

# Public Document Pack



## Nottinghamshire and City of Nottingham Fire and Rescue Authority Finance and Resources Committee

**Date:** Friday, 20 January 2023      **Time:** 10.00 am

**Venue:** Joint Fire / Police HQ, Sherwood Lodge, Arnold, Nottingham, NG5 8PP - Joint  
Fire / Police HQ, Sherwood Lodge, Arnold, Nottingham, NG5 8PP

**Members are requested to attend the above meeting to be held at the time, place  
and date mentioned to transact the following business**

A handwritten signature in black ink, appearing to read 'M. P. Lane'.

**Clerk to the Nottinghamshire and City of Nottingham Fire and Rescue Authority**

<b>Agenda</b>	<b>Pages</b>
<b>1 Apologies for Absence</b>	
<b>2 Declarations of Interests</b>	
<b>3 Minutes</b> Minutes of the meeting held on 14 October 2022, for confirmation.	3 - 10
<b>4 Revenue, Capital and Prudential Monitoring Report to November 2022</b> Report of the Chief Fire Officer	11 - 28
<b>5 Budget Proposals for 2023/24 to 2026/27 and Options for Council Tax 2023/24</b> Report of the Chief Fire Officer	29 - 48
<b>6 Exclusion of the Public</b> To consider excluding the public from the meeting during consideration of the remaining items in accordance with Section 100A(4) of the Local Government Act 1972 on the basis that, having regard to all the	

circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Act.

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| <b>7</b> | <b>Exempt Minutes</b><br>Exempt Minutes of the meeting held on 14 October 2022, for confirmation.        | 49 - 50 |
| <b>8</b> | <b>Nottinghamshire Fire &amp; Rescue Service Property at Clifton</b><br>Report of the Chief Fire Officer | 51 - 54 |

**Any councillor who is unable to attend the meeting and wishes to submit apologies should do so via the Executive Assistant to the Chief Fire Officer at Fire Services Headquarters on 0115 967 0880**

**If you need any advice on declaring an interest in any item above, please contact the Governance Officer shown on this agenda, if possible before the day of the meeting.**

Governance Officer: *Catherine Ziane-Pryor*  
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## **Nottinghamshire and City of Nottingham Fire and Rescue Authority Finance and Resources Committee**

**Minutes of the meeting held at Joint Fire / Police HQ, Sherwood Lodge, Arnold,  
Nottingham, NG5 8PP on 14 October 2022 from 10.01 am - 11.08 am**

### **Membership**

#### Present

Councillor John Clarke MBE (Chair)  
Councillor Callum Bailey  
Councillor Steve Battlemuch  
Councillor Nicola Heaton  
Councillor John Lee  
Councillor Mike Quigley MBE

#### Absent

Councillor Sybil Fielding

### **Colleagues, partners and others in attendance:**

Becky Smeathers - Head of Finance and Treasurer to the Authority  
Candida Brudenell ) Assistant Chief Fire Officers  
Michael Sharman )  
Leila Henry - Head of Risk, Assurance and Operational Training  
Terry Scott - Head of Procurement and Resources  
Catherine Ziane-Pryor - Governance Officer

### **8 Apologies for Absence**

None.

### **9 Declarations of Interests**

None.

### **10 Minutes**

The minutes of the meeting held 24 June 2022 were confirmed as a true record and signed by the Chair.

## 11 Revenue, Capital and Prudential Code Monitoring Report to August 2022

Becky Smeathers, Head of Finance and Treasurer to the Authority, presented the report and highlighted the following points:

- a) The outturn to the end of August this year is anticipated to provide an underspend just shy of £900,000. This is mainly due to the deliberate delay in whole-time recruitment, knowing the position of the Authority next year;
- b) The Green Book offer has now been accepted by trade unions and will result in an additional cost of £126,000 to the Authority;
- c) If a 6% pay increase is agreed for firefighters, this would cost an additional £510,000;
- d) The Joint Headquarters Capital Project requires an additional £150,000 due to higher than anticipated tender costs and a small change to the scope of the project. A revenue contribution to capital expenditure is requested to fund the additional costs. The delay in the project has meant that the closing of the old Bestwood Lodge Headquarters has been delayed. A request is made to transfer £62,000 from the 2022/23 budget into an earmarked reserves to cover the expected costs in 2023/24;
- e) Additional training costs have occurred as a result of training staff in anticipation of industrial action and also covering some vacant posts, so a virement of £50,000 is requested from the whole-time training budget;
- f) Additional premises costs are outlined within the report and will result in an overspend of approximately £42,000. The required planned maintenance work at Stockhill Fire Station is anticipated to cost a further £50,000, totalling £170,000 for maintenance works which cannot be delayed;
- g) A new command support vehicle is due to be purchased in 2023/24. The vehicle has a long lead-in time, so to ensure delivery as scheduled approval is sought to place a pre-order for the chassis now to ensure the completed vehicle can be delivered when it is needed (next year), and to achieve the best possible price. It is noted that this is in effect only an allocation of funding and payment is only made on receipt of the completed vehicle.

Committee members' questions were responded to as follows:

- h) Whilst members may be concerned at the use of revenue to fund capital, particularly as this is not common practice in private business, if the underspend in this year's revenue budget were to be utilised, it would reduce next year's borrowing requirements. The Service is keen to keep borrowing to a minimum. This solution reduces the need for capital borrowing, which is more efficient, particularly regarding current interest rates and the longer term impact over the next 10 years. It is not efficient for the Service to hold underspend reserves whilst paying high interest rates;
- i) Budgets were reduced to achieve the £2 million of in year savings, which included lowering the maintenance budget, however, there has been an unusual number of circumstances requiring attention. The £120,000 proposed increase in maintenance

would bring the maintenance budget back to its originally proposed figure, however, the additional £50,000 for the necessary works at Stockhill Lane Fire Station is a further cost;

- j) Once pay awards are announced the benefit of the initial underspend of £900,000 is likely to be reduced to approximately £250,000;
- k) The underspend on staffing is a deliberate approach of holding vacancies within a mixture of whole-time and support staff posts to prevent the need for future redundancies once the structure proposal was developed. This is causing additional work pressures and stress to and for existing staff, some of whom have now left the Service. It is evident that this level of vacancies within the current structure cannot be sustained which does not support the suggestion that having operated below number for some period, this can become the accepted staffing level;
- l) With regard to using the revenue underspend to fund capital, members concerns that it doesn't sit right regarding the context of entering into consultation focused on reductions in services due to lack of revenue, and yet using revenue to fund capital, is noted. However, if not utilised, the underspend will feed into general reserves, and would only provide a temporary saving next year. The alternative is to use the underspend to prevent the need for borrowing, which will have a greater financial impact in future years with the savings on interest charges. Utilising the underspend is recommended;

Members of the committee commented with gratitude on the goodwill of remaining staff who are temporarily coping with the additional workload caused by unfilled vacancies.

### **Resolved**

- 1) to note the contents of the report;**
- 2) to approve a temporary virement of £50,000 from the whole-time pay underspend to fund additional training costs (as detailed in section 2.9 of the report);**
- 3) to approve a temporary virement of £170k from the whole-time pay underspend to fund critical premises related projects that need to be addressed (as detailed in section 2.10 of the report and further elaborated to in the meeting to fund the necessary works at Stockhill Fire Station);**
- 4) to approve a £62k contribution to earmarked reserves to cover security costs at the former headquarters at Bestwood Lodge which were initially anticipated in 2022/23 but will now be incurred in 2023/24 (as detailed in section 2.10 of the report);**
- 5) to approve the increase in the Joint HQ project of £150k due to additional work being required (as detailed in section 2.27 of the report) to be funded by a Revenue Contribution to Capital of £150k;**

- 6) **to increase the rostering project budget by £20k to be funded from Earmarked Reserves;**
- 7) **to approve slippage of £755k relating to the Arial Ladder Platforms (ALPs) to be slipped into future years (as detailed in section 2.39 of the report);**
- 8) **to approve the placing of an order for a support unit chassis in advance of approval of 2023/24 capital programme.**

## **12 2020/21 Audited Final Accounts**

Becky Smeathers, Head of Finance and Treasurer to the Authority, presented the report and highlighted the following points:

- a) The Authority had considered the accounts at its meeting in May 2022, prior to the completion of the audit. It was agreed to delegate the approval for any superficial changes to Becky Smeathers, Head of Finance and Treasurer to the Authority, and that any changes of a significant nature would be submitted to the Fire Authority for consideration;
- b) The audit has now been completed and there have been no amendments made to the accounts since the Fire Authority considered the accounts, however, the 'going concern' disclosure is required to be updated;
- c) The PSSA has now appointed sufficient auditors for the 2023/24 audits, but client allocations are yet to be made. A 150% increase in audit charges is anticipated, which is likely to total in excess of £100,000, but there is potential that 'new burdens' funding may be available from Central Government to contribute towards this;
- d) The lateness of completing the audit is still an issue as it is one year behind and the new auditors will not be able to start their audit until Ernst Young has completed its audit;
- e) Member suggestions that due to the delays, it would not be unreasonable to request a fee reduction are noted, however, the PSSA has stated that there is no come-back or penalty for poor service delivery as allowances have to be made for gathering information, for which the auditors can't be penalised. This has been raised as a significant issue but PSSA believe that if penalties were to be factored into the contracts, then Auditors wouldn't want to bid for the contracts;
- f) Nationally there is a significant lack of fully qualified Auditors, which adds to the pressure of those currently operating and it will take time for new Auditors to be trained up to work at Local Authority level, which is quite complex. In addition there are new legislative requirements. There does not appear to be any easy and quick solution.

**Resolved to note the audited Statement of Accounts for 2020/21, as Attached at Appendix A to the report.**

### **13 Unaudited Final Accounts 2021/22**

Becky Smeathers, Head of Finance and Treasurer to the Authority, introduced the report which presents the 2021/22 draft Statement of Accounts of Nottinghamshire Fire and Rescue Authority to the Fire Authority prior to audit.

These have been authorised for upload to the internet. The outturn report as of June provided £194,000 underspend and it was proposed to transfer £163,000 to reserves but then found that this figure had already been moved across and was accounted for in the £194,000. The general fund position was understated by £163,000 in the June report and the underspend has now been corrected. General fund reserves figure stands at £5,189,000, and earmarked reserves £4.853m.

**Resolved to note the draft Statement of Accounts for 2021/22, as attached at Appendix A to the report.**

### **14 Corporate Risk Management and Management of Occupational Road Risk**

Leila Henry - Head of Risk, Assurance and Operational Training, presented the report which provides an overview of the Corporate Risk Management Process, including the current version of the Corporate Risk Register.

The following points were highlighted and members' questions responded to by officers in attendance:

- a) The risk factor around the Service providing a balanced budget for 2023/24 has been escalated from high to very high due to external national and global factors such as rapidly rising inflation, the funding of pay awards, and the ability to plan effectively over the medium term due to annual funding allocations;
- b) The efficiency strategy, which was presented to full Fire Authority, sets out the mitigating action proposed by the Service to address the budget shortfall which is anticipated to be £3.2m by April 2023;
- c) If the Futures 2025 efficiency programme is not implemented, there is a risk that the service will not be able to set a balanced budget;
- d) Following the McCloud finding with regard to firefighters pension scheme, this was escalated at the April meeting from high to very high dissolution from central government is still awaited, resulting in a local financial risk;
- e) Employee engagement and the potential for industrial action around the national pay agreement has been escalated from high to very high. Although an offer of a 5% increase has now been made and is being considered by the trades union members, Trades Unions are recommending it is rejected, so the Service's planning for industrial action continues;

- f) The risk around workforce sustainability has been raised from high to very high due to difficulties in recruiting and high staff turn-over in some areas. Operational staff are also below number whilst the outcome of the Futures 2025 programme is awaited;
- g) Insurance market is hardening which will affect next year's premiums, particularly around cyber insurance, further to the ten-fold increase of this year's premiums. This is not unique to the Service, but across all sectors, partly due to the increased remote working of staff. As a result of the massive increase in premiums and the level of restrictions of the cyber insurance policies, the decision was taken to terminate the cyber insurance as it wasn't providing the level of cover required, and the resulting saving has been invested in internal security and risk mitigation measures;
- h) Externally driven risk can only be mitigated against as the Service has no power to influence external factors;
- i) With regard to staffing, the Service do a lot of workforce planning and do respond to gaps where they are identified. The impact on experience levels of operational staff was carefully considered prior to introducing the recruitment freeze. Experience gaps have emerged previously during recruitment delays, but officers are confident in the Service being able to train to the required levels and provide a high quality service and the alternative options were limited;
- j) With regard to the impact of rising interest rates on the Service, all borrowing is fixed rate for the term of the loan. A presumption of 3% interest rate rise was anticipated for future borrowing, but will obviously need to be reassessed for any new borrowing;

Members commented:

- k) The Fire Minister needs to be alerted to member's concerns at elevation of risk and the impact on the Service.
- l) Whilst there is sympathy for the current situation, the Service will struggle to pay 5% increase, and anything more will be a massive struggle. It needs to be understood that the money isn't there;
- m) Although financially the reasoning is understood, there is concern about the ongoing recruitment freeze with regard to the continuation of service and experience, as there needs to be a flow of people coming into the service as others retire or leave;
- n) It is important that all members of the Fire Authority are fully aware of the rising risk levels, including around operational staff, and so this information needs to be submitted to the Full Fire Authority. Not political but we need to resolve. These concerns also need to be raised with the Fire Minister and pressure maintained to resolve them.

**Resolved:**

- 1) to note the most recent version of the Corporate Risk Register and the work ongoing to mitigate the risk to the Authority;**



- 2) **to note the high level of risk and uncertainty associated with the current operating environment, and the subsequent impact on risk to both the Authority and the Service;**
- 3) **for a report on Corporate Risk and its management to be presented to the Full Fire Authority to ensure that all members are aware of the current circumstances.**

#### **15 Exclusion of the Public**

**Resolved to exclude the public from the meeting during consideration of the remaining item in accordance with Section 100A of the Local Government Act 1972, under Schedule 12A, Part 1, on the basis that, having regard to all the circumstances, the public interest in maintaining an exemption outweighs the public interest in disclosing the information.**

#### **16 Sale of the Former Fire Station Site - Worksop**

Terry Scott, Head of Procurement and Resources, presented the report.

**Resolved to approve the recommendations as set out in the report.**

#### **17 Disposal of the Former Headquarters Site at Bestwood Lodge**

Terry Scott, Head of Procurement and Resources, presented the report.

**Resolved to approve the recommendations as set out in the report and added to in the meeting.**

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**NOTTINGHAMSHIRE**  
**Fire & Rescue Service**  
*Creating Safer Communities*

Nottinghamshire and City of Nottingham  
 Fire and Rescue Authority  
 Finance and Resources Committee

# REVENUE, CAPITAL AND PRUDENTIAL CODE MONITORING REPORT TO NOVEMBER 2022

Report of the Chief Fire Officer

**Date:** 20 January 2023

**Purpose of Report:**

To report to Members on the 2022/23 financial performance of the Service and Prudential Code monitoring to the end of November 2022.

**Recommendations:**

That Members:

- Note the contents of this report.
- Approve slippage to the capital programme as detailed below.

<b>Capital Project</b>	<b>Amount to be slipped to 2023/24 £'000</b>	<b>Section</b>
Community Fire Risk Management Information	150	2.24
Cyber Security	45	2.26
Rescue Pumps	2,006	2.37
Light Vehicles	140	2.40
<b>Total</b>	<b>2,341</b>	

## CONTACT OFFICER

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## 1. BACKGROUND

- 1.1 Budget monitoring is a key aspect of financial management for the Fire Authority. Regular reporting of spending against the revenue budgets is a check that spending is within available resources and if necessary, allows for financial resources to be re-assigned to meet changing priorities.
- 1.2 This report covers those areas with a higher risk of significant variance. An assessment of this risk has been made in the light of the size of the budgets selected and/or previous experience of variances, as well as the emergence of actual variances. It is vital that an overview of the budgetary position during the year is maintained, so that appropriate action can be taken in respect of significant variances and the budget is managed as a whole.
- 1.3 Monitoring against the revised prudential indicators is also included in this report, as required in the Prudential Code published by the Chartered Institute of Finance and Accountancy (CIPFA).

## 2. REPORT

- 2.1 The revenue monitoring position is set out in Table 1 below. It shows a forecast outturn position of £46.085m, which is an £220k underspend against the revised budget of £46.305m. The approved budget of £46.006m included a £153k contribution from general reserves to address a funding deficit. The revised budget reflects the planned use of £299k of earmarked reserves.

**Table 1 – Summary Expenditure and Funding Position**

	<b>2022/23 Budget £'000</b>	<b>Revised Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Variance £'000</b>
Net Expenditure	46,006	46,305	46,085	(220)
Revenue Support Grant	(5,619)	(5,619)	(5,619)	0
Business Rates (including related grants)	(10,202)	(10,202)	(10,202)	0
Pension Grant	(2,340)	(2,340)	(2,340)	0
Council Tax	(27,692)	(27,692)	(27,692)	0
General Fund	(153)	(153)	67	220
Earmarked Reserves	0	(299)	(299)	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 2.2 October's monitoring report to this committee reported a projected underspend position of £687k after taking account of the approved recommendations. This position included a 3% pay award in line with the

original budget assumptions in February 2022. The National Joint Council has now revised its pay offer to firefighters to 5%, and this is now reflected in the revised outturn figures shown in Table 1. This is the main reason behind the movement between the two reports.

- 2.3 The underspend position is largely attributable to the deliberate delay in wholetime recruitment and a high level of support staff vacancies. This will help fund 2022/23 pay awards for uniformed staff once settled. The current estimated pay costs are based on an assumed pay award of 5% which is the latest offer from employers. However, this offer has been rejected and the Fire Brigades Union is now balloting its members on potential strike action. A 6% pay settlement will increase the estimated pay costs by around £190k, reducing the forecasted underspend to £30k.
- 2.4 Whilst the forecast outturn includes some costs which are being incurred whilst preparing for potential strike action, it does not include any additional costs or savings that may arise in the event that strike action is taken. The financial impact of strike action cannot be estimated until the outcome of the ballot is known, and more details become available.
- 2.5 A more detailed analysis of expenditure can be found at Appendix A. Major variances on specific budgets are shown below.
- 2.6 **WHOLETIME PAY:** Wholetime pay is expected to underspend by £489k. Recruitment has been delayed pending the outcome of the Futures 25 Efficiency Strategy. As a result, the number of posts is currently 20.7 FTE below the approved establishment. A wholetime trainee recruitment process has commenced but the actual training course is not due to start until April 2023. The current estimated outturn assumes a pay increase of 5%, which is the latest offer made by employers. The budgeted figure assumed a pay increase of 3%. A pay award of 6% would increase the estimated cost by £169k, reducing the wholetime pay underspend to £320k.
- 2.7 **ON-CALL PAY:** On-call pay can vary significantly from month to month depending on levels of activity and so it is difficult to forecast with any certainty. Currently the On-call pay budget is expected to overspend by £42k overall. There was a significant increase in activity levels during July and August due to the hot, dry weather. This has led to a large increase in turnout related costs. The estimated overspend relating to turnout related costs now stands at £173k as a result. This overspend is offset by estimated underspends of £53k and £99k relating to NI and Drills and Training respectively. The level of employer's NI contributions depends on the extent to which each individual's earnings breach the secondary NI threshold. So far this year the level of individual's earnings exceeding this threshold is lower than expected, hence the underspend, also the employer's NI contribution rate was reduced from 15.05% to 13.8% in November. The £99k underspend for Drills and Training is largely due to the number of new recruits being fewer than the amount budgeted for, and the level of drill activity being lower than expected. The current estimated outturn assumes a pay award of 5% (the budgeted increase was 3%). A

pay award of 6% would increase estimated cost by £21k, bringing the overspend up to £63k.

- 2.8 **NON-UNIFORMED PAY:** Non-Uniformed pay is expected to underspend by £47k. The budget included planned in year savings of £250k which have not been achieved in total within the current year. However, there is currently a high level of vacant posts, and the savings from these vacancies are offsetting the overspend on the savings target of £250k.
- 2.9 **PENSIONS:** The pension budgets are expected to overspend by £108k. We are anticipating an unusually high number of ill health retirements, and this is resulting in an estimated overspend of £135k for ill health charges. There are forecasted underspends of £27k relating to the payment of pensions and injury allowances.
- 2.10 **PREMISES:** Overall premises related costs are expected to underspend by £23k. The most significant variance is a £30k underspend relating to the annual charges for the Joint Headquarters which have been reduced as the allocated office space has not been fully occupied for a proportion of the year.
- 2.11 **TRANSPORT COSTS:** transport costs are expected to overspend by £479k. This includes the following significant variances:
- Unplanned fleet maintenance is expected to overspend by £100k. This is due to increased maintenance costs and an ageing fleet. The capital replacement programme for vehicles will help to reduce unplanned maintenance costs in the future. Details of slippage in the capital programme can be found in paragraph 2.38
  - The fuel budget is expected to overspend by £429k. The cost of diesel has increased significantly since the budget was set. There has also been an increase in the amount of fuel being used by the Police (the resulting increase in recharge income of £103k is detailed in paragraph 2.13).
  - The budget for vehicle insurance is underspending by £49k due to savings arising from the retendering of the contract.
- 2.12 **SUPPLIES AND SERVICES:** there is a forecast underspend of £175k for supplies and services. The includes the following significant variances:
- There is an £72k overspend on insurance premiums (excluding premise and vehicle insurance). This overspend has been caused in part by an increase in the cost of cyber security premiums and a transfer of £40k from the budget to fund new cyber security software.
  - Computer maintenance contracts are expected to overspend by £74k due to an increase in the cost of licences for the payroll and HR system.

- The budget for Firelink contract charges is expected to overspend by £55k. £35k of this is due to inflation. The budget assumed that charges would increase by 3% but the increase was actually in excess of 8%. The remaining £20k relates to additional charges that are expected due to high levels of radio usage during the exceptionally busy period in the summer months.

2.13 **SALES, FEES AND CHARGES:** there is an expected surplus of £80k. This relates to recovered costs and is largely a result of an increase in the amount recharged to the Police for fuel usage.

2.14 **OTHER INCOME:** there is an expected surplus of £327k. The significant variances in this category are as follows:

- There is a forecast surplus of £180k relating to the apprenticeship levy income. Whilst the Service has to demonstrate that it does not profit from the receipt of income from the levy, the majority of the costs associated with delivering the training are already accounted for in the revenue budget (e.g. the salaries of the training staff). This income therefore represents a budgetary surplus.
- There is a £75k surplus relating to council tax collection due to an adjustment to the collection fund made by one of the billing authorities.
- There is an estimated surplus of £145k relating to interest receivable. Capital slippage means that surplus cash balances can be invested for longer, and interest rates have risen as a result of the recent increases in the Bank of England base rate.
- There is an estimated surplus of £54k relating to secondment income, as a result of secondments that have been agreed during the year and were therefore not included in the budget.
- There is an estimated deficit of £37k relating to non-specific government grant income, as the budgeted amounts for council tax and business rates guarantee funding were higher than the amounts actually received.
- There is an estimated deficit of £90k relating to revenue grants, as the amount of Firelink grant allocated to the Service has been less than expected. However, the Service will be receiving £147k in additional grant funding for Fire Protection. This grant is not included in the forecast outturn at this stage as permission will be sought at year end to write forward any unused amounts to fund medium term plans that have been agreed with the National Fire Chiefs Council. The receipt of the grant will therefore not impact on the overall revenue outturn as the income will be fully matched by a combination of expenditure and contributions to earmarked reserves (subject to approval). Any unspent grant at the year-end will have the impact on increasing earmarked reserves – this will be reported at year end.



- 2.15 **CAPITAL FINANCING COSTS:** there is an expected underspend of £97k. This is largely due a forecasted underspend of £269k in the minimum revenue provision budget. This underspend is partly caused by a decision in 2021/22 to fund £400k of the ICT equipment from revenue rather than from the capital budget, and partly caused by slippage in the 2021/22 capital programme. Finally, the budget for interest payable is expected to overspend by £22k due to rises in interest rates.

## RESERVES

- 2.16 Details of the use of reserves during 2022/23 can be found in Appendix B.
- 2.17 Expected levels of reserves at 31 March 2023 are £9.8m as detailed in Table 3 below.

**Table 3 – Anticipated Movement in Reserves 2022/23**

Reserves	Balance 01/04/22 £'000	Anticipated Use 2022/23 £'000	Expected Balance 31/03/23 £'000
Net contributions from earmarked reserves	4,739	(286)	4,453
General Fund	5,191	67	5,258
<b>Total</b>	<b>9,930</b>	<b>(219)</b>	<b>9,711</b>
<b>ESMCP<sup>1</sup> Regional Reserve</b>	114	(13)	101
<b>Total</b>	<b>10,044</b>	<b>(232)</b>	<b>9,812</b>

<sup>1</sup>Emergency Services Mobile Communications Programme

- 2.18 The Emergency Services Mobile Communications Programme (ESMCP) regional reserve has been shown separately to those reserves held by the Authority to reflect that the funds are to be allocated regionally and do not belong to Nottinghamshire Fire and Rescue Service (NFRS).
- 2.19 The general reserve is predicted to be £5.3m at the end of the financial year, although it should be noted that this may change once the pay award is agreed (section 2.3). It remains above the minimum level of £4.5m general fund reserve agreed by Fire Authority in December 2022.

## CAPITAL PROGRAMME

- 2.20 The 2022/23 Capital Programme approved by Fire Authority in February 2022 was £3.909m. The programme has since been amended to take account of approved slippage from 2021/22, scheme changes and some slippage into 2023/24, taking the programme value up to £6.774m. The total capital spend to date is £1.630m. The current capital programme is shown at Appendix C. The forecasted outturn for 2022/23 is £3.498m. The most significant areas of variances are detailed below.

## **ICT**

- 2.21 The ICT programme includes replacement equipment and software and supports specific schemes which underpin the Community Risk Management Plan (CRMP). Overall spend has got off to a slow start due to vacancies in the ICT team. Whilst spend is expected to pick up as the year progresses there may be some slippage into 2023/24.
- 2.22 The National Emergency Services Network programme has been effectively paused at this stage although some local work on system coverage is still progressing.
- 2.23 The Rostering project is expected to be fully completed by March 2023, with some staff training and testing on the mobilising system still to be completed.
- 2.24 CFRMIS (Community Fire Risk Management Information System) – These 2 projects are still in the scoping stage due to priorities of other projects. Work is planned to commence in the later part of year it is forecasted to spend £100k over the 2 projects, therefore it is requested that £150k is slipped into 2023/24.
- 2.25 Cloud Migration – this project is on track to move of all our systems to the cloud before Bestwood Lodge is sold. Many systems have already been migrated: iTrent, Tranman, Agresso, Teams Telephony and Tri-Service data routing, SQL servers, CFRMIS, Active Directory authentication, backup, storage and security. A forecast outturn of £50k is expected at this stage and the slippage will not be required.
- 2.26 The cyber security project is underway on the implementation of a Network Access Solution to restrict access to NFRS network. A consultant will be appointed in the new financial year to implement the system and £45k is requested to be slipped into 2023/24.

## **ESTATES**

- 2.27 Phase 4 of the Joint Headquarters project (alterations and refurbishment of the existing buildings) is now complete, all departments have relocated from Bestwood Lodge into JHQ with only some equipment and the ICT servers remaining at the old HQ. These are planned to be relocated early in the new year. It is likely the overall project budget will be overspent in the region of £500k on completion, largely due to the tender for phase 4 works being higher than originally estimated at the commencement of the project. The Service's contribution is capped at £3.461m. A £150k revenue contribution to fund a change in scope was approved by Finance and Resources Committee in October 22.
- 2.28 Worksop Station was opened in May 2022. The final account has now been agreed. The sale the former station is proceeding and will be reported to Finance and Resources Committee separately.

- 2.29 Eastwood Station – This project was initially planned to be a joint Fire and Ambulance Station but it has now been placed on hold following the withdrawal of EMAS from the project on cost grounds.
- 2.30 The Command Training Suite at Mansfield Fire Station is officially open. The new facilities include an office space and control room to facilitate the incident command simulated scenarios, as well as four training rooms to enable their delivery. These four training rooms can be opened into one larger area, to allow the Service to host multi-agency meetings in the event of a major incident, or training events with partners.
- 2.31 Property Capital Programme – a review of future property capital projects is underway with the emphasis on accessibility and inclusion across the estate rather than replacing aging fire stations. Additional to the programme will be a review and potential upgrade of the services centralised training facilities at Service Delivery Centre Ollerton and a programme towards decarbonisation of the Service’s Estate. The capital programme for future years will be approved as part of the budget process for 2023/24.

## **EQUIPMENT**

- 2.32 Foam Branches – this project is in its early stages with pre-market engagement with suppliers. The specification has been drawn up and will be going out to tender January 2023.
- 2.33 The Fire Gloves project was approved July 2021 and is now complete. The expenditure in 2022/23 will be met from the Fire Gloves Earmarked Reserve.
- 2.34 The Water Rescue project - the procurement of the thermal base layers, water / flood rescue boots and helmet lights is now complete (£106k). The remaining budget of £50k is for the procurement of the water rescue poles. This is expected to be completed by the end of the financial year.
- 2.35 Replacement Duty Rig – trials are now taking place to finalise the specification of replacement uniform. The order is anticipated to be placed before the end of the year, a review of the project has taken place during the budget process for 2023/24 and due to lead times and budget pressures the project will now be phased over 2023/24, 2024/25 and 2025/26. The budget has been built into the future and the £250k in 2022/23 is no longer required.

## **TRANSPORT**

- 2.36 The Fleet Replacement programme reflects current and future expected demand for vehicles. Progress of the projects will be reported as they commence.
- 2.37 The Rescue Pump budget of £1.166m is for the purchase of fire appliances in 2022/23. Due to the current lead time of chassis (12 to 15 months) and the volatility of the market, permission was granted for an order to be placed for the Year 1 (7 Appliances) and Year 2 (5 Appliances). The budget of £2,006m

is requested to be slipped into 2023/24, due to the delay in the vehicles being delivered to the service.

- 2.38 Specials Aerial Ladder Platforms (ALPS) - an order will be placed for the chassis this financial year but due to lead times the two ALPS are now expected to be delivered in 24/25. In 2023/24 a payment for the chassis of approximately £300k will be made, therefore £755k was approved in October to be slipped into the relevant years.
- 2.39 The light vehicles budget of £352k, is underspending due to a worldwide shortage of parts and current lead times for new vehicles being longer, a review of the services fleet has resulted in some vehicles no longer being required this year. A forecasted outturn of £74k is anticipated for the purchase of 2 electric vans, these are expected to be delivered in March at this stage.
- 2.40 In addition, slippage of £140k is requested for the purchase of 5 pool cars for the Flexi Duty Officers at a cost of £140k including blue light fit. The delivery date is expected to be June 2023. The surplus budget of £138k is no longer required this financial year.

#### **PRUDENTIAL CODE MONITORING**

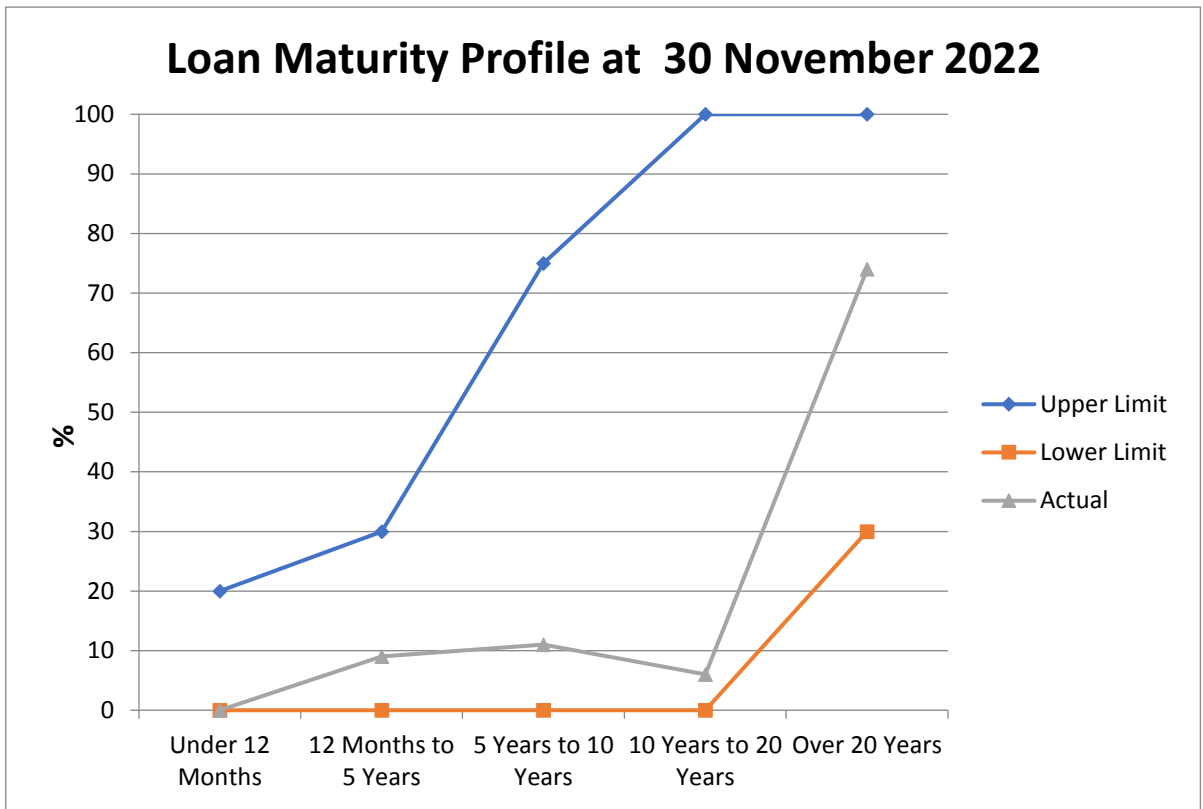
- 2.41 The Fire Authority approved the prudential indicators for 2022/23 at its meeting on 25 February 2022. The Prudential Code requires that performance against these indicators is reported to Members.
- 2.42 The approved indicators along with performance as of 30 November 2022 are shown in the table below. There are some indicators which cannot be calculated until the year end expenditure is known.

**Table 4 - Prudential Code Monitoring**

<b>Prudential Indicator</b>	<b>Approved Indicator</b>	<b>As of 30 November 2022</b>
Estimate of Ratio of Financing Costs to Net Revenue Stream	5.6%	Year End Only
Estimate of Total Capital Expenditure to be Incurred	£3,909,000	Year End Only
Actual Borrowing		£32,906,000
Estimate of Capital Financing Requirement	£34,526,000	£34,526,000
Operational Boundary	£36,907,000	£36,907,000
Authorised Limit	£40,598,000	£40,598,000
Upper limit for fixed rate interest exposures	100%	100%
Upper limit for variable rate interest exposures	30%	30%
Loan Maturity:	<u>Limits:</u>	
Under 12 months	Upper 20% Lower 0%	See Graph
12 months to 5 years	Upper 30% Lower 0%	See Graph
5 years to 10 years	Upper 75% Lower 0%	See Graph
Over 10 years	Upper 100% Lower 0%	See Graph
Over 20 years	Upper 100% Lower 30%	See Graph
Upper Limit for Principal Sums Invested for Periods Longer than 365 Days	£2,000,000	0
Upper limit for internal borrowing as a % of the Capital Financing Requirement	20%	12.35%

2.43 The total borrowing at the end of November 2022 was £32.9m. This is within the estimates for the Capital Financing Requirement and the Operational and Authorised Limits set out in Table 4. The Authority should ensure that gross debt does not, except in the short term, exceed the total capital financing requirement in the preceding year plus the estimate of any additional capital financing requirement for the current and next two financial years. The Service will be undertaking a review of the long-term capital programme in the coming months to ensure it best meets the needs of the Community Risk Management Plan and ensures the long-term sustainability of the Authorities resources.

2.44 The loan maturity profiles are all within the limits set. These are best demonstrated by graph:



2.45 Investments as of 30 November 2022 totalled £15m. Investment rates are monitored by the benchmarking group supported by Link Asset Services. There are seven councils and NFRS within the group. As at the end of September 2022, NFRS weighted average rate of return was 0.16%, compared with a group average of 0.19%.

### 3. FINANCIAL IMPLICATIONS

The financial implications are set out in the body of the report.

### 4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources or learning and development implications arising directly from this report. Some of the efficiency targets will have had staffing implications which were considered as part of the decision-making process at the time.

### 5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because this report is not associated with a policy, function or service. Its purpose is to explain variances to the approved budget which reflects existing policies.

## 6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

## 7. LEGAL IMPLICATIONS

There are no legal implications arising directly from this report.

## 8. RISK MANAGEMENT IMPLICATIONS

Budget monitoring and the regular receipt of financial reports is key to managing one of the most significant risks to the organisation, that of financial risk. The process of budget monitoring is a key risk management control measure, as are the management actions which are stimulated by such reporting.

## 9. COLLABORATION IMPLICATIONS

This report identifies several areas where collaboration is taking place between NFRS, other fire authorities, East Midland Ambulance Service and Nottinghamshire Police. Opportunities for collaboration around asset use and ownership are continually being investigated.

## 10. RECOMMENDATIONS

It is recommended that Members:

10.1 Note the contents of this report.

10.2 To approve slippage to the capital programme as detailed in Table 5 below.

**Table 5 – Capital Slippage to be Approved**

<b>Capital Project</b>	<b>Amount to be slipped to 2023/24 £'000</b>	<b>Section</b>
Community Fire Risk Management Information System	150	2.24
Cyber Security	45	2.26
Rescue Pumps	2,006	2.37
Light Vehicles	140	2.40
<b>Total</b>	<b>2,341</b>	

**11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)**

None.

Craig Parkin  
**CHIEF FIRE OFFICER**



**REVENUE BUDGET MONITORING POSITION  
AS AT 30 NOVEMBER 2022**

<b>Budget Area</b>	<b>Annual Budget £'000</b>	<b>Revised Budget £'000</b>	<b>Exp to Date £'000</b>	<b>Forecast Outturn £'000</b>	<b>(Under) / Over Spend Against Revised budget  £'000</b>
Employees	37,150	37,163	23,518	36,777	(386)
Premises	3,346	3,454	1,764	3,431	(23)
Transport	1,766	1,809	1,526	2,288	479
Supplies & Services	3,945	3,969	2,448	4,144	175
Third Party	908	908	17	945	37
Support Services	166	166	23	166	0
Capital Financing Costs	2,761	2,907	2,411	2,811	(96)
Fees and Charges	(374)	(409)	(205)	(489)	(80)
Other Income	(3,662)	(3,662)	(2,441)	(3,988)	(326)
<b>Net Cost</b>	<b>46,006</b>	<b>46,305</b>	<b>29,061</b>	<b>46,085</b>	<b>(220)</b>
<b>Financed by:</b>					
Revenue Support Grant	(5,619)	(5,619)	(4,256)	(5,619)	0
Non-Domestic Rates	(9,602)	(9,602)	(6,583)	(9,602)	0
Council Tax	(27,692)	(27,692)	(19,384)	(27,692)	0
Pension Grant	(2,340)	(2,340)	(2,340)	(2,340)	0
Business Rates Covid Relief Grant	(600)	(600)	0	(600)	0
Earmarked Reserves	0	(299)	(299)	(299)	0
General Reserve	(153)	(153)	0	67	220
<b>Funding Total</b>	<b>(46,006)</b>	<b>(46,305)</b>	<b>(32,862)</b>	<b>(45,342)</b>	<b>220</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>(3,801)</b>	<b>0</b>	<b>0</b>

## ESTIMATED RESERVE POSITION AT 31 AUGUST 2022

Reserve	Opening Balance* 01/4/22 £'000	Movement During 2022/23 £'000	Closing Balance 31/3/23 £'000
Resilience Crewing and Training	36	(1)	35
Prevention Protection and Partnerships	245	(37)	208
Business Systems Development	59	0	59
Transformation and Collaboration	553	(289)	264
Operational	444	35	479
Covid-19	30	(8)	22
ESN Reserve	1,243	(243)	1,000
Headquarters move	50	61	111
Budget Pressure Support	936	190	1,126
Efficiency Programme	900	(7)	893
Other	357	0	357
<b>Total</b>	<b>4,853</b>	<b>(299)</b>	<b>4,554</b>
General Reserve	5,191	67	5,258
<b>Total Reserves</b>	<b>10,044</b>	<b>(232)</b>	<b>9,812</b>

\*Provisional opening balance figures

## APPENDIX C

### CAPITAL - BUDGET MONITORING REPORT - November 2022

ICT & COMMUNICATIONS	Approved Budget 2022/23	Approved Changes to Budget 2022/23	Revised Budget 2022/23	Spend to Date	(Under)/Over Budget	Estimated Outturn	Outturn Variance
Business Process Automation	40		40	2	-38	30	-10
Mobile Computing	30	18	48		-48	48	
HQ - Link ICT Replacement	30	60	90	39	-51	90	
ICT SharePoint Internet/Intranet	20		20	5	-15	20	
Emergency Services Network		41	41		-41		-41
Tri-Service Control Project		144	144	-9	-153		-144
Replacement Equipment	200	16	216	-75	-291	216	
HQ Cloud Migration Work		137	137	14	-123	50	-87
Emergency Services Mobile Communication Programme ESN		100	100		-100		-100
Rostering Project		188	188	122	-66	188	
CFRMIS Quick Screens	100		100		-100	50	-50
CFRMIS Accessibility	150		150		-150	50	-100
Cyber Security	75		75		-75	30	-45
HQ Core Switch upgrade	50		50		-50	50	
Upgrade of Switches - Estate Wide	100		100		-100	100	
Airwave - Mobilisation system	60		60		-60	60	
Tri Service Mobilisation System	40		40		-40		-40
Mobile Data Terminal Replacement Project	80		80		-80	15	-65
HQ Occupational Health		43	43	15	-28	38	-5
<b>Sub Total - ICT &amp; COMMUNICATIONS</b>	<b>975</b>	<b>747</b>	<b>1,722</b>	<b>113</b>	<b>-1,609</b>	<b>1,035</b>	<b>-687</b>
<b>ESTATES</b>							
Joint Headquarters Project	199	821	1,020	480	-540	1,020	
Workshop Fire Station	292	394	686	610	-76	625	-61
Command Training Suite	450		450	285	-165	467	17
Newark Fire Station		10	10		-10		-10
Eastwood Fire Station		1	1	2	1		-1
<b>Sub Total - ESTATES</b>	<b>941</b>	<b>1,226</b>	<b>2,167</b>	<b>1,377</b>	<b>-790</b>	<b>2,112</b>	<b>-55</b>
<b>EQUIPMENT</b>							
Replacement Duty Rig	250		250		-250		-250
Foam Branches	70		70		-70	70	
Water Rescue - Capital	50	106	156	103	-53	156	
Fire Gloves		37	37	37		37	
NILO Equipment		14				14	
<b>Sub Total - EQUIPMENT</b>	<b>370</b>	<b>157</b>	<b>527</b>	<b>140</b>	<b>-373</b>	<b>277</b>	<b>-250</b>
<b>TRANSPORT</b>							
Vans & Other Light Vehicles	158	194	352		-352	74	-278
Rescue Pumps	840	1,166	2,006		-2,006		-2,006
Special Appliances	625	-625					
<b>Sub Total - TRANSPORT</b>	<b>1,623</b>	<b>735</b>	<b>2,358</b>		<b>-2,358</b>	<b>74</b>	<b>-2,284</b>
<b>Total</b>	<b>3,909</b>	<b>2,865</b>	<b>6,774</b>	<b>1,630</b>	<b>-5,130</b>	<b>3,498</b>	<b>-3,276</b>

TO BE FINANCED BY	Actual	Estimated Outturn
Revenue contributions to capital	207	207
Capital Grant (NIL0)	13	13
Internal Financing	1,410	3,278
<b>Total</b>	<b>1,630</b>	<b>3,498</b>

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**NOTTINGHAMSHIRE**  
**Fire & Rescue Service**  
*Creating Safer Communities*

Nottinghamshire and City of Nottingham  
Fire and Rescue Authority  
Finance and Resources Committee

# **BUDGET PROPOSALS FOR 2023/24 TO 2026/27 AND OPTIONS FOR COUNCIL TAX 2023/24**

Report of the Chief Fire Officer

**Date:** 20 January 2023

**Purpose of Report:**

To allow Members to consider the options for Council Tax to recommend to Fire Authority for acceptance.

**Recommendations:**

That Members consider the contents of this report and make recommendations to the Fire Authority in respect of Council Tax increases between a Council Tax freeze and an increase in Council Tax, up to the maximum of £5.00.

## **CONTACT OFFICER**

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Head of Finance/Treasurer to the Fire Authority

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## **1. BACKGROUND**

- 1.1 The Finance and Resources Committee is charged with considering the financial position of the Authority and proposing revenue and capital budgets to the Fire Authority for approval. The Fire Authority will decide upon levels of Council Tax for the coming year and will consider the recommendations of the Finance and Resources Committee in doing so.
- 1.2 The provisional finance settlement for 2023/24 was released on 19 December 2022. The final settlement for 2023/24 will be laid before Parliament in February 2023.
- 1.3 The Fire Authority approved the Medium-Term Financial Strategy (MTFS) 2023/24 to 2026/27 on 16 December 2022. The strategy considers the current financial position of the Authority and looks at the estimated budgetary position over the next four years against a backdrop of both the national and local financial position, including the levels of reserves that the Authority holds.
- 1.4 The revenue and capital budgets have been developed to ensure that the Community Risk Management Plan (CRMP) is adequately resourced. The financial implications of high-level risks identified in the Corporate Risk Register are also addressed.

## **2. REPORT**

### **CAPITAL BUDGET PROPOSALS 2023/24 TO 2026/27**

- 2.1 The Authority maintains a sustainable capital programme which reflects and supports the CRMP. This programme seeks to replace appliances and vehicles when they are approaching the end of their useful life, maintains a rolling programme of ICT replacements and a property programme which will ensure that property remains fit for purpose and is appropriately located.
- 2.2 The proposed capital programme for 2023/24 to 2026/27 is attached at Appendix A. The 2023/24 programme totals £3.995m. This will increase to reflect any slippage from the 2022/23 programme at the end of the year. Future year programmes will be kept under review.
- 2.3 The £2.5m transport capital programme includes significant investment in the Service's appliances and special appliances in line with the renewal programme. The service has experienced significant delays in delivery times for vehicles since Covid-19. In October 2022, the Finance and Resources approved slippage of £755k from 2022/23 to 2023/24 to reflect the extended delivery date, which is now included in the 2023/24 programme. The Committee also approved the pre-ordering of the Command Support Unit (included in the Special Appliances budget) and fire appliances to ensure delivery in 2023/24.

- 2.4 There has been a purposeful 2-year delay in the estates programme to manage Minimum Revenue Provision (MRP) which is the service's debt costs. This will be reviewed once the Futures 25 efficiency strategy is complete and the impact on services is known.
- 2.5 The ICT programme has been developed in line with the CRMP commitments. Alongside the ongoing replacement and updating of equipment and software, the programme includes plans to replace the Tri Service Control and Mobilising system. This is a joint procurement exercise with Leicestershire and Derbyshire Fire Services. The £2m budget for the replacement system is indicative only at this stage and may require revising once the procurement exercise is finalised.
- 2.6 The capital programme can be funded from capital receipts, grant funding, contributions from revenue, reserves and borrowing.
- 2.7 **CAPITAL RECEIPTS** – these are received from the sale of assets and can be used to fund either the revenue cost of transformational projects, to fund capital expenditure or to reduce borrowing. The flexible use of capital receipts strategy was approved at Fire Authority on 16 December 2022. It is not proposed to fund any transformational projects using capital receipts during 2023/24.
- 2.8 **GRANT FUNDING** – there is no anticipated capital grant funding available at present to support the 2023/24 capital programme, although the service does sometimes use revenue grants to help fund capital projects.
- 2.9 **REVENUE AND RESERVES** – the 2023/24 to 2026/27 programme does not propose the use of funding from revenue or reserves.
- 2.10 **BORROWING** – the proposed 2023/24 capital programme set out in Appendix A will be largely funded from borrowing. The related costs will be tested for affordability as part of the prudential code for capital finance to be considered by Fire Authority on 24 February 2023. Estimated costs have been built into the revenue programme considered in this report.

## **REVENUE BUDGETS 2023/24 TO 2026/27**

- 2.11 The MTFS and budget guidelines approved by Fire Authority on 16 December 2022 projected that it would be difficult to set a balanced budget in 2023/24. This was largely due to the impact of increased inflation and the effect is likely to have on pay awards in both 2022/23 and 2023/24 and uncertain income streams.
- 2.12 At the time of writing the MTFS report, it was anticipated that there would be a £2.1m deficit in the 2023/24 budget. Since the MTFS was written, the Government has released the draft Local Government Finance Settlement for 2023/24. The main changes to assumptions are detailed in Table 1 below.

**Table 1 – Changes in Assumptions Since the Medium-Term Financial Strategy**

	<b>MTFS</b>	<b>Current</b>	<b>Difference £'000</b>
RSG increase	5%	10.1% (CPI)	289
Services Grant	£650k	£421k	(229)
NNDR Section 31 Grant	£730k	£1,000	270
Council Tax increase	2.95%	£5	833
<b>Total</b>			<b>1,163</b>

- 2.13 The 1-year finance settlement did not provide settlement data for 2024/25 although the Local Government Finance Policy Statement published in December did provide some indication that funding would increase in line with inflation for 2024/25 and that Authorities would have the flexibility to increase Council Tax by up to 3%.
- 2.14 The main pressures on budgets and/or changes in assumptions are detailed below.

## **ECONOMIC CLIMATE**

- 2.15 The current economic climate remains very uncertain with many external influences. The war in Ukraine has impacted fuel and food supplies across the world. The emergence of new variants of Covid has impacted on supply chains, particularly in China. Collectively, these has caused inflationary pressures across the world.
- 2.16 In November 22, CPI (Consumer Price Index) inflation fell back to 10.7% after reaching a peak of 11.1% in October 22. The Bank of England are expecting inflation to fall gradually over the first quarter of 2023 as earlier increases in energy and other goods prices drop out of the annual comparison. It is likely that this will continue to influence both 2022/23 and 2023/24 pay awards.
- 2.17 The Bank of England interest rate has increased from 0.75% in April 2022 to 3.50% in December. There are further increases to come, and markets are currently expecting rates to peak around 4.5%.
- 2.18 The quarterly estimate of Gross Domestic Product (GDP) fell by 0.2% in Quarter 3 (July to September) 2022. With the drag on economic activity from high inflation having grown in recent months, GDP is at risk of contracting further through the winter. There are already signs that economic activity is losing momentum as production fell due to rising energy prices, and the Bank of England has warned that the UK could be in recession from Q4 2022 until the first half of 2024.



## **COMMUNITY RISK MANAGEMENT PLAN (CRMP)**

2.19 The 2022-2025 CRMP was approved by Fire Authority on 25 February 2022. The delivery of the CRMP is linked closely to the MTFS to ensure that resources are matched to key workstreams. The annual delivery plan, which sits behind the CRMP identifies priority areas where investment is needed. An additional £150k has been included in the 2023/24 proposed budget to support areas such as additional investment in operational training (£72k), and investment in ICT (£41k).

## **FUTURES 25 EFFICIENCY PROGRAMME**

- 2.20 The service made £1.6m of temporary savings in order to set a balanced budget for 2022/23. This included carrying vacant posts, and temporary reductions in repairs and maintenance. These savings were not sustainable in the long term and were built back into 2023/24 budgets. After one off grant was also removed it was anticipated that there would be a shortfall of £2m in 2023/24, rising to over £3m in 2024/25. On the back of these projected shortfalls, work commenced on developing an efficiency strategy.
- 2.21 Since the 2022/23 budget was approved there have been significant additional financial pressures on the Service. Revised inflation and pay award assumptions during the autumn increased amount of required savings from the efficiency strategy.
- 2.22 The Futures 25 efficiency strategy was initially presented to Policy and Strategy Committee in May 2022 with a further report being considered by Fire Authority in September 22. In its initial phase the Workforce Review has identified £250k of savings through the disestablishment of support staff posts across several departments through the consolidation of primary management grade posts.
- 2.23 The Workforce Review has identified that a wider change and improvement programme is required. This will include structural redesign and business process improvement to maximise the efficiency and effectiveness of the Service. This is a significant piece of work and is expected to be completed during 2023/24.
- 2.24 The third strand of Futures 25 is being delivered via a Fire Cover Review which has looked at the structure and budget associated with the operational wholtime establishment. This strand is being delivered in partnership with ORH, a sector leading expert with extensive experience in advising emergency services. This work has resulted in a proposal to save £2m from operational budgets by reducing the number of appliances in the Service from 30 to 28 and reducing the ridership by 44 posts. This proposal was in a period of public consultation until 23 December 2022. A final decision will be made at Fire Authority on 24 February 2023 when there is full clarity over the budget position for 2023/24.

## **CORPORATE RISK REGISTER**

2.25 The corporate risk register is regularly reported to the Finance and Resources Committee. The five highest risks facing the Authority at present are:

- Employee Engagement – due to pay dispute, equality and diversity engagement and pension disputes
- Mobilising – procurement of new mobilising system
- Inability to set a balanced budget in current economic climate
- Firefighters Pension Scheme – impact of and uncertainty around ongoing national legal cases
- Workforce Sustainability.

2.26 The financial implications of these risks have been addressed in both the capital and revenue proposed budgets and in the Reserves Strategy approved by Fire Authority in December 2022.

## **PAY AWARD**

2.27 The FBU is currently balloting on whether to accept a 5% pay award for 2022/23. The budgets have been estimated reflecting the 5% 2022/23 pay offer and a further 4% for 2023/24. Any developments in pay negotiations will be reflected in the budget report to Fire Authority on 24 February 2023.

2.28 Support staff received a flat rate increase of £1,925 for 2022/23 which averages around a 4% increase. This is reflected in the budget figures included in this report. A 4% pay award has been assumed for 2024/25.

2.29 Whilst pay settlements for support staff are implemented from 1 April, Firefighter pay settlements are implemented from 1 July each year, which means that there is a slightly delayed financial impact. The full year costs of a 1% pay award for all staff is in the region of £350k. An alternative to the above assumptions would be that firefighters are awarded 6% in 2022/23 and all staff receive 5% in 2023/24. If this were to happen there would be additional costs in the region of £550k which would need to be met from either in year savings or from reserves.

## **ENERGY COSTS**

2.30 The service procures both gas and electric from a not-for-profit public sector framework which purchases energy in bulk, and usually outperform market averages on our behalf. Gas costs are expected to increase by 70% in 2023/24 and electricity by 48%. Work is ongoing to improve the efficiency of buildings and minimise usage of energy.

2.31 Fuel inflation was 21% in November 22. The service's fuel budget for 2022/23 was 470k per year but expenditure is set to be nearer £700k (excluding that recharged to the police). The 2023/24 budget has been increased accordingly.

## PENSIONS

- 2.32 The remedying legislation for the McCloud case is expected to be passed in October 2023. This will address the transition arrangements into the 2015 firefighters' pension scheme were found to be discriminatory. As an interim measure, the service has implemented a Memorandum of Understanding (MoU) between the Local Government Association (LGA) and the Fire Brigades Union (FBU), although the original endorsement of this by the government has since been withdrawn. There is a risk that additional costs could be incurred as a result of implementing the MoU but this was felt to be justified given the risk and associated costs, of further court cases against the Authority. The service has a £200k earmarked reserve to mitigate against these costs. Further information on this can be found in the Firefighter Pension Scheme Immediate Detriment Review report considered by Policy and Strategy Committee on 1 April 2022.
- 2.33 The remedying legislation is expected to increase the overall costs of the Firefighters' Pension Scheme. These are expected to be largely funded by Central Government but additional costs falling to the Fire Authority cannot be ruled out. This is included in the General Fund reserves risk register.
- 2.34 Another pensions case, Matthews and O'Brien, has identified discriminatory conditions against part time workers. Once rectifying legislation has been passed through Parliament, this is expected to lead to further backdating of the Modified pension scheme from 2006 to when On-call firefighters first joined the fire service. When the Modified scheme was created, backdated costs were met by the Government, but as of yet there is no certainty that this will happen if the scheme is backdated further.
- 2.35 Both of these remedies are having a large impact on the workload of staff dealing with the cases and additional resources were allocated in 2022/23 in order that this work can be undertaken.
- 2.36 There will also be a significant impact on the pension administration team who will be implementing the changes required. This will require a very significant amount of additional work and costly amendments to the software used to support the pension administration function. These costs will be re-charged to the service. The service received a £125k grant to help fund these costs which is currently being held in Earmarked Reserves.
- 2.37 The 2016 Government Actuaries Department (GAD) revaluation of the firefighter's pension fund resulted in a headline rate increase of 12.4% of employer pension costs, which equated to £2.5m for the service. The Home Office agreed to fund £2.3m of this pressure in 2019/20 but has been kept at the same cash value, leaving increases in costs due to pay inflation to be met by the service. The £2.3m grant is expected to continue into 2023/24, and discussions are ongoing for this now to be added to the baseline funding for the authority rather than being paid as a Section 31 grant. The results of the 2020 valuation are expected over the coming months and could potentially

result in a similar increase in employer pension costs which would need to be built into future years budgets.

## **MINIMUM REVENUE PROVISION (MRP)**

- 2.38 Minimum Revenue Provision (MRP) is the amount required to pay debt costs relating to prior year capital programmes. MRP levels in 2023/24 slightly reduce from 2022/24 due to some older capital projects now being fully accounted for and no longer attracting MRP. These exceed the new projects for which MRP now needs to be paid. However, there are increases of £328k and £552k in 2024/25 and 2025/26 respectively to reflect the new additions as the vehicle programme catches up.

## **COUNCIL TAX**

- 2.39 The Council Tax base is calculated on the estimated full year equivalent number of chargeable dwellings expressed as the equivalent number of Band D dwellings in the Council's area after allowing for dwelling demolitions and completions during the year, Council Tax exemptions, discounts, disabled reliefs and premiums, and the estimated collection rate. It is usual for the Council Tax base to increase year on year by an average of 1.35% to reflect new build properties, thus providing additional income to the service. The increase in Council Tax base will be confirmed by Billing Authorities at the end of January 2023.
- 2.40 There remains a £97k deficit charged to the Council Tax Collection Fund in 2023/24 due to the £291k 2020/21 deficit caused by the impact of Covid-19 which is being charged over a three-year period. There is a corresponding additional government grant of £48k to help cover these losses.
- 2.41 It was announced in the Autumn Statement that the government is giving local authorities in England additional flexibility in setting council tax by increasing the referendum limit for increases in council tax to 3% (from 2%) per year from April 23. The Local Government Finance Policy Statement released in December 22 gave the fire sector the flexibility to increase this up to £5.
- 2.42 A 2.95% additional increase in Council Tax will create additional funding in the region of £826k, and £5 in the region of £1,659k (compared to a nil increase).

## **BUSINESS RATES**

- 2.43 From 1 April 2023, the rateable values of all non-domestic properties in England will be updated to reflect the property market as at 1 April 2021. This has the effect of re-setting the baseline for Non-Domestic Rates (NDR). Under the current system, precepting authorities retain any growth above their Baseline. NFRS has benefited from this retained growth since the last revaluation. It was initially thought that the revaluation would result in a loss of this growth, but there has been a significant amount of new industrial buildings along the county's transport networks which should result in an increase in rateable income.

2.44 As part of the Autumn Statement on 17 November, the Chancellor announced:

- A transitional relief scheme to limit bill increases caused by changes in rateable values
- A 2023/24 Retail, Hospitality and Leisure 75% rate relief scheme
- A freezing of business rates multipliers, meaning that there will be no inflationary increases in charges to businesses.
- A new Supporting Small Business relief scheme.

2.45 The Authority will be compensated for lost income from these measures by way of additional Section 31 Grant. Further details regarding the top up grant element of this compensation were released in the Local Government Finance Settlement on 19 December and this has been built into the Business Rate income estimates.

2.46 The service will receive information from billing authorities at the end of January regarding the business rate collection figures from local businesses, including business rate growth, revaluation estimates, related appeals and remaining expected Section 31 grant. This may bring in additional income of up to £300k.

2.47 The business rates reset has been delayed until the next parliament and has not been reflected in the figures included in this report.

## **RESERVES**

2.48 Taking account of the spending position reported in the budget monitoring report elsewhere on this agenda, total reserve levels held at 1 April 2023 are expected to be £9.8m.

2.49 The general fund reserve is predicted to be £5.3m at 1 April 2023 although it should be noted that this may change once the pay award is agreed should it differ from the 5% assumed in the current budget monitoring. This remains above the minimum level set by Fire Authority in December 2022 of £4.5m.

2.50 The earmarked reserves are expected to be in the region of £4.5m by 31 March 2023. These reserves are earmarked for known projects or items of one-off expenditure. They include reserves of £1.126m to provide budget pressure support and £0.9m to deliver the Futures 25 Efficiency Strategy to create future years savings.

## **FINANCING THE BUDGET**

2.51 The Authority primarily receives income from Central Government, Business Rates and Council Tax. The Government announced the provisional finance settlement for 2023/24 on 19 December 2022. The final settlement for 2023/24 expected in February 2022. Experience shows that there is likely to be little change from the provisional figures.

- 2.52 Funding for 2024/25 and beyond will be determined in the Autumn of 2023. A 5% inflationary increase has been assumed for 2023/24 and 2% for 2024/25 to 2026/27. Pay awards have been assumed at 4% and 2% over the same period. There is a risk that funding will be increased at a lower rate than inflation and pay awards which would then create an additional budget pressure in these years.
- 2.53 The Authority will continue to receive the £2.3m grant in 2023/24 to cover the increased costs of firefighter pension employer contribution. It has been assumed that this grant will be paid at the same level with no inflationary increase for 2024/25 to 2026/27.
- 2.54 The Council Tax base and business rate figures will not be known until the end of January 2023 and figures are based on assumptions for this report.
- 2.55 Business Rate section 31 compensation grants other than those related to the BR Top Up grant will not be known until the end of January and have been estimated for the purpose of this report.

#### **OUTLOOK FOR 2023/24 TO 2026/27**

- 2.56 At its meeting on 16 December 2022, the Fire Authority recommended that the Finance and Resources Committee provide guidance to Fire Authority in respect of the options for Council tax limited to either a Council Tax freeze or an increase in Council Tax within the referendum limit of £5 for 2023/24. To aid this Committee in this task, figures for three options have been prepared:
- A Council Tax Freeze for 2023/24 to 2026/27.
  - A 2.95% increase in Council Tax for 2023/24 to 2026/27; and
  - A £5 increase in Council Tax for 2023/24 and 2.95% increase for 2024/25 to 2026/27.
- 2.57 Detailed expenditure budgets have been prepared the four years 2023/24 to 2026/27, which can be found in Appendix A. The budget for 2023/24 will not be finalised until February 2023, when the surplus or deficit on collection fund and the tax base are confirmed by the billing authorities and the final finance settlement is released.
- 2.58 In making predictions about budget financing some other assumptions have been made. These are:
- That the firefighter pay award for 2022/23 will be settled at 5%; A 1% additional increase in pay would result in an increase in budget requirement of approximately £290k.
  - The 2023/24 pay award for all staff will be agreed at 4%. The effect of a 1% additional increase in pay for all staff would be approximately £260k in 2023/24 with a full year effect of £350k in future years (see sections 2.27 to 2.29).

- Inflation will reduce to around 5% during 2023/24 and down to 2% from 2024/25 onwards.
- Pension Grant (£2.34m) remains flat cash. However, if this is built into RSG in future years it will attract an inflationary increase.
- The 2023/24 tax base will increase annually by 1.35%.
- The actual settlement is the same as the provisional settlement.
- Revenue Support Grant will rise in line with predicted inflation in 2024/25 and future years (5% assumed for 2024/25 and 2% thereafter).

2.59 Clearly there remain several uncertainties around both the pay award and funding. Applying the above assumptions, the impact of a nil increase in Council Tax in each of the four years 2023/24 to 2026/27 is set out in Table 2.

**Table 2 – Budget Deficit with Nil Council Tax Rise**

	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>
Budget Requirement	46,006	49,638	52,057	54,365	55,753
Revenue Support Grant (RSG)	(5,619)	(6,189)	(6,498)	(6,628)	(6,761)
Business Rate (BR) Income	(2,925)	(3,217)	(3,378)	(3,446)	(3,515)
Pension Grant	(2,340)	(2,340)	(2,340)	(2,340)	(2,340)
BR Top up Grant	(7,277)	(7,638)	(8,020)	(8,181)	(8,344)
Council Tax (0%)	(27,692)	(28,066)	(28,445)	(28,829)	(29,218)
<b>Budget Deficit</b>	<b>153</b>	<b>2,188</b>	<b>3,376</b>	<b>4,942</b>	<b>5,575</b>

2.60 Table 2 shows that with no increases in Council Tax levels there will be a deficit of £2.188m in 2023/24. This will rise to £3.4m in 2024/25. It increases further to £5.6m by 2026/27.

2.61 The 2023/24 deficit would increase to £2.7m should a 6% pay increase be awarded to firefighters for 2022/23 and 5% to all staff in 2023/24 (see section 2.29).

2.62 Table 3 below shows the impact of a 2.95% increase in Council Tax across all years.

**Table 3 – 2.95% Council Tax Increase 2023/24 to 2026/27**

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Budget Requirement	46,006	49,638	52,057	54,365	55,753
Revenue Support Grant (RSG)	(5,619)	(6,189)	(6,498)	(6,628)	(6,761)
Business Rate (BR) Income	(2,925)	(3,217)	(3,378)	(3,446)	(3,515)
Pension Grant	(2,340)	(2,340)	(2,340)	(2,340)	(2,340)
BR Top up Grant	(7,277)	(7,638)	(8,020)	(8,181)	(8,344)
Council Tax (2.95%)	(27,692)	(28,892)	(30,147)	(31,454)	(32,818)
<b>Budget Deficit</b>	<b>153</b>	<b>1,362</b>	<b>1,674</b>	<b>2,316</b>	<b>1,975</b>

2.63 Table 3 shows that even with a 2.95% increase in Council Tax there would be a significant deficit of £1.362m in 2023/24 rising to £1.8m in 2024/25 and to £2m in 2026/27.

2.64 The 2023/24 deficit would increase to £1.9m should a 6% pay increase be awarded to firefighters for 2022/23 and 5% to all staff in 2023/24 (see section 2.29).

2.65 A significant level of savings would need to be implemented in order to balance the budget over the coming years, even with a 2.95% increase in Council Tax.

2.66 Finally, Table 4 brings together the budget requirement if Council Tax is increased by £5 in 2023/24 and 2.95% each year thereafter.

**Table 4 – £5 Council Tax Increase 2023/24 and £2.95% in Following Years**

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Budget Requirement	46,006	49,638	52,057	54,365	55,753
Revenue Support Grant (RSG)	(5,619)	(6,189)	(6,498)	(6,628)	(6,761)
Business Rate (BR) Income	(2,925)	(3,217)	(3,378)	(3,446)	(3,515)
Pension Grant	(2,340)	(2,340)	(2,340)	(2,340)	(2,340)
BR Top up Grant	(7,277)	(7,638)	(8,020)	(8,181)	(8,344)
Council Tax (£5 / 2.95%)	(27,692)	(29,725)	(31,015)	(32,360)	(33,765)
<b>Budget Deficit</b>	<b>153</b>	<b>529</b>	<b>806</b>	<b>1,410</b>	<b>1,028</b>



- 2.67 The above table shows that the estimated deficit position for 2023/24 would reduce to £529k should a £5 increase in Council Tax be approved in February. This increases to £806k in 2024/25 and £1m by 2026/27.
- 2.68 The 2023/24 deficit would increase to £1.1m should a 6% pay increase be awarded to firefighters for 2022/23 and 5% to all staff in 2023/24 (see section 2.29).

## BUDGET OPTIONS

- 2.69 The Futures 25 Efficiency Strategy was discussed in sections 2.20 to 2.24. Fire Authority has a legal obligation to set a balanced budget for 2023/24 and will need to use a blend of savings from the Efficiency Strategy, income from Council Tax and the use of reserves to do this.
- 2.70 A Council Tax increase of £5 raises £1.6m additional funding compared to no increase in Council Tax and £830k compared to 2.95% increase. Furthermore, if this increase were to be approved for 2023/24 it remains in the base and provides security of funding for future years.
- 2.71 The Authority holds £1.126m of earmarked reserves set aside for budget pressure support. This is not sufficient to cover the projected deficit should Council Tax be frozen or increased by 2.95%. Both options would require significant savings still to be made from the Futures 25 Efficiency Strategy.
- 2.72 A £5 increase would still require £529k to be met from a mixture of savings or reserves but this would be far more manageable and would also leave a level of reserves available to assist with future year budget management.
- 2.73 For a Band D household, a £5 increase would see Council Tax rise to £89.57 per annum. The impact of increases on other bands and of 2.95% increases are given in the table below:

**Table 5 – Impact of 2.95% and £5 increase in Council Tax**

<b>Band</b>	<b>Annual Council Tax 2022/23 £</b>	<b>2.95% Increase 2023/24 £</b>	<b>£5 Increase 2023/24 £</b>
A	56.38	58.04	61.38
B	65.78	67.72	70.78
C	75.17	77.39	80.17
D	84.57	87.06	89.57
E	103.36	106.41	108.36
F	122.16	125.76	127.16
G	140.95	145.11	145.95
H	169.14	174.13	174.14

2.74 At its meeting on 16 December 2022, the Fire Authority recommended that the Finance and Resources Committee work within the following guidelines in making its recommendations to the Fire Authority in February:

- The options for Council Tax to be recommended to the Fire Authority will be limited to either a Council Tax freeze or an increase in Council Tax within the referendum limit (£5 in the provisional finance settlement);
- Options for addressing any budget deficit to enable the Fire Authority to approve a balanced budget as required by law.

2.75 The effect of zero, 2.95% and £5 increases in Council Tax are set out in Tables 2 to 4 above and show a significant deficit for the three years.

2.76 A comparison of the deficit if Council Tax is increased by 0%, 2.95% and £5 in each of the four years of the budget strategy is shown in the table below:

**Table 6 – Comparison Between Council Tax Options**

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Budget Requirement	49,638	52,057	54,365	55,753
Total External Funding	(19,384)	(20,236)	(20,594)	(20,959)
<b>Balance to be met locally</b>	<b>30,254</b>	<b>31,821</b>	<b>33,771</b>	<b>34,794</b>
Council Tax Yield (0%)	(28,066)	(28,445)	(28,829)	(29,218)
Council Tax Yield (2.95%)	(28,892)	(30,146)	(31,454)	(32,818)
Council Tax Yield (£5)	(29,725)	(31,015)	(32,360)	(33,765)
<b>Budget Shortfall (0%)</b>	<b>2,188</b>	<b>3,376</b>	<b>4,942</b>	<b>5,575</b>
<b>Budget Shortfall (2.95%)</b>	<b>1,362</b>	<b>1,674</b>	<b>2,316</b>	<b>1,975</b>
<b>Budget Shortfall (£5)</b>	<b>529</b>	<b>806</b>	<b>1,410</b>	<b>1,028</b>

2.77 If Fire Authority were to approve a 0% or 2.95% increase in Council Tax a significant level of savings would be required which would most likely impact on the delivery of front-line services. A £5 increase would provide a more manageable deficit although this would still be dependent on the level of pay award agreed for both 2022/23 and 2023/24.

### **3. FINANCIAL IMPLICATIONS**

The financial implications are set out in full in the body of the report.

#### **4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS**

There are no human resources or learning and development implications arising directly from this report, although the achievement of budgetary savings in future years will undoubtedly have an impact.

#### **5. EQUALITIES IMPLICATIONS**

An equality impact assessment has not been undertaken because this report is not associated with a policy, function or service.

#### **6. CRIME AND DISORDER IMPLICATIONS**

There are no crime and disorder implications arising from this report.

#### **7. LEGAL IMPLICATIONS**

The Authority must set a balanced budget for 2023/24 but may acknowledge potential budget shortfalls for future years.

#### **8. RISK MANAGEMENT IMPLICATIONS**

- 8.1 Risks associated with budget setting are always significant. Budgets are by their very nature estimates of future activity and these estimates can sometimes be incorrect. Changes involving contraction of activities may not be made on the envisaged timescales, public consultation may vary policy and external issues such as national pay awards may not align with the assumptions.
- 8.2 Council Tax base figures used for this report are only estimates at present and the grant settlement details are only provisional. It is possible that both or either of these could change.
- 8.3 There can be no control over external issues however the Authority has sufficient reserves to cope with any in year changes which alter these budget assumptions significantly.

#### **9. COLLABORATION IMPLICATIONS**

There are no collaboration implications arising from this report.

## **10. RECOMMENDATIONS**

That Members consider the contents of this report and make recommendations to the Fire Authority in respect of Council Tax increases between a Council Tax freeze and an increase in Council Tax, up to the maximum of £5.00.

## **11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)**

None.

Craig Parkin  
**CHIEF FIRE OFFICER**

## Capital Programme 2023/24 to 2026/27

10 YEAR CAPITAL PROGRAMME	Budget 2023-24	Budget 2024-25	Budget 2025-26	Budget 2026-27
TRANSPORT	£'000	£'000	£'000	£'000
Pumping Appliances	834	2,820		
Special Appliances	1,355	1,665	400	150
Light Vehicle Replacement	186	48	120	376
Rural Unit	100			
<b>Sub Total</b>	<b>2,475</b>	<b>4,533</b>	<b>520</b>	<b>526</b>
<b>EQUIPMENT</b>				
Replacement Duty Rig	100	100	50	
Fire Hood - Contaminants		150		
BA Sets				250
Gas Tight Suits	50			
Radios		300		
Holmatro RTC Equipment			900	
Gas Monitoring				35
<b>Sub Total</b>	<b>150</b>	<b>550</b>	<b>950</b>	<b>285</b>
<b>ESTATES</b>				
Access and Inclusion	500	250		
Training Development Centre	500			
Electric Vehicle charging points	25	100		
Estate energy reduction and Decarbonisation	50	250		
<b>Sub Total</b>	<b>1,075</b>	<b>600</b>		
<b>I.T. &amp; COMMUNICATIONS</b>				
ICT Capital Programme - Replacement Equipment	220	230	180	200
Mobile Computing	-	90		
HQ Core Switch Upgrade				50
Appliance handheld Airwave Radios	30			
HR Upgrade		51		
Payroll, Finance and Occy health Upgrade	30		30	
<b>Sub Total</b>	<b>280</b>	<b>371</b>	<b>210</b>	<b>250</b>
<b>Emergency Services Mobile Communications</b>				
MDT Replacement Project	15			
Tri-Service Control & Mobilising System		2,000		300
<b>Sub Total</b>	<b>15</b>	<b>2,000</b>		<b>300</b>
<b>TOTAL</b>	<b>3,995</b>	<b>8,054</b>	<b>1,680</b>	<b>1,361</b>

TO BE FINANCE BY	Budget 2023-24	Budget 2024-25	Budget 2025-26	Budget 2026-27
	£'000	£'000	£'000	£'000
Borrowing	685	8,044	1,670	1,351
Capital Receipts	3,310	10	10	10
Revenue / Earmarked Reserves				
<b>TOTAL</b>	<b>3,995</b>	<b>8,054</b>	<b>1,680</b>	<b>1,361</b>

**APPENDIX B**

<b>CASH LIMIT</b>					
	<b>Revised Budget 2022/23</b>	<b>Budget 2023/24 £000's</b>	<b>Budget 2024/25 £000's</b>	<b>Budget 2025/26 £000's</b>	<b>Budget 2026/27 £000's</b>
<b><u>Employees</u></b>					
<b>Direct Employee Expenses</b>	35,844	37,991	39,054	39,903	40,702
<b>Indirect Employee Expenses</b>	382	464	460	456	465
<b>Pension</b>	918	1,064	1,097	995	1,015
	<b>37,144</b>	<b>39,519</b>	<b>40,611</b>	<b>41,354</b>	<b>42,182</b>
<b><u>Premises</u></b>					
<b>Repairs and Maintenance of Buildings</b>	772	826	911	1,007	1,027
<b>Energy Costs</b>	751	1,160	1,299	1,455	1,484
<b>Rents</b>	365	421	484	556	567
<b>Rates</b>	897	1,043	1,101	1,163	1,186
<b>Water</b>	75	85	89	93	95
<b>Fixture and Fittings</b>	1	1	1	1	1
<b>Cleaning and Domestic Supplies</b>	407	448	493	542	553
<b>Grounds Maintenance Costs</b>	24	26	29	32	33
<b>Premises Insurance</b>	16	22	24	26	27
<b>Refuse Collection</b>	37	37	37	37	38
	<b>3,345</b>	<b>4,069</b>	<b>4,468</b>	<b>4,912</b>	<b>5,010</b>
<b>Transport</b>					
<b>Direct Transport Cost</b>	1,341	1,818	1,830	1,838	1,875
<b>Recharges</b>	3	3	3	3	3
<b>Public Transport</b>	8	7	7	7	7
<b>Transport Insurance</b>	188	153	169	186	190
<b>Car Allowances</b>	238	238	238	238	243
	<b>1,778</b>	<b>2,219</b>	<b>2,247</b>	<b>2,272</b>	<b>2,317</b>
<b>Supplies &amp; Services</b>					
<b>Equipment Furniture and Materials</b>	667	663	666	667	680
<b>Catering</b>	53	51	51	51	52
<b>Clothes Uniforms and Laundry</b>	457	455	494	537	548

<b>Printing Stationery and Office Expenses</b>	29	30	30	31	32
<b>Services</b>	572	682	691	722	736
<b>Communications and Computing Expenses</b>	1,834	2,097	2,197	2,293	2,339
	36	33	33	33	34
<b>Grants and Subscriptions</b>	86	86	86	86	88
<b>Miscellaneous Expenses</b>	204	212	215	218	222
	<b>3,938</b>	<b>4,309</b>	<b>4,463</b>	<b>4,638</b>	<b>4,731</b>
<b><u>Third Party Payments</u></b>					
<b>Other Local Authorities</b>	908	950	1,086	1,105	1,127
<b>Private Contractors</b>	-	-	-	-	-
	<b>908</b>	<b>950</b>	<b>1,086</b>	<b>1,105</b>	<b>1,127</b>
<b><u>Support Services</u></b>					
<b>Finance</b>	122	127	127	127	130
<b>Corporate Services</b>	45	45	45	45	46
	<b>167</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>175</b>
<b><u>Sales Fees &amp; Charges</u></b>					
<b>Customer and Client Receipts</b>	- 374	- 425	- 428	- 431	- 440
	<b>- 374</b>	<b>- 425</b>	<b>- 428</b>	<b>- 431</b>	<b>- 440</b>
<b><u>Other Income</u></b>					
	-	-	-	-	-
<b>Government Grants</b>	3,245	3,305	3,149	3,055	3,116
<b>Grants/Reimbursements and Contributions</b>	- 397	- 436	- 436	- 436	- 445
<b>Interest</b>	- 20	- 138	- 138	- 138	- 141
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>3,662</b>	<b>3,879</b>	<b>3,723</b>	<b>3,629</b>	<b>3,702</b>
<b><u>Capital Financing Costs</u></b>					
<b>Interest Payments</b>	883	983	1,112	1,371	1,398
<b>Debt Management Expenses</b>	1,878	1,721	2,049	2,601	2,953
	<b>2,761</b>	<b>2,704</b>	<b>3,161</b>	<b>3,972</b>	<b>4,351</b>
<b>BUDGET</b>	<b>46,005</b>	<b>49,638</b>	<b>52,057</b>	<b>54,365</b>	<b>55,753</b>

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