Buckinghamshire & Milton Keynes Fire Authority

Meeting and date: Executive Committee, 8 February 2024

Report title: The Prudential Code, Prudential Indicators and Minimum Revenue Provision (MRP)

Lead Member: Councillor Matthew Walsh

Report sponsor: Mark Hemming, Director of Finance and Assets

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Action: Decision.

Recommendations: That the Executive Committee approve the recommendations below for submission to the Fire Authority.

That the Authority be recommended to approve:

1. the Prudential Indicators for 2024/25
2. the Minimum Revenue Provision policy statement

Executive summary:

This report is being presented as the Prudential Indicators and Minimum Revenue Provision policy statement are required to be approved by the Fire Authority and to support the Medium-Term Financial Plan (MTFP).

The Authority has already made sufficient revenue provision to cover the repayment of its gross borrowing. Historically, due to prohibitive penalties the early repayment of this borrowing has not been an option. However, due to the recent rises in interest rates, during 2023/24 the Authority took the opportunity to make early repayment on a loan totalling £627k. The Authority has no plans for additional borrowing in the foreseeable future, according to the current MTFP.

It is recommended that the Authorised Limit for 2024/25 continues to be set at £2m higher than the Operational Limit to allow for the effective management of cashflow.

Financial implications:

The decision on the prudential indicators sets out the financial limits within which the Authority will operate in future years.

The minimum revenue provision is a statutory charge against the General Fund, estimated at £47k for 2024/25 (no change from 2023/24).

The impact of the Prudential Code will allow the Authority to make informed choices between revenue and capital financing of procured services, to encourage invest to save schemes and will only allow capital investment to proceed where the Authority can fund projects within prudential limits.

Making sufficient minimum revenue provision ensures that when borrowing matures, cash is available to make the repayment. This ensures that the Authority does not need to borrow additional money to repay existing loans.

Risk management:

The Prudential Code was established to ensure that capital investment plans are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. The indicators presented here demonstrate that the current plans for capital investment meet these criteria and present an acceptable level of risk to the Authority.

Minimum revenue provision is a statutory charge to the General Fund, which ensures that an Authority has sufficient cash balances to repay borrowing upon maturity, reducing the refinancing risk.

There are no direct staffing implications.

Legal implications:

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, SI 2003/3146 make provision for capital finance and accounts under the Local Government Act 2003 requiring the authority to have regard to the 'Prudential Code for Capital Finance in Local Authorities' when determining, under the Local Government 2003 Act, how much money it can afford to borrow; and require the Authority to determine for the current financial year an amount of minimum revenue provision which it considers to be prudent.

Privacy and security implications:

No direct impact.

Duty to collaborate:

No direct impact.

Health and safety implications:

No direct impact.

Environmental implications:

No direct impact.

Equality, diversity, and inclusion implications:

No direct impact.

Consultation and communication:

No direct impact.

Background papers:

Realignment of Reserve Balances to Facilitate the Medium Term Financial Plan, Executive Committee, 18 November 2015, agenda item 6:

https://bucksfire.gov.uk/documents/2020/03/181115_exec_committee_papers.pdf/

Appendix	Title	Protective Marking
1	The Prudential Code, Prudential Indicators and MRP	