



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Item 23/07

MEETING	Dorset & Wiltshire Fire and Rescue Authority
DATE OF MEETING	8 February 2023
SUBJECT OF THE REPORT	Budget and Precept Implications 2023-24
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 2023-24. The overall level of central funding we expect for 2023-24, our Settlement Funding Assessment from Government, is £15.248m. This is based on the Provisional Local Government Finance Settlement and includes a 10.1% increase in Revenue Support Grant. Business rates funding is looking like increasing at a similar rate although we have yet to receive confirmation of this. 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. Some Service Grant allocation is continuing and the Government has also provided a one-off Funding Guarantee Grant for 2023-24.</p> <p>The taxbase for the Authority for 2023-24 shows an increase of 1.4%, compared to an increase of 1.6% in 2022-23. There is a net surplus in the council tax collection fund which provides some additional one-off funding.</p>

	<p>A 3% core council tax referendum threshold applies for 2023-24, although all standalone Fire and Rescue Authorities (FRAs) do have the flexibility to increase by up to £5. The £5 flexibility allows the Band D Fire Precept for this Authority to be increased to a maximum of £84.43 (an increase of just less than 10p per week). The Authority is recommended to approve this increase. On that basis overall funding will be £65.99m.</p> <p>Capital investment requirements have been reviewed and the capital programme for 2023-24 totals £7.1m. 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>RISK ASSESSMENT</p>	<p>The Authority, through its Medium-Term Finance Plan, is able to achieve a balanced budget position for 2023-24, within the context of the Governments’ fiscal policy.</p> <p>Future funding is still a concern. The 2023-24 Finance Settlement is the fifth one-year settlement running, although we have some information on funding principles for 2024-25. Continued uncertainty surrounding the wider economy and the current high levels of inflation are significant concerns. The pay settlement for operational staff is not yet confirmed and is a single significant risk factor.</p>
<p>COMMUNITY IMPACT ASSESSMENT</p>	<p>None for the purposes of this report.</p>
<p>BUDGET IMPLICATIONS</p>	<p>These are contained within the body of the report.</p>
<p>RECOMMENDATIONS</p>	<p>It is recommended that the Authority:</p> <ol style="list-style-type: none"> 1. Approve the revenue budget of £65.99m and capital budget of £7.1m for 2023-24. 2. Approve the basic amount of Band D Fire Precept for the Dorset & Wiltshire Fire and Rescue Authority at £84.43 for 2023-24.

	<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 2023-24 to 2026-27.</p>
<p>BACKGROUND PAPERS</p>	<p>Provisional local government finance settlement: England, 2023-24, Department for Levelling Up, Housing and Communities (DLUHC), 19 December 2022</p>
<p>APPENDICES</p>	<p>Appendix A - Summary options, Fire Precept Band D</p> <p>Appendix B - Precept requirements 2023-24</p> <p>Appendix C - Medium Term Finance Plan 2023-24 to 2026-27</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Name: Ian Cotter, Head of Financial Services and Treasurer</p> <p>Email: ian.cotter@dwfire.org.uk</p> <p>Tel no: 07500 066130</p>

1. Introduction

- 1.1 This report provides the final position for the revenue and capital budget requirements for 2023-24. 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 2023.

2. Funding issues

2.1 Local Government Finance Settlement 2023-24

- 2.1.1 The Provisional Local Government Finance Settlement for 2023-24, providing details of our Settlement Funding Assessment (SFA), was published on 19 December 2022, with a 4-week consultation period closing on 16 January 2023. The Final Settlement is expected to be announced in early February 2023 and Members will be informed of any significant changes from the Provisional Settlement.
- 2.1.2 The SFA consists of the Revenue Support Grant (RSG) allocation and estimates of the local share of business rates (the Baseline Funding Level (BFL)). The provisional figure for this Authority's SFA for 2023-24 is £15.248m. The breakdown of the SFA is shown below.

Table 1 – Settlement Funding Assessment	2023-24 £m	2022-23 £m	Difference £m
Total SFA	15.248	14.451	+0.797
<i>made up of:</i>			
- Revenue Support Grant (RSG)	4.403	3.998	+0.405
- Baseline Funding Level (BFL)	10.845	10.453	+0.392

- 2.1.3 Revenue Support Grant allocations have been increased in line with the September 2022 CPI figure of 10.1%.
- 2.1.4 The Baseline Funding Level (BFL) is split between an assumed level of business rates income and a top up grant payment from Government. The assumed level of income has also been increased by the September 2022 CPI figure, up to £5.548m. The top up grant amount has been adjusted for the impact of new rateable values applying from April 2023. This has resulted in a small decrease in our top up grant allocation, down to £5.297m. 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. Business rates collection rates have been impacted by additional business rates relief measures put in place by the Government in response to the Covid 19 pandemic and wider economic issues. 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 be adjusted through reserves and balances.

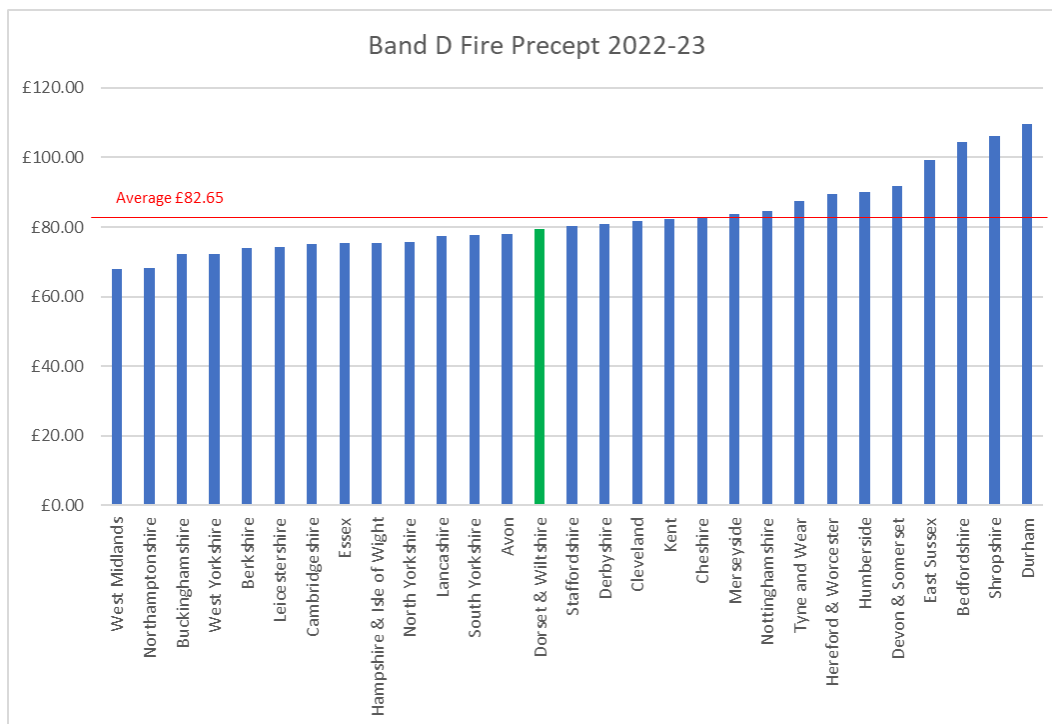
- 2.1.5 A new 'Services' grant was provided for in 2022-23 "*so local authorities can provide support across the entire sector in recognition of the vital services delivered at every level of local government.*". Our share of this funding was £721k but included funding for the increase in employer national insurance (NI) costs from April 2022 related to the Government's new plan for health and social care. With the change in Government policy announced on 22 September 2022 the NI cost element of this grant has been removed and our allocation for 2023-24 is £406k.
- 2.1.6 The Government is providing additional funding for 2023-24 only to ensure that all local authorities, including FRAs, see at least a 3% increase in their Core Spending Power before any decisions about organisational efficiencies, use of reserves or council tax levels. The national total for this is £136m, with this authority receiving £178k. Four other FRAs benefit from this funding as well, namely Devon & Somerset, East Sussex, Hereford & Worcester and North Yorkshire. The Settlement also continues to provide a Rural Services grant to 'super-sparse' areas and our share of this is £52k, the same as last year.
- 2.1.7 The Government has confirmed that the Fair Funding Review which will look in detail at the funding formula will not be implemented during this current Spending Review period. This means that no changes will be made before April 2025.

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 (£79.43 in 2022-23) is still below the national average of £82.65 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 2022-23 Spending Review bid submitted jointly by the National Fire Chiefs Council (NFCC) and Local Government Association (LGA) put forward this option.

2.2.4 There was some recognition of the funding issues in the Fire sector and this led to the inclusion of a £5 flexibility in the 2022-23 Settlement, but only for the eight lowest-charging fire and rescue authorities.

Chart 1: Band D fire precept 2022-23 (all standalone fire authorities)



2.2.5 Further evidence was provided to Government in the build up to the 2023-24 Provisional Settlement. The NFCC was able to provide additional evidence, particularly around the impact of the significant inflationary pressures being seen in the economy. Due to this work, for 2023-24 there is a £5 flexibility for all standalone FRAs.

2.2.6 The other referendum principles proposed in the 2023-24 provisional finance settlement consultation document are:

- a core council tax referendum principle for all local authorities of up to 3%.
- an adult social care (ASC) precept of 2%, for all authorities responsible for ASC services.
- a bespoke council tax referendum principle of 3% or £5, whichever is higher, for shire district councils.
- ability to add any unused parts of the 3% ASC Precept flexibility available in 2021/22.
- a referendum principle of £15 for police authorities.
- no referendum principles for mayoral combined authorities or town and parish councils.

2.2.7 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. On average across the whole of the Authority area our taxbase for 2023-24 has increased by approximately 1.4%, compared to an increase of 1.6% for 2022-23.

2.2.8 Our Medium-Term Finance Plan (MTFP) assumption for future growth remains at 1%, and each 1% variation is worth approximately £480k.

2.2.9 There are also one-off collection fund surpluses and deficits reported by the billing authorities, which offset or add to the amount of council tax income collected each year. The Covid-19 pandemic 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 deficits over a 3-year period. The final year of this deficit spread is 2023-24 and the amount to be charged is £211k. Additionally, there is an overall surplus of £585k related to 2022-23, resulting in a net surplus of £374k to be included in the 2023-24 budget.

2.3 Funding summary

2.3.1 Based on the financial position of the Authority, Members are asked to approve increasing the Band D Fire Precept by £5 for 2023-24. On that basis, the projected level of funding available for 2023-24 is £65.99m as shown in table 2 below.

2.3.2 If the level of fire precept was to be frozen at the 2022-23 amount of £79.43 total funding would be £2.841m less, at £63.150m. If the fire precept was only increased within the 3% core referendum principle, to £81.81, total funding would be £1.494m less, at £64.497m. Both options would significantly impact on longer-term financial sustainability and are therefore not recommended. The impact of these options is reflected in the Option 2 and Option 3 summaries shown in Appendix A.

Table 2 - Total Funding 2023-24	
Taxbase	568,180
Band D Fire Precept (£)	£84.43
Fire Precept (£m)	£47.971m
Council tax Collection Fund Surplus/Deficit (-) (£m)	£0.374m
Revenue Support Grant (RSG) (£m)	£4.403m
Business rates retention and Top Up grant (£m)	£10.845m
Business rates Collection Fund Surplus/Deficit (-) (£m)	(£0.288m)
Other government grants	£2.686m
Total Funding (£m)	£65.991m

3. Budget requirement 2023-24

3.1 In determining the 2023-24 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 Officers have been taking an in-depth look at Service finances over the past two to three 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 the Covid-19 pandemic, such as reduced travel and smarter working
- Conducted in-depth and focused response reviews, based upon evidence, and discussions with staff and their representative bodies
- Had a focus on value for money to achieve savings and evidence how we contribute to wider societal savings.

3.2.3 Through this work we were able to make ongoing budget savings of just over £1.8m from 2022-23 onwards, although these were reduced down to just over £1.5m with higher than expected pay awards in 2021-22.

3.2.4 Further work has continued throughout 2022 and in response to global and economic challenges, such as the lingering effects of the Covid 19 pandemic, Russia's invasion of Ukraine and the high levels of inflation. The following section outlines the impact in setting the 2023-24 budget.

3.3 Other budget issues and risks

3.3.1 Over the past few 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, with a further £316k provided in 2021-22 and £271k in 2022-23. These sums have supported some initial short-term investment in resources, but are all now spent. Our financial plans

assume that there will be further one-off funding made available in 2023-24 and 2024-25 at the same level as in 2022-23. To support all of the new requirements around the built environment and the legislative changes being brought forward by the Government we have restructured the Protection team and provided additional permanent resources at a cost of £534k.

- 3.3.2 The Service has received grant funding from the Home Office in previous years to support the costs of the Firelink national communications scheme. Our based budget for 2022-23 included £563k of anticipated grant income, but we were notified by the Home Office in June 2022 that they were now phasing out this grant. The grant is being reduced by one-fifth each year, with no funding from April 2026.
- 3.3.3 Staffing costs represent a significant element of the overall budget requirement. Based on previously agreed financial principles we ordinarily assume year-on-year pay awards of 2% for all staff groups. This was the assumption in setting the 2022-23 budget, but as Members will be aware, there has been significant pressure for increased pay awards given the levels of inflation in the economy. The local government pay award for 2022-23 was settled at a flat rate £1,925 on all pay points, equating to an average 6% increase for the Service. This has resulted in additional costs of £550k compared to our budgeted amount. The Fire pay award for 2022 has still not been settled although the offer of 5% (applying from July 2022) remains on the table. This offer would result in additional costs of £1.1m compared to our budgeted amount. Our financial projections include the cost of this final offer and the additional cost of both awards for 2022-23, above our original 2% assumption is therefore £1.65m. Our projections for 2023-24 include a 4% increase for all staff groups before returning to 2% from 2024-25 onwards. The 4% assumption for 2023-24 adds a further £1.1m to the budget requirement. Anything more than 4% is unaffordable in the context of our overall financial position. A 1% variation in the pay award is worth approximately £500k.
- 3.3.4 As Members are aware, our employer pension costs have increased significantly in the recent years, firstly as a result of the latest valuation of the Firefighters' Pension Scheme (FPS), and then an increase in rates following the 2019 triennial Local Government Pension Scheme (LGPS) valuation. The Government continues to fund 90% of the additional FPS cost by way of special grant 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 did not happen, and it will remain a separate grant again for 2023-24. Until this liability is built into the SFA this remains a financial concern moving forward.
- 3.3.5 We are likely to see a further increase in employer contribution rates for the FPS as the scheme picks up the costs associated with the McCloud remedy, associated with the age discrimination judgement and other FPS scheme valuation changes. The indications are that any change in rates will not now happen until April 2025. 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 2022 triennial Local Government Pension Scheme (LGPS) valuation has recently concluded and our employer contribution rate for the next three years will remain at the current rate of 21.5%.
- 3.3.7 The level of general inflation in the economy as a whole has increased significantly from late 2021 and right through 2022. The annual rate of inflation published for December 2021 was running at 5.4%, rising to 10.1% by September 2022. We continue to see significant price pressures across all budget lines, revenue and capital. Inflation increases also need to be factored into 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 2023-24 is £1.4m, compared to £350k in 2022-23, although approximately £0.5m is a one-off allowance. Additional allowances have also been made for 2024-25 before returning to more normal levels for 2025-26 onwards.
- 3.3.8 Rateable values for all business are being updated from April 2023. For the Service we are seeing quite a change in the rateable values of our premises, mainly fire stations. Based on these new rateable values, overall, we expect business rates costs to increase by just over £500k, but transitional relief will limit the increase to £169k for 2023-24. Costs will then increase in 2024-25 and 2025-26 as the transitional relief reduces.
- 3.3.9 Overall costs have increased significantly and despite the welcome increase in funding for 2023-24, to achieve a sustainable budget and medium-term finance plan the Service has had to make some difficult decisions to reduce spend in some areas.
- 3.3.10 As Members are aware, we have made changes to some of our prevention activities and restructured the team. The changes will allow us to continue with much of the work that we already undertake including safe and well checks, arson reduction, road safety and educational programmes, but we have stopped youth intervention programmes that are no longer financially viable. These changes have resulted in costs savings of £500k per year from April 2023.
- 3.3.11 We are also introducing changes to wholetime duty system crewing arrangements. These will result in a net reduction of 16 station-based posts and a saving of £800k per year. This reduction is less than had been expected due to the improved funding position, particularly the £5 council tax flexibility. The changes will see 28 posts removed from existing wholetime stations, offset by 12 new posts being introduced at Amesbury Fire Station to provide improved fire cover in the South East Wiltshire area of the Service.

Overall, the net budget requirement for 2023-24 is therefore £65.99m as summarised below:

Table 3 – Revenue Budget requirement 2023-24	Service budget 2023-24 £m
- Employees	53.850
- Premises	4.393
- Transport	1.658
- Supplies & services	5.896
- Agency & contracted out	2.819
- Democratic representation	0.113
- Capital financing/leasing	4.313
- Income	-6.412
- Transfers to/from Reserves	-0.639
Net budget requirement	65.991

4. Medium Term Finance Plan (MTFP)

4.1 The Medium-Term Finance Plan 2023-24 to 2026-27 shown at Appendix C is also recommended for approval. The MTFP supports the delivery of the Community Safety Plan, 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:

Table 4	2023-24	2024-25	2025-26 onwards	financial impact of 1% variation
1. Change in government funding settlement	+10.1%	+2.0%	+0.0%	£153k
2. Change in council taxbase	+1.4%	+1.0%	+1.0%	£494k
3. Core Council tax referendum threshold	+3.0%	+3.0%	+2.0%	£482k
4. Change in Band D council tax	£5	+2.99%	+1.99%	£482k
5. Pay award - Uniformed	+5.0%	+4.0%	+2.0%	£395k
6. Pay award - Corporate	+6.0%	+4.0%	+2.0%	£140k
7. Non-pay inflation*	various	various	+2%	£125k
8.	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	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Total funding	65.991	67.670	69.171	70.716
Estimated net service budget	65.991	67.754	69.923	71.585
Budget surplus (+)/deficit (-)	0.000	-0.084	-0.752	-0.869

- 4.4 Pay inflation is a significant risk given that 80% of our costs are employee related. We have allowed the impact of uniformed pay awards totalling 9% across 2022-23 and 2023-24 financial years. Looking at a scenario where the combined impact is 11% has the following effect on our MTFP:

Table 6	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Total funding	65.991	67.670	69.171	70.716
Estimated net service budget	66.647	68.546	70.731	72.409
Budget surplus (+)/deficit (-)	-£0.656	-£0.876	-£1.560	-£1.693

- 4.5 To achieve a more sustainable medium-term financial position our assessment is that there is a need for continued council tax flexibility in future years. Table 7 below illustrates the beneficial impact of a further £5 increase in the fire precept from 2024-25, which would deliver over £1.4m of additional funding:

Table 7	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Total funding	65.991	69.094	70.637	72.232
Estimated net service budget	65.991	67.754	69.923	71.585
Budget surplus (+)/deficit (-)	0.000	+1.340	+0.714	+0.647

- 4.6 Alternatively, continuation of the 2.99% core referendum principle past 2024-25 would provide some additional funding, although not enough to achieve the more sustainable medium-term financial position that we are seeking. Table 8 below illustrates this scenario:

Table 8	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Total funding	65.991	69.094	70.637	72.232
Estimated net service budget	65.991	67.754	69.923	71.585
Budget surplus (+)/deficit (-)	0.000	-0.084	-0.248	-0.348

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 2022-23 amounted to £2.884m, increasing to £2.934m by the end of the financial year. We continue to review general balances risk assessment on an annual basis as part of the budget setting cycle and the current assessment shows a potential net financial impact of around £3.4m, increasing due to cost increases. The reserve balance will increase to £3m during 2023-24 and this is sufficient to mitigate the assessed risk.

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 including the renewal of our 999 mobilising system.

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 previous budgets allowed us to add funds to our Capital Financing Reserve to support future capital investment and reduce borrowing costs. This meant that there was approximately £7m available to support capital investment moving forwards, and in particular provide funding for essential investment in training facilities. A further £3.4m has now been added to this reserve to further reduce future borrowing costs.

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 9: Summary - Projected reserve balances

Table 9	Balance 1 Apr 22 £m	Forecast spend 22-23 £m	Forecast Balance 31 Mar 23 £m	Forecast spend 23-24 to 26-27 £m	Forecast Balance 31 Mar 27 £m
General reserves	2.884	0.046	2.930	0.217	3.147
Earmarked reserves	16.326	-3.608	12.718	-9.669	3.049
Unused grants reserves	4.085	-2.154	1.931	-1.931	0.000
TOTAL	23.295	-5.716	17.579	-11.383	6.196

6. Capital programme

6.1 Capital expenditure summary

- 6.2 Our estimated capital expenditure requirements for 2022-23 to 2026-27 are shown in table 10 below. The revised capital programme for 2022-23, was reported to the Authority in December 2022, totalled £5.8m. The capital budget for 2023-24 recommended for approval is £7.1m.

Table 10: Capital Programme 2022-23 to 2026-27

Table 10	Current Estimate 2022-23 £m	Indicative Budget 2023-24 £m	Indicative Budget 2024-25 £m	Indicative Budget 2025-26 £m	Indicative Budget 2026-27 £m
Capital Expenditure					
Estates	1.928	1.715	7.305	1.678	1.382
Vehicles	2.100	4.337	2.466	2.627	2.453
Equipment	0.478	0.185	1.013	0.425	1.390
ICT	1.305	0.856	1.210	1.455	0.710
TOTAL	5.811	7.093	11.994	6.185	5.935
Financed by					
Prudential borrowing	2.566	5.379	10.310	3.668	4.791
Revenue contributions/ reserves	3.245	1.714	1.684	2.517	1.143
TOTAL	5.811	7.093	11.994	6.185	5.935

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 seven-year refresh cycle. The Estates programme also includes the required investment to deliver the approved project to provide future-proofed operational training facilities at Devizes Training Centre and Weymouth Fire Station.

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 2023-24 capital programme includes replacement of five large fire appliances, four water carriers, three incident command support vehicles and a number of other smaller vehicles. Over the following 5 years there is provision to replace a further twenty-two large fire appliances, four 4x4 fire appliances and a specialist off-road vehicle. The requirements for specialist and general vehicles are all reviewed in terms of need and specification prior to procurement. Each project looks at the best way of providing the required functions, and covers consideration of vehicles, equipment, technology and crewing requirements.

6.5 **Equipment**

6.5.1 The main focus of the programme for equipment in 2023-24 is to support operational equipment requirements linked to the vehicle replacement programme. This includes supporting the specialist response reviews 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 including investment required to replace the mobilising system used in Fire Control and by the NFSP

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 Along with the use of reserves and revenue contributions shown in table 9, within the budget strategy we plan to make additional revenue contributions of £500k per year to reduce reliance on future borrowing. This will help to reduce the current overall capital financing requirement of the Authority and, consequently, the overall level of debt to be incurred in future years. These additional contributions can be funded from the reduction in capital financing costs achieved from previous reductions in capital spend, recent borrowing at historically low interest rates and the strategy of establishing and using the capital financing reserve.

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 2023-24 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 2023-24 is £65.991m and the Capital Programme requirement is £7.1m.

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 £84.43 for 2023-24 using the £5 flexibility offered by Government. This represents an increase of just less than 10p per week for a Band D property. This is recommended as the most prudent and sustainable option, in the face of ongoing economic issues and financial uncertainty.