

<b>WYFRA</b>	<b>FINANCE AND RESOURCES COMMITTEE</b>	<b>18 JULY 2008</b>	<b>ITEM No</b>
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REPORT OF: CHIEF FINANCE OFFICER

PURPOSE OF REPORT: CONSULTATION ON THE DISTRIBUTION OF CAPITAL GRANT

RECOMMENDATION: THAT COMMITTEE APPROVE THE RESPONSE SUPPORTING OPTION A FOR THE DISTRIBUTION OF THE CAPITAL GRANT.

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**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT DETAILS**

Exemption Category: Nil

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Background Papers:

## 1 INTRODUCTION

- 1.1 Fire and Rescue Service Circular 25/2008 issued on 12 June 2008 invites consultation on the Distribution of £78m of capital grants over the financial years 2009/10 and 2010/11. This grant will not be ring fenced in any way and can be used by Fire Authorities to fund any capital works.
- 1.2 The government are consulting on the method of distribution of the grant and have proposed three alternative methods:-
- Distribution according to the existing formula
  - Distribution according to the number of building assets owned by the Authority
  - An allocation of a fixed sum £0.5m per year to every Authority with the balance distributed according to population.
- 1.3 The government have indicated that option C is their preferred option.
- 1.4 The table below summarises the grant which this Authority would receive under each of the options which clearly demonstrates that option A would be the preferred option.

Option		Grant Received		
		2009/2010	2010/2011	Total
A	Existing formula	£2,449,289	£3,170,729	£5,620,018
B	Building assets owned	£1,330,100	£1,721,882	£3,051,983
C	Fixed sum plus population	£ 987,506	£1,413,276	£2,400,782

- 1.5 A response has therefore been prepared supporting option A which is based on Risk. In addition a joint response has been prepared on behalf of all the Metropolitan Fire Authorities supporting 'option A' a copy of which is attached.

## 2 FINANCIAL IMPLICATIONS

- 2.1 It is clear that this is a capital grant which can only be used to fund capital expenditure. The Authority has an approved capital plan of £38m over the next three years any additional grant received would reduce the need to borrow to fund the capital plan.
- 2.2 In terms of revenue implications these grants would reduce borrowing costs by the following amounts in a full year.

Option a	£300,000
Option b	£170,000
Option c	£135,000

## 3 RECOMMENDATIONS

- 3.1 Members are asked to approve the response to the consultation paper.