

Lancashire Combined Fire Authority Resources Committee

Meeting to be held on 12 July 2023

Year End Capital Outturn 2022/23 (Appendices 1 and 2 refer)

Contact for further information: Steven Brown - Director of Corporate Services
Tel: 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 2022/23 capital programme into the 2023/24 programme.

Recommendation

The Authority is asked to: -

- note the capital outturn position and the financing of capital expenditure 2022/23; and
- approve the revised 2023/24 capital programme and the financing of this.

Information

The final capital programme for 2022/23 was £3.271m. Total capital expenditure for the year was £1.629m, reflecting (£1.636m) of slippage and an underspend of (£0.006m), as set out in the table below, and in appendix 1.

Area of Spend	22/23 Budget	Actual Expenditure	Slippage	(Under) / Overspend	Explanation
	£m	£m	£m	£m	
Operational Vehicles	0.924		(0.924)		Operational vehicles has slipped to future years with new appliances planned to go into service over 2023/24 along with a number of other operational vehicles with long lead times, including two Incident Command Units and an Aerial Platform Ladder which are now expected to be in service by December 2023.

Support Vehicles	0.431	0.416	(0.008)	(0.007)	In year expenditure reflects the planned purchases of <ul style="list-style-type: none"> • two People Movers • six small cars, two medium cars • four vans, plus a van conversion • four FDO cars as planned.
Operational Equipment	0.300	0.157	(0.143)		In year expenditure relates to light portable pumps, CCTV on 15 operational vehicles and dash cams on 31 vehicles. Slippage relates to RTC cutting equipment.
Buildings	0.750	0.624	(0.127)	0.001	Expenditure in the year relates to <ul style="list-style-type: none"> • Upgrade of dormitory facilities at Hyndburn • Work to the fleet workshop at Training Centre. • Completion of drill tower replacements at Tarleton, Blackpool and Boulton le Sands, which now in use. Slippage relates to retentions.
ICT Systems	0.866	0.432	(0.434)		Software expenditure in year includes: <ul style="list-style-type: none"> • Dynamic Coverage Tool. • Command Support Software. Hardware expenditure in year includes: <ul style="list-style-type: none"> • Vehicle Mounted Data Solutions Software slippage includes RDS/Alerter software and Learning Management and System Incident ground Radios.
Grand Total	3.271	1.629	(1.636)	(0.006)	

The programme has been financed in year from revenue contributions as shown in Appendix 1.

Prudential Indicators 2022/23

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)	(£0.680m)	(£0.600m)
Ratio of Financing Costs to Net Revenue Stream (this expresses net financing charges as a % of total net revenue spending)	(1.08%)	(0.96%)
Capital Expenditure (this is simply a measure of spend)	3.271	1.629
Capital Financing (how the spending was funded):		
Grants and contributions	-	-
Own resources	3.271	1.629
Debt	-	-
Total	3.271	1.629
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 2022/23 Capital Programme into the 2023/24 Programme

The original approved capital programme for 2023/24 was £10.116m. This has been updated for £1.636m of slippage outlined earlier in the report that needs to be slipped into 2023/24. This results in the following updated 23/24 programme:

	£m
Approved capital budget 2023/24	10.116
Slippage from 2022/23	1.636
Revised capital budget 2023/24	11.752

As a result, the final proposed capital programme for 2023/24 is £11.752m, which is funded from 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 2023/24 - 2025/26 showing that the revised programme is affordable, prudent and sustainable, as follows: -

	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Net financing costs (Income)	(£1.210m)	£0.910m	£0.560m
Ratio of Financing Costs to Net Revenue Stream. (The figures show that there is revenue income rather than costs.)	(1.85%)	(1.28%)	(0.76%)
Capital Expenditure	11.752	10.320	12.015
Capital Financing (how the spending will be funded):			

Grants and contributions	-	-	-
Own resources	11.752	10.320	12.015
Debt	-	-	-
Total	11.752	10.320	12.015
Capital Financing Requirement	-	-	-

Note the draft programme shows a need to borrow in 2026/27, 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: -

	Capital Reserves	Capital Receipts	Capital Grant	Total
	£m	£m	£m	£m
Balance 31/3/23	20.3	1.7	0	22.0
Additions/utilisation in year	-5.8	-1.7	0	-7.5
Balance 31/3/24	14.5	0.0	0.0	14.5
Additions/utilisation in year	-6.3	0	0	-6.3
Balance 31/3/25	8.2	0.0	0.0	8.2
Additions/utilisation in year	-7	0	0	-7
Balance 31/3/26	1.2	0.0	0.0	1.2
Additions/utilisation in year	-1.2	0	0	-1.2
Balance 31/3/27	0.0	0.0	0.0	0.0
Additions/utilisation in year	0	0	0	0
Balance 31/3/28	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:

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

CAPITAL BUDGET 2022/23

CAPITAL BUDGET 2022/23	Revised Prog	Year End Outturn	Slippage	Over/ (Under) Spend
Vehicles				
Operational Vehicles	0.924	-	(0.924)	-
Support Vehicles	0.431	0.416	(0.008)	(0.007)
	1.355	0.416	(0.932)	(0.007)
Operational Equipment				
Operational Equipment	0.300	0.157	(0.143)	-
	0.300	0.157	(0.143)	-
Buildings Modifications				
STC	0.036	0.020	(0.016)	-
Enhanced station facilities	0.150	0.151	-	0.001
Preston Rebuild	-	-	-	-
SHQ Relocation	-	-	-	-
Drill tower replacements	0.564	0.453	(0.111)	-
	0.750	0.624	(0.127)	0.001
ICT				
IT Systems	0.866	0.432	(0.434)	-
	0.866	0.432	(0.434)	-
Total Capital Requirement	3.271	1.629	(1.636)	(0.006)
Funding				
Capital Grant	-	-	-	-
Revenue Contributions	3.271	1.629	(1.636)	-
Earmarked Reserves	-	-	-	-
Capital Reserves	-	-	-	(0.006)
Total Capital Funding	3.271	1.629	(1.636)	(0.006)

CAPITAL BUDGET 2023/24

CAPITAL BUDGET 2023/24	Original Programme 23/24	Slippage 22/23 - Move to 2023/24	Revised Programme
Vehicles			
Operational Vehicles	5.067	0.924	5.991
Support Vehicles	1.030	0.008	1.038
	6.097	0.932	7.029
Operational Equipment			
Operational Equipment	1.325	0.143	1.468
	1.325	0.143	1.468
Buildings Modifications			
STC	-	0.016	0.016
Enhanced station facilities	0.500	-	0.500
Preston Rebuild	-	-	-
SHQ Relocation	-	-	-
Drill tower replacements	0.600	0.111	0.711
Wylfa Prop	0.125	-	0.125
Estate Improvement Provision	0.250	-	0.250
	1.475	0.127	1.602
ICT			
IT Systems	1.219	0.434	1.653
	1.219	0.434	1.653
Total Capital Requirement	10.116	1.636	11.752
Funding			
Capital Grant	-	-	-
Revenue Contributions	4.000	-	4.000
Earmarked Reserves	0.364	-	0.364
Capital Reserves	4.069	1.636	5.705
Capital Receipts	1.683	-	1.683
Total Capital Funding	10.116	1.636	11.752