/22 Budget	Actual Expenditure	Slippage	(Under)/Overspend	Explanation
	£m	£m	£m	£m	
Operational Vehicles	0.206	0.136	0.055	(0.015)	Expenditure in year reflects the purchase of two Hagglund all-terrain vehicles. Slippage relates to the purchase of 2 new PODs, which will now be purchased in 22/23.
Support Vehicles	0.400	0.199	0.225	0.024	Approximately 50% of planned purchases took place in 21/22, which reflects some of the challenges in the market at the present time, with

					<p>most manufacturers quoting long lead times due to the shortage of micro- chips.</p> <p>It is also worth noting that we have seen significant increases in the cost of vehicles in year and hence we have re-evaluated next year's capital requirements to take account of current market conditions, and the increase in the number of vehicles for officers, who have elected to move to a provided car option.</p>
Operational Equipment	0.329	0.095	(0.200)	(0.034)	<p>In year expenditure relates to the purchase of new defibrillators and a replacement drone.</p> <p>Slippage comprises:</p> <ul style="list-style-type: none"> • replacement of light portable pumps which have been ordered and will be delivered in April 2022, resulting in slippage of £0.1m • progression of CCTV on pumping appliances, where we are proposing trialling this in the first instance with an initial budget of £0.1. The trial has not yet begun hence the budget slipping into 2022/23.
Buildings	3.266	2.865	(0.408)	0.007	<p>In year expenditure relates to:</p> <ul style="list-style-type: none"> • Provision of a new workshop, BA Recovery and Trainer facility at STC. Committed spend to date is £2.7m. Work has been completed and the building was handed over to the Authority at the end of October 2021. • The final payment in respect of South Shore refurbishment and extension; • Replacement drill towers where spend to date of £0.1m relates to various site investigation works and planning applications; <p>Slippage comprises:</p> <ul style="list-style-type: none"> • £0.1m for improvements to welfare facilities at Hyndburn Fire Station, where final designs have been agreed and a contract has now been let; • £0.1m relating to the construction of replacement drill towers, following completion of site investigation and design works, for which a contract has now been let

					<ul style="list-style-type: none"> Fees associated with progressing the business case for a SHQ relocation, £0.2m.
ICT Systems	0.250	0.055	(0.195)	-	<p>The budget relates to the replacement of various systems and ICT hardware, in line with the ICT asset management plan.</p> <p>Spend in year relates to replacement hardware (Vehicle Mounted Data Systems).</p> <p>Slippage relates to various items of software and hardware, where we are experiencing a shortage of raw materials and expect deliveries to take place in the new financial year, resulting in slippage of £0.2m.</p>
Grand Total	4.451	3.350	(1.083)	(0.018)	

The programme has been financed in year, from a combination of revenue contributions (£2.373m) and the drawdown of capital reserves (£0.977m), as shown in Appendix 1.

Prudential Indicators 2021/22

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.

Table 3 Revised Prudential Indicators 2021/22

	Revised	Actual
Net financing costs (Income)	(£0.094m)	(£0.094m)
Ratio of Financing Costs to Net Revenue Stream (this expresses net financing charges as a % of total net revenue spending)	(0.16%)	(0.16%)
Capital Expenditure (this is simply a measure of spend)	4.451	3.350
Capital Financing (how the spending was funded):		
Grants and contributions	-	-
Own resources	4.451	3.350
Debt	-	-
Total	4.451	3.350
Capital Financing Requirement (this measures the authority's underlying need to borrow to fund its capital programmes)	nil	nil

The Impact of Slippage from the 2021/22 Capital Programme into the 2022/23 Programme

The original approved capital programme for 2022/23 was £8.9m. This has been updated for slippage outlined earlier. In addition, a review of likely timing of capital schemes has been undertaken and as a result of this £0.9m of property and £0.2m of ICT schemes need to be slipped into 23/24. This results in the following updated 22/23 programme:

Table 4 Revised Capital Programme 2022/23

	£m
Approved capital budget 2021/22	8.857
Slippage from 2021/22	1.083
Additional budget requirement Vehicles. Included within this are 5 additional vehicles for flexi duty officers, reflecting how many officers have chosen to move to a provided vehicle since the budget was set. (As new Officers take up post the vehicle requirements can change on a regular basis, hence it is proposed that the Treasurer is able to agree an increase in vehicle provision in line with these requirements up to a maximum of a further 3 additional vehicles, such agreement to be retrospectively reported to the Committee.)	0.200
Slip budget from 22/23 to 23/24 in respect of: - <ul style="list-style-type: none"> • Preston rebuild • SHQ relocation • Blackpool Dormitories • Various ICT Schemes 	(1.108)
Revised capital budget 2022/23	9.032

As a result, the final proposed capital programme for 2022/23 is £9.0m, which is funded from capital grant, revenue contributions, earmarked reserves 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 2022/23-2024/25, showing that the revised programme, despite requiring some borrowing in 24/25, remains affordable, prudent and sustainable, as follows: -

Table 5 Revised Prudential Indicators 2022/23-2024/25

	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Net financing costs (Income)	(£0.200m)	(£0.100m)	£0.051m
Ratio of Financing Costs to Net Revenue Stream. (The figures show that there is revenue income rather than costs.)	(0.32%)	(0.16%)	0.08%
Capital Expenditure	9.032	15.475	11.480
Capital Financing (how the spending will be funded):			
Grants and contributions	1.000	-	-
Own resources	8.032	15.475	6.745
Debt	-	-	-
Total	9.032	15.475	6.745
Capital Financing Requirement	-	-	4.735

Note the draft programme shows a need to borrow in 2024/25, although the extent and timing of this will be reviewed as part of future budget setting cycles

Capital Reserves

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

Table 6 Anticipated Capital Reserves 2021-2027

	Capital Reserves	Capital Receipts	Capital Grant	Total
	£m	£m	£m	£m
Balance 31/3/21	17.9	1.7	0.0	19.6
Additions/utilisation in year	(0.2)	0.0	0.0	(0.2)
Balance 31/3/22	17.7	1.7	0.0	19.4
Additions/utilisation in year	(3.6)	0.0	0.0	(3.6)
Balance 31/3/23	14.1	1.7	0.0	15.8
Additions/utilisation in year	(12.1)	(0.1)	0.0	(12.2)
Balance 31/3/24	2.0	1.6	0.0	3.6
Additions/utilisation in year	(2.0)	(1.6)	0.0	(3.6)
Balance 31/3/25	0.0	0.0	0.0	0.0
Additions/utilisation in year	0.0	0.0	0.0	0.0
Balance 31/3/26	0.0	0.0	0.0	0.0
Additions/utilisation in year	0.0	2.0	0.0	2.0
Balance 31/3/27	0.0	2.0	0.0	2.0

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:

Reason for inclusion in Part 2 if appropriate: N/A

CAPITAL BUDGET 2021/22

Table 7 Capital Budget 2021/22

CAPITAL BUDGET 2021/22	Final Prog	Year End Outturn	Slippage	Est final Cost	Over/ (Under) Spend
Vehicles					
Operational Vehicles	0.206	0.136	(0.055)	0.191	(0.015)
Support Vehicles	0.400	0.199	(0.225)	0.424	0.024
	0.606	0.335	(0.280)	0.615	0.009
Operational Equipment					
Operational Equipment	0.329	0.095	(0.200)	0.295	(0.034)
	0.329	0.095	(0.200)	0.295	(0.034)
Buildings Modifications					
STC Workshop	2.783	2.747	(0.036)	2.783	-
Enhanced station facilities	0.183	0.040	(0.150)	0.190	0.007
Drill tower replacements	0.150	0.078	(0.072)	0.150	-
SHQ Relocation	0.150	-	(0.150)	0.150	-
	3.266	2.865	(0.408)	3.273	0.007
ICT					
IT Systems	0.250	0.055	(0.195)	0.250	-
	0.250	0.055	(0.195)	0.250	-
Total Capital Requirement	4.451	3.350	(1.083)	4.433	(0.018)
Funding					
Capital Grant	-	-	-	-	-
Revenue Contributions	2.373	2.373	-	2.373	-
Earmarked Reserves	-	-	-	-	-
Capital Reserves	2.078	0.977	(1.083)	2.060	(0.018)
Total Capital Funding	4.451	3.350	(1.083)	4.433	(0.018)

CAPITAL BUDGET 2022/23

Table 8 Capital Budget 2022/23

CAPITAL BUDGET 2022/23	Original Programme	Year end Slippage	Adjustment	Revised Programme
Vehicles				
Operational Vehicles	3.078	0.055	(0.008)	3.125
Supprot Vehicles	0.359	0.225	0.208	0.792
	3.437	0.280	0.200	3.917
Operational Equipment				
Operational Equipment	1.600	0.200	-	1.800
	1.600	0.200	-	1.800
Buildings Modifications				
STC Fleet Garage	0.000	0.036	-	0.036
Preston	0.500	0.000	(0.300)	0.200
SHQ relocation	0.000	0.150	(0.150)	-
W30 Dormatory	0.450	0.000	(0.450)	-
E70 Dormatory	0.000	0.150	-	0.150
Drill tower replacements	0.450	0.072	0.042	0.564
	1.400	0.408	(0.858)	0.950
ICT				
IT Systems	2.420	0.195	(0.250)	2.365
	2.420	0.195	(0.250)	2.365
Total Capital Requirement	8.857	1.083	(0.908)	9.032
Funding				
Capital Grant	1.000	-	-	1.000
Capital Receipts	-	-	-	-
Capital Funding Reserve	3.603	1.083	(1.108)	3.578
Revenue Contributions	4.000	-	0.200	4.200
Use of Earmarked Reserves	0.254	-	-	0.254
Use of General Reserves	-	-	-	-
Total Capital Funding	8.857	1.083	(0.908)	9.032