



**DORSET & WILTSHIRE  
FIRE AND RESCUE  
AUTHORITY**

Item 22/06

MEETING	Dorset & Wiltshire Fire and Rescue Authority
DATE OF MEETING	9 February 2022
SUBJECT OF THE REPORT	Budget and Precept Implications 2022-23
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	For consideration and approval
EXECUTIVE SUMMARY	<p>This report sets out the revenue and capital budget requirements for 2022-23. The overall level of central funding we expect for 2022-23, our Settlement Funding Assessment from Government, is £14.451m. This is based on the Provisional Local Government Finance Settlement and includes a 3.1% increase in Revenue Support Grant. Estimated business rates funding is frozen at 2021-22 amounts. The final amounts are expected to be confirmed in early February when the Final Settlement is published and the local billing authorities have advised us of actual business rates payments. The Government has also provided a one-off 'Services Grant' for 2022-23 which totals £721k and includes funding for increased employer national insurance contributions related to the new health and social care levy.</p> <p>Local funding raised through council tax has been impacted by the Covid-19 pandemic, with a significant increase in local council tax support requests, but is now showing some early signs of recovery. The taxbase for the Authority for 2022-23 shows an increase of 1.6%, compared to a reduction of 0.7% in 2021-22.</p>

	<p>A 2% core council tax referendum threshold has been maintained for most fire authorities for 2022-23, although the lowest eight precept charging Fire and Rescue Authorities (FRAs) do have the flexibility to increase by £5. The 2% core threshold applies for Dorset &amp; Wiltshire, and allows the Band D Fire Precept to be increased to a maximum of £79.43, an increase of £1.55 (or just less than 3p per week). The Authority is recommended to approve this increase. On that basis overall local funding will be £44.5m, and overall funding £61m.</p> <p>Capital investment requirements have been reviewed and the capital programme for 2022-23 totals £4.6m. Future capital financing costs remain an area of concern and the Reserves Strategy includes plans to add further funds to the capital funding reserve to support future investment.</p>
<p><b>RISK ASSESSMENT</b></p>	<p>The Authority, through its Medium-Term Finance Plan, is able to achieve a balanced budget position for 2022-23, within the context of the Governments’ fiscal policy.</p> <p>Future funding is still a concern, particularly with the 2022-23 Finance Settlement being the fourth one-year settlement running. Continued uncertainty surrounding the wider economy, recovery from the Covid-19 pandemic and high levels of inflation are significant concerns. These will undoubtedly impact on future pay and price costs within the Authority’s revenue and capital budgets.</p>
<p><b>COMMUNITY IMPACT ASSESSMENT</b></p>	<p>None for the purposes of this report.</p>
<p><b>BUDGET IMPLICATIONS</b></p>	<p>These are contained within the body of the report.</p>
<p><b>RECOMMENDATIONS</b></p>	<p>It is recommended that the Authority:</p> <ol style="list-style-type: none"> <li>1. Approve the revenue budget of £61.05m and capital budget of £4.6m for 2022-23.</li> <li>2. Approve the basic amount of Band D Fire Precept for the Dorset &amp; Wiltshire Fire and Rescue Authority at £79.43 for 2022-23.</li> </ol>

	<p>3. Authorise the Treasurer to issue precept notices on the Bournemouth, Christchurch and Poole Council, Dorset Council, Swindon Borough Council and Wiltshire Council.</p> <p>4. Approve the Medium-Term Finance Plan 2022-23 to 2025-26.</p>
<p>BACKGROUND PAPERS</p>	<p><a href="#">Provisional local government finance settlement: England, 2022-23</a>, Department for Levelling Up, Housing and Communities (DLUHC), 17 December 2021</p>
<p>APPENDICES</p>	<p>Appendix A – Summary Options – Fire Precept Band D</p> <p>Appendix B - Precept Requirements 2022-23</p> <p>Appendix C - Medium Term Finance Plan 2022-23 to 2025-26</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Name: Ian Cotter, Head of Financial Services and Treasurer</p> <p>Email: <a href="mailto:ian.cotter@dwfire.org.uk">ian.cotter@dwfire.org.uk</a></p> <p>Tel no: 01722 691109</p>

## 1. Introduction

- 1.1 This report provides the final position for the revenue and capital budget requirements for 2022-23. The budget and Band D Fire Precept recommendations are based on the Financial Principles previously approved by the Authority.
- 1.2 There are a number of issues and financial implications presented to the Authority in this report, and these are based on best information and professional forecasts. At the time of writing the report we have used provisional sums in respect of business rates income, whilst we await final confirmation of amounts from the billing authorities. Billing authorities are required to notify us by the 31 January 2022.

## 2. Funding issues

### 2.1 Local Government Finance Settlement 2022-23

- 2.1.1 The Provisional Local Government Finance Settlement for 2022-23, providing details of our Settlement Funding Assessment (SFA), was published on 17 December 2021, with a 4-week consultation period closing on 16 January 2022. The Final Settlement is expected to be announced in early February 2022 and Members will be informed of any significant changes from the Provisional Settlement.
- 2.1.2 The SFA consists of estimates of the local share of business rates (the Baseline Funding Level (BFL)), and Revenue Support Grant (RSG). The provisional figure for this Authority's SFA for 2022-23 is £14.451m. The breakdown of the SFA is shown below.

<b>Table 1 – Settlement Funding Assessment</b>	<b>2022-23 £m</b>	<b>2021-22 £m</b>	<b>Difference £m</b>
Total SFA	14.451	14.332	+0.119
<i>made up of:</i>			
- Revenue Support Grant (RSG)	3.998	3.879	+0.119
- Baseline Funding Level (BFL)	10.453	10.453	+0.000

- 2.1.3 The Baseline Funding Level (BFL) is split between an assumed level of business rates income and a top up grant payment from Government. Both elements have been maintained in the SFA calculation at the 2021-22 amounts, as the Government has frozen the business rates multiplier. The actual amount of business rates income that we receive is always subject to some uncertainty, and only confirmed in late January by the local billing authorities. As with council tax collection rates, the Covid-19 pandemic has impacted business rates collection. This position is then further complicated by the additional business rates relief measures put in place by the Government in response to the pandemic. This report assumes that any shortfall in actual business rates will be compensated for by

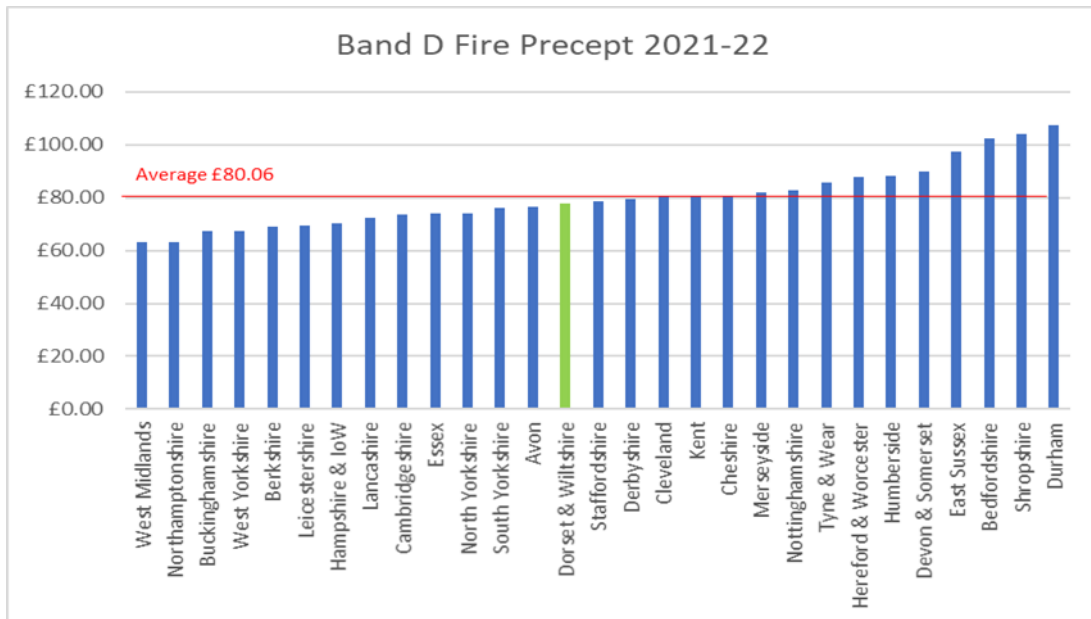
Government through additional Section 31 grant funding. Any net difference will have to be funded from reserves and balances.

- 2.1.4 A new 'Services' grant has been provided for 2022-23 "*so local authorities can provide support across the entire sector in recognition of the vital services delivered at every level of local government.*". Our share of this funding is £721k, but includes funding for the increase in employer national insurance (NI) costs from April 2022 that support the Government's new plan for health and social care. We expect our NI costs to increase by around £300k, reducing the net benefit of this funding to £421k. The Settlement also continues to provide a Rural Services grant to 'super-sparse' areas and our share of this is £52k.
- 2.1.5 The Government intends to review how the Services Grant funding can be best used from 2023-24 onwards, including reviewing how local authority funding is distributed. This review is planned for the early part of 2022. It is unlikely that the current fire and rescue service part of the funding formula will be reviewed at this time, but we may still be impacted by changes to other elements of the funding formula.

## 2.2 Local funding

- 2.2.1 The Authority has a history of being a low funded, low spending Authority. Currently, only 25% of our funding is provided centrally, with the remaining 75% coming from local council tax funding. This reflects the £5m reduction in central funding that the Authority has seen since 2015-16.
- 2.2.2 The low level of central funding inevitably places pressure on levels of fire precept, but our level of precept (£77.88 in 2021-22) is still below the national average of £80.06 for all standalone FRAs (see Chart 1 below).
- 2.2.3 For some time now Members and Officers have been putting forward the case for local council tax flexibility and the option for a £5 de-minimis increase in the fire precept. The Spending Review bid submitted jointly by the National Fire Chiefs Council (NFCC) and Local Government Association (LGA) again put forward this option. We also wrote separately to the Secretary of State in October again putting forward the case for a £5 increase.

Chart 1: Band D fire precept 2021-22 (all standalone fire authorities)



2.2.4 There has now been some change in approach from the Government and a recognition of funding issues in the Fire sector. This has led to the inclusion in the proposed referendum principles for 2022-23 of a £5 flexibility for the eight lowest-charging fire and rescue authorities. The other referendum principles proposed in the 2022-23 provisional finance settlement consultation document are:

- a core council tax referendum principle of up to 2% for shire counties, unitary authorities, London boroughs, the Greater London Authority (GLA) and fire and rescue authorities.
- a bespoke council tax referendum principle of 2% or £5, whichever is higher, for shire district councils.
- an adult social care (ASC) precept of 1%, for all authorities responsible for ASC services.
- ability to add any unused parts of the 3% ASC Precept flexibility available in 2021/22.
- a referendum principle of £10 for police authorities.
- no referendum principles for mayoral combined authorities or town and parish councils.

2.2.5 The Provisional Settlement Consultation document again asked for views on this package of referendum principles and our response continues to put forward the compelling case for a £5 de-minimis increase for the whole Fire sector. Section 4.5 illustrates the financial impact of a £5 increase for this Authority.

- 2.2.6 Total fire precept funding is also dependent on increases in the taxbase, i.e. the number of Band D equivalent households in the Authority area. Taxbase levels have been significantly affected by the Covid-19 pandemic and increased levels of local council tax support requests but are now showing some signs of recovery. On average across the whole of the Authority area our taxbase for 2022-23 has increased by approximately 1.6%, compared to a reduction of 0.7% for 2021-22. Compared to our general financial principle of 1% increases, this equates to additional income of £270k.
- 2.2.7 It is not yet clear what our taxbase might look like over the next few years, as the economy recovers from the Covid-19 pandemic, or whether the Government will provide further support in future years, until taxbase numbers return to more normal levels. Our Medium-Term Finance Plan (MTFP) assumption for future growth remains at 1%, and each 1% variation is worth approximately £447k.
- 2.2.8 There are also one-off collection fund surpluses and deficits reported by the billing authorities, which offset or add to the amount council tax income collected each year. Again, the Covid-19 pandemic has severely affected collection levels, and in 2021-22 our share of local deficits was £656k, compared to a surplus of £176k for 2020-21. Ordinarily this deficit would have had to be funded entirely through the 2021-22 revenue budget, but new legislation was enacted requiring all local authorities to spread any 2020-21 deficits over a 3-year period. The charge for 2021-22 was £234k, with £211k then being charged in 2022-23 and 2023-24. Following some recovery in 2021-22 the overall net surplus to be included in the 2022-23 budget is £341k, which includes the £211k deficit relating to 2020-21.

### 2.3 Funding summary

- 2.3.1 In view of the final finance settlement, the lack of a £5 de-minimis option for increasing the fire precept and the medium-term financial projection, Members are asked to approve increasing the Band D Fire Precept by 1.99%, i.e. below the 2% referendum threshold and in line with Government's Core Spending Power expectations.
- 2.3.2 On that basis, the projected level of funding available for 2022-23 is £61.048m as shown in table 2 below.
- 2.3.3 If the level of fire precept was to be frozen at the 2021-22 amount of £77.88 total funding would be £868k less, at £60.180m, significantly impacting on longer-term financial sustainability. The impact of this is reflected in the Option 2 summary shown in Appendix A.

<b>Table 2 - Total Funding 2022-23</b>	
Taxbase	560,182
Band D Fire Precept (£)	£79.43
Fire Precept (£m)	£44.495m
Council tax Collection Fund Surplus/Deficit(-) (£m)	£0.341m
Revenue Support Grant (RSG) (£m)	£3.998m
BRR and Top Up grant (£m)	£10.454m
Business rates Collection Fund Surplus/Deficit(-) (£m)	(£0.261m)
Other government grants	£2.022m
<b>Total Funding (£m)</b>	<b>£61.048m</b>

### 3. Budget requirement 2022-23

3.1 In determining the 2022-23 budget requirement there are a number of influencing factors, outside of the issues around precepts and Government funding. The main factors are considered below.

#### 3.2 Resourcing and Savings Programme

3.2.1 Members will be aware from the seminars held in setting the 2021-22 budget that Officers have been taking an in-depth look at Service finances over the past two years, through the Resourcing and Savings Programme. The drivers for the Programme have been:

- Deliver further financial savings
- Maintain our statutory responsibilities
- Maintain the sound reputation of the Service and ratings from Inspection
- Address the issues arising from the Strategic Assessment of Risk
- Protect reserves to better support future reform and deliver further savings.

3.2.2 Through the programme we have:

- Costed all functions and budget lines across all departments, with some further savings achieved, including where we have been able to capitalise on opportunities arising from Covid-19, such as reduced fuel costs
- Conducted in-depth and focused response reviews, based upon evidence, and discussions with staff and their representative bodies
- Additionally, we have asked staff for their suggestions for savings and considered them all



- Established a value for money working group to explore specific issues.

3.2.3 Through this work we were able to make ongoing budget savings of just over £1.8m from 2022-23 onwards, although this did include an assumption about a 1% pay award for all staff groups in 2021-22. Although the corporate staff pay award is yet to be settled, based on the current offer of 1.75%, and the already implemented 1.5% award for uniformed staff, we expect the ongoing savings to reduce down to just over £1.5m.

### 3.3 Other budget issues and risks

3.3.1 Over the past two financial years the Service has been provided with some one-off funding by the Home Office to support new protection and building safety requirements post-Grenfell. In 2020-21 £339k was provided and a further £316k in 2021-22. These sums have supported some initial short-term investment in resources, but they will be largely exhausted by the end of March 2022. We are hopeful that there will be some further funding made available for 2022-23, but expect this to be only one-off funding again. To support all of the new requirements around the built environment and the legislative changes being brought forward by the Government, we estimate that an additional £500k investment in protection resourcing is required moving forwards and this has been included in the medium-term projections from 2023-24.

3.3.2 Staffing costs represent a significant element of the overall budget requirement. Based on our agreed financial principles we ordinarily assume year-on-year pay awards of 2% for all staff groups. Following the 2020 Spending Review, and the Government signalling a public sector pay freeze for 2021-22 we reduced this assumption to 1% for 2021-22 only. The Fire and Local Government sectors are subject to separate national negotiation through their respective National Joint Council (NJC) bodies who do not have to follow the Government recommendation. The Fire pay award for 2021 was settled at 1.5% (applying from July 2021), but the Local Government pay award (applying from April 2021) has still not been settled. The final offer from the NJC Employers is 2.75% at the lowest pay scale point and 1.75% on all other pay points. Our financial projections include the cost of this final offer and the additional cost of both awards for 2021-22, above our 1% assumption is £290k. Our projections for 2022-23 to 2025-26 include 2% pay awards for all staff groups although we recognise that there will be significant pressure from the relevant unions for higher offers given the current economic climate and inflation having risen to more than 5% at the end of 2021. Anything more than 2% is unaffordable in the context of our overall financial position and restrictions on funding. A 1% variation in the pay award is worth approximately £486k.

3.3.3 Staff costs will also be impacted by the introduction of the new health and social care funding arrangements from April 2022. This will see employer national insurance contributions increasing from 13.8% of relevant pay to 15.05% of

relevant pay. The additional budget cost for 2022-23 has been calculated at £297k. The Government committed to funding these increased costs for the public sector and in 2022-23 this has been provided as part of the Services grant funding referred to in paragraph 2.1.4.

- 3.3.4 As Members are aware, our employer pension costs have increased significantly in the last few years, firstly as a result of the latest valuation of the Firefighters' Pension Scheme (FPS), and then an increase in rates following the latest triennial Local Government Pension Scheme (LGPS) valuation. The Government has funded 90% of the additional FPS cost by way of special grant since 2019-20, with this Authority receiving £2.7m per year. It was indicated that this funding would be included in our main Settlement Funding Assessment from 2022-23, but this has not happened. The Home Office will continue to provide the funding as a separate grant as in previous years and we will wait to see if any changes are made from 2023-24.
- 3.3.5 We are likely to see a further increase in employer contribution rates for the FPS from April 2023 as the scheme picks up the costs associated with the McCloud remedy, associated with the age discrimination judgement and other FPS scheme valuation changes. Employer costs are currently budgeted at £6.4m and an increase in contribution rates represents a significant financial risk. As an indication, an increase by 1% point would therefore cost around £220k per year, but we simply do not know what the impact might be at this stage.
- 3.3.6 The level of general inflation in the economy as a whole has increased significantly in recent months and this trend is forecast to continue right through 2022. The annual rate of inflation published for December 2021 was running at 5.4%. We continue to see price pressures in fire specific cost areas. Inflation increases also need to be factored in to budgets where there is a contractual or legal commitment or for items beyond our control, such as utility costs. The total amount that has been allowed for non-pay inflation in 2022-23 is approximately £350k, compared to £230k in 2021-22. Additional allowances have also been made for 2023-24 before returning to more normal levels for 2024-25 onwards.
- 3.4 Overall, the net budget requirement for 2022-23 is therefore £61m as summarised below:

<b>Table 3 – Revenue Budget requirement 2022-23</b>	<b>Service budget 2022-23 £m</b>
- Employees	51.554
- Premises	3.775
- Transport	1.389
- Supplies & services	5.474
- Agency & contracted out	2.370
- Democratic representation	0.113
- Capital financing/leasing	4.012
- Income	-6.298
- Transfers to/from Reserves	-1.341
<b>Net budget requirement</b>	<b>61.048</b>

#### 4. Medium Term Finance Plan (MTFP)

4.1 The Medium-Term Finance Plan 2022-23 to 2025-26 shown at Appendix C is also recommended for approval. The MTFP supports the delivery of the Community Safety Plan proposals, which set out the key challenges and risks facing us, along with how we intend to meet and reduce them. This is further supported by our bi-annual Strategic Assessment of Risk. The MTFP is also based on a series of Financial Principles, information from our constituent authorities and Service spending proposals.

4.2 The Financial Principles currently adopted in the plan are as follows:

<b>Table 4</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24 onwards</b>	<b>financial impact of 1% variation</b>
1. Change in government funding settlement	+0.15%	+2.6%	+0.0%	£162k
2. Change in council taxbase	-0.71%	+1.6%	+1.0%	£451k
3. Council tax referendum threshold	+2.0%	+2.0%	+2.0%	
4. Change in Band D council tax	+1.99%	+1.99%	+1.99%	£447k
5. Pay award - Uniformed	+1.0%	+2.0%	+2.0%	£358k
6. Pay award - Corporate	+1.0%	+2.0%	+2.0%	£131k
7. Non-pay inflation*	+1.0%	+2.5%	+2.5%	£125k
8. Any residual revenue budget gap will require funding from the use of reserves				
9. Maintain General Balances at 5% or £2.5m				

\* General provision only. Specific additional provision has been made on certain budget lines

- 4.3 Based on our budget requirement and these assumptions the indicative net budget position over the medium term is as follows:

Table 5	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
Total funding	61.048	61.363	62.953	64.371
Estimated net service budget	61.048	62.487	64.442	66.181
<b>Budget surplus(+)/deficit(-)</b>	<b>0.000</b>	<b>-1.124</b>	<b>-1.489</b>	<b>-1.810</b>

- 4.4 Our assumption about future funding impacts on the projections shown, but without a multi-year settlement from Government, it is difficult to predict what the actual position might look like. If we look at a scenario where our government funding increases by 3% each year, compared to the assumed 'flat cash' scenario, the medium term projections would like this:

Table 6	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
Total funding	61.048	61.797	63.832	65.711
Estimated net service budget	61.048	62.487	64.441	66.181
<b>Budget surplus(+)/deficit(-)</b>	<b>0.000</b>	<b>-0.690</b>	<b>-0.609</b>	<b>-0.470</b>

- 4.5 Of course, we are continuing to lobby for increased flexibility around the fire precept. Table 7 below illustrates the beneficial impact of a £5 increase in the fire precept from 2023-24, which would deliver over £1.9m of additional funding.

Table 7	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
Total funding	61.048	63.298	64.946	66.425
Estimated net service budget	61.048	62.487	64.441	66.181
<b>Budget surplus(+)/deficit(-)</b>	<b>0.000</b>	<b>+0.811</b>	<b>+0.505</b>	<b>+0.244</b>

## 5. Reserves and balances

- 5.1 The Service will need to use its reserves and balances in order to provide a sustainable long-term financial position. Full details of our Reserves and Balances strategy are included in the MTFP (Appendix C).

## 5.2 General balances and reserves

5.2.1 General balances are set aside as a safety net to cover unplanned and unbudgeted costs. The Authority needs to maintain separate reserves and balances to help deal with unexpected contingencies and specific risks that cannot be managed within the annual revenue budget, and to provide a working balance to help manage cash flow fluctuations arising from their normal business activities.

5.2.2 General Balances at the start of 2021-22 amounted to £2.844m, increasing to £2.884m by the end of the financial year, in line with the Financial Principle of maintaining General Balances at 5% of revenue budget or £2.5m, whichever is the greater. We continue to review general balances risk assessment on an annual basis as part of the budget setting cycle.

## 5.3 Other earmarked reserves

5.3.1 The Authority has a number of other reserves that are maintained to help to deal with specific risks that cannot be managed within the annual revenue budget. This includes some of those items highlighted in our Strategic Assessment of Risk, such as the Emergency Services Mobile Communications Programme (ESMCP) and Network Fire Services Partnership (NFSP) projects.

5.3.2 Previously the Authority has been able to use some reserves to offset long term borrowing in supporting its capital investment plans. Savings planned in the revenue budget from 2021-22 allowed us to release £2.7m from our Transformational Improvement Reserve in 2020-21 to support future capital investment. Following review, £319k was also released from other reserves that were no longer required for their original purpose. Using these funds we were able to create a capital reserve fund of just over £4m to support future capital investment and reduce borrowing costs. A slightly improved funding position and using some in-year savings, allows the Authority to add a further £3m to this reserve as part of the updated medium-term finance plan. This will mean that there will be approximately £7m available to support capital investment moving forwards, and in particular provide funding for essential investment in training facilities.

5.3.3 This is a sensible use of reserves, helping to reduce the strain of capital financing costs on future revenue budgets.

## 5.4 Reserves summary

5.4.1 The table below summaries the current forecast for reserves. Full details of our Reserves and Balances strategy are included in the MTFP (Appendix C).

Table 8: Summary - Projected reserve balances

Table 8	Balance 1 Apr 21 £m	Forecast spend 21-22 £m	Forecast Balance 31 Mar 22 £m	Forecast spend 22-23 to 25-26 £m	Forecast Balance 31 Mar 26 £m
<b>General reserves</b>	2.844	0.040	2.884	0.207	3.091
<b>Earmarked reserves</b>	14.596	1.028	15.624	-7.067	8.557
<b>Unused grants reserves</b>	5.974	-3.876	2.098	-2.054	0.044
<b>TOTAL</b>	23.414	-2.808	20.606	-8.914	11.692

## 6. Capital programme

### 6.1 Capital expenditure summary

- 6.2 Draft capital expenditure requirements for 2021-22 to 2025-26 are shown in table 9 below. The revised capital programme for 2021-22, was reported to the Authority in December 2021, totalled £11.554m and the current estimate of spend is £10.7m. The capital budget for 2022-23 recommended for approval is £4.6m.

Table 9: Capital Programme 2021-22 to 2025-26

Table 9	Current Estimate 2021-22 £m	Indicative Budget 2022-23 £m	Indicative Budget 2023-24 £m	Indicative Budget 2024-25 £m	Indicative Budget 2025-26 £m
<b>Capital Expenditure</b>					
Estates	1.476	998	715	705	1.125
Vehicles	7.136	2.276	4.747	4.778	2.567
Equipment	1.690	122	112	169	287
ICT	355	1.232	943	498	783
<b>TOTAL</b>	<b>10.657</b>	<b>4.629</b>	<b>6.516</b>	<b>6.149</b>	<b>4.761</b>
<b>Financed by</b>					
Prudential borrowing	10.249	4.329	6.291	6.049	4.561
Capital reserves	0.000	0.000	0.000	0.000	0.000
Revenue contributions/ reserves	0.408	0.300	0.225	0.100	0.200
<b>TOTAL</b>	<b>10.657</b>	<b>4.629</b>	<b>6.516</b>	<b>6.149</b>	<b>4.761</b>

### 6.3 Estates

6.3.1 The 2022-23 programme includes the outcomes of independently undertaken property conditions survey, identifying the property assets in most need of attention now and over the next few years, based on risk and priority, and reflects a 7-year refresh cycle. £225k has been carried forward from 2021-22 to support the installation of solar standby power equipment at five fire stations that will reduce business continuity risks and support the delivery of our environmental strategy. The Estates programme does not include any provision for major station replacements/enhancements in the next 5 years or make any provision for the investment required to future proof our training facilities. The training centre investment is estimated at between £4.6m and £10m depending on the final option chosen. The Authority will be asked to approve the full business case for this investment later in 2022.

### 6.4 Vehicles

6.4.1 Vehicles are regularly reviewed and are subject to the long-term vehicle replacement policy. After some significant investment over the past few years the 2022-23 capital programme includes replacement of six large fire appliances and a number of other smaller vehicles. Over the next 5 years there is provision to replace a further twenty-nine large fire appliances and four 4x4 fire appliances. Requirements for specialist vehicles are reviewed through the Resourcing and Savings Programme. This has recently approved the replacement of four water carriers in 2023-24. A further project mandate is progressing the review of a number of other specialist response requirements including hazardous materials and environmental protection, incident command support, off-road access and welfare support. The project will look at the best way of providing these key functions, and covers consideration of vehicles, equipment, technology and crewing requirements. The programme continues to assume no 'white' fleet replacements before 2023-24 as we have looked to reduce the capital programme and need to re-assess our requirements post-pandemic.

### 6.5 Equipment

6.5.1 The main focus of the programme for equipment in 2022-23 is to support operational equipment requirements linked to the vehicle replacement programme. This includes supporting the specialist response review outlined in 6.4.1.

### 6.6 Information Technology and Communications

6.6.1 Ongoing ICT requirements are aligned to the plans set out in the ICT Strategy 2021-2024 and this includes information governance and security, operational communications, ICT resilience, technology management, digital transformation, and business intelligence and data management. The capital programme includes the equipment and systems requirements to support the strategy. A significant

project to replace station end mobilising equipment across the fire station estate has moved from 2021-22 to 2022-23.

## **6.7 Capital financing**

6.7.1 Capital expenditure can be financed from a variety of sources, including capital receipts, direct revenue contributions, reserves, specific grants and through prudential borrowing. The current funding plans are shown in Table 9 on page 12.

6.7.2 Clearly any external borrowing comes at a cost, and the borrowing required to support the capital programme is one of the reasons for the increases in the revenue budget requirement shown in the MTFP. As I have outlined in paragraph 5.3.2, the Reserves Strategy can be amended to allow funding to be set aside from other reserves and savings to create a fund to reduce the need for external borrowing. This will help to reduce the forecast capital financing costs, easing pressure on the revenue budget MTFP projections.

## **7. Statutory declarations**

### **7.1 Robustness of the estimates**

7.1.1 Under Section 25 of the Local Government Act 2003, the Treasurer, as designated under Section 151 of the Local Government Act 1972 and Section 112 of the Local Government Finance Act 1988, is required to report to the Authority when setting its Band D Fire Precept on two issues:

- the robustness of the estimates included in the budget: and,
- the adequacy of the financial reserves in the budget.

7.1.2 There are also a range of other safeguards aimed at ensuring local authorities do not over commit themselves financially. These include:

- The Chief Financial Officer's powers under Section 14 of the Local Government Act 1988, which requires a report to the Authority if there is or is likely to be unlawful expenditure or an unbalanced budget;
- The Local Government Finance Act 1992 which requires a local authority to calculate its budget requirement for each financial year, including the revenue costs which flow from capital financing decisions. The Act also requires an Authority to budget to meet its expenditure after taking into account other sources of income. This is known as the 'balanced budget requirement'; and,
- The Prudential Code, introduced under the Local Government Act 2003, which applies to capital financing and treasury management decisions.



- 7.1.3 Whilst budgets are based on realistic assumptions, some budgets are subject to a degree of estimating error as actual expenditure can be affected by factors outside of the Authority's control, for example major incidents. The estimates have been prepared on an incremental basis, based on existing commitments, adjusted for inflation, increments and other unavoidable cost-drivers, and taking into account variations in service provision.
- 7.1.4 The revenue and capital budgets can be regarded as robust. Although there are risks in the 2022-23 budget, as with any budget, those risks are manageable, and have been taken into account in advising on the level of general reserves at this time.

## **8. Summary & key messages**

- 8.1 The Service's revenue budget requirement for 2022-23 is £61m and the Capital Programme requirement is £4.6m.
- 8.2 In order to meet this budget requirement and taking into account the level of funding provided in the Local Government Finance Settlement, Members are asked to approve a Band D Fire Precept of £79.43 for 2022-23. This represents an increase of £1.55 (or just less than 3p per week). This is recommended as the most prudent and sustainable option currently available, in the face of ongoing financial pressures beyond 2022-23.
- 8.3 Officers are continuing the work of the Resourcing and Savings Programme in 2022 in preparation for the 2023-24 budget settlement. Members will be kept updated on any key information or changes as they occur.

February 2022