



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

BUDGET PROPOSALS FOR 2024/25 TO 2027/28 AND OPTIONS FOR COUNCIL TAX 2024/25

Report of the Chief Fire Officer

Date: 19 January 2024

Purpose of Report:

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

Recommendations:

It is recommended 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 2.99%.
- Provide a view on the pay award assumptions for the final 2024/25 budget.

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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 2024/25 was released on 19 December 2023. The final settlement for 2024/25 will be laid before Parliament in February 2024.
- 1.3 The Fire Authority approved the Medium-Term Financial Strategy (MTFS) 2024/25 to 2027/28 on 15 December 2023. 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 national and local financial positions, 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 2024/25 TO 2027/28

- 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 2024/25 to 2027/28 is attached at Appendix A. The 2024/25 programme totals £8.228m. This will increase to reflect any slippage from the 2023/24 programme at the end of the year. Future year programmes will be kept under review.
- 2.3 The £3.1m transport capital programme includes significant investment in the Service's appliances in line with the renewal programme. Angloco Ltd have recently issued a revised build programme for the 17 new pumping appliances which shows a quicker than expected delivery of the chassis from Scania. All 17 chassis have now been delivered. The programme also indicates that only one appliance will be fully completed and delivered into Service this year (March 2024). The remaining 16 are forecast to be fully completed and in service by December 2024.

- 2.4 There has been a purposeful delay in 2025/26 and 2026/27 in the pumping appliances programme to manage Minimum Revenue Provision (MRP) which is the Service's debt costs.
- 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 Service Control and Mobilising system. This is a joint procurement exercise with Derbyshire Fire Service. 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 15 December 2023. It is not proposed to fund any transformational projects using capital receipts during 2024/25.
- 2.8 **GRANT FUNDING** – there is no anticipated capital grant funding available at present to support the 2024/25 capital programme, although the Service does sometimes use revenue grants to help fund capital projects.
- 2.9 **REVENUE AND RESERVES** – the 2024/25 to 2027/28 programme does not propose the use of funding from revenue or reserves.
- 2.10 **BORROWING** – the proposed 2024/25 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 the Fire Authority on 23 February 2024. Estimated costs have been built into the revenue programme considered in this report.

REVENUE BUDGETS 2024/25 TO 2027/28

- 2.11 The MTFs and budget guidelines approved by Fire Authority on 15 December 2023 projected that it would be difficult to set a balanced budget in 2024/25. This is largely due to the impact of increased inflation and the effect it is likely to have on pay awards in 2024/25, plus uncertainty around income streams.
- 2.12 At the time of writing the MTFs report, it was anticipated that there would be a £2.587m deficit in the 2025/26 budget if a 2.95% increase in Council Tax was approved, or a £1.758m if a £5 increase was approved. Since the MTFs was written, the Government has released the draft Local Government Finance Settlement for 2024/25. The main changes to assumptions are detailed in Table 1 below.

	MTFS	Current	Difference £'000
RSG increase	6.7%	6.7%	0
Services Grant	£366k	£366k	0
NNDR Section 31	£900k	£447	£453
NNDR From Billing Authorities	£3.613m	£3.776m	(£163)
NNDR Top up Grant	£7.653m	£7.988m	(£335)
Council Tax increase	£5	2.95%	553
Total Decrease in budget			508

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

- 2.13 The 1-year finance settlement did not provide settlement data for 2025/26, although the Local Government Finance Policy Statement published in December did provide some indication that funding would increase in line with inflation for 2025/26 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.
- 2.15 In the December Settlement the Pension Grant has been rolled into the Revenue Support Grant (RSG), this means that in future years it will be subject to Consumer Price Index (CPI) increases.

ECONOMIC CLIMATE

- 2.16 The current economic climate remains uncertain with many external influences. Local Government is expected to receive a one-year funding settlement for 2024/25. With a general election due to be held in 2024 there remains significant uncertainty around local government funding beyond 2024/25.
- 2.17 In October 23, CPI inflation fell back to 4.6% from 6.7% the previous month. The Bank of England forecast expects inflation to fall to around 3.1% by the end of 2023 and to carry on falling to reach the target of 2% by mid-2025.
- 2.18 Bank rate has increased from 0.75% in April 2022 to 5.25% in September 2023, its highest level since February 2008. Interest rates are expected to peak at either the current rate or possibly at 5.5% by the end of 2023. The increase in base rates has a significant impact on the Authority's ability to borrow to fund the Capital Programme.
- 2.19 The three-month Gross Domestic Product (GDP) figure to the end of August 23 showed an increase of 0.3%. GDP is expected to remain around this level for the rest of 2023 and into 2024.

COMMUNITY RISK MANAGEMENT PLAN (CRMP)

- 2.20 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.

FUTURES 25 EFFICIENCY PROGRAMME

- 2.21 The Service identified £1.1m of savings that were either reinvested in CRMP projects or contributed towards reducing the deficit. This is well in excess of the 2% target set by the Home Office, although it is noted that these savings include pay related savings, some of which are one-off in nature.
- 2.22 Since the 2023/24 budget was approved there have been significant additional financial pressures on the Service. Revised inflation and pay award assumptions during the autumn have increased the amount of savings required from the efficiency strategy.
- 2.23 The Futures 25 Efficiency Strategy was initially presented to Policy and Strategy Committee in May 2022, with a further report to the Fire Authority in July 2023. In its initial phase the Workforce Review identified £144k of savings through the disestablishment of support staff posts across several departments, made possible by the consolidation of primary management grade posts.
- 2.24 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 it is expected to be completed during 2024/25.
- 2.25 The Flexi Officer Review set out to review the Flexi Officer Collective Agreement to ensure that the command group structures were efficient and provided the levels of resilience of specialist functions required to mitigate operational risk. On commencing this exercise it became clear that competing priorities, including the fire cover review and preparation for possible industrial action, meant that there was insufficient capacity to deliver the review. This workstream has therefore been paused and will be restarted at a future date.
- 2.26 Futures 25 aims to co-ordinate a number of improvement workstreams designed to support the Service to become outstanding by 2032. This includes continuing to drive productivity and efficiency throughout the Service.
- 2.27 As the scoping of the Futures 25 programme has developed, it has become clear that the delivery of national priorities relating to culture, values, EDI and leadership in the Fire and Rescue Service are an integral part of the improvement journey. For this reason, these workstreams have been brought within the scope of Futures 25 to ensure the delivery of the People Strategy relating to these areas is prioritised and resourced appropriately.

2.28 It has already been identified that efficiencies are required to ensure that the Authority is in a position to set a balanced budget for 2024/25. An efficiency savings target of £200k has been included in the proposed budget. This target may need to be revisited and revised during the next financial year. The longer-term sustainability of the Service will be assured through the development of more efficient and effective systems, processes, and ways of working. The Futures 25 improvement programme remains the vehicle through which these efficiency and productivity improvements will be delivered.

CORPORATE RISK REGISTER

2.29 The corporate risk register is reported to the Finance and Resources Committee on a six-monthly basis. The five highest risks facing the Authority at present are:

- 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
- Service Reputation – risk that the public will lose confidence in their fire service through national media reporting on issues such as HMICFRS findings and the London Fire Brigade cultural review.
- Preventable Deaths – that a person will die in an incident that may have been preventable.

2.30 The financial implications of these risks have been addressed in both the capital and revenue proposed budgets, and in the Reserves Strategy which was approved by Fire Authority in December 2023.

PAY AWARD

2.31 The firefighter pay award was agreed at 5% for 2023/24. Negotiations for 2024/25 are in their very early stages. A 5% increase has been included for 2024/25, followed by 3% for 2025/26 and 2% thereafter. Any increases above these assumptions will create a cost pressure (a 1% increase relates to approximately £320k ongoing costs per year).

2.32 The 2023/24 pay award for support staff was flat increase of £1,925. This equates to an approximate increase of 4% in green book costs, which is higher than the 2% included in the 2023/24 budget. This has resulted in £120k of additional costs.

2.33 The 2024/25 support staff pay award is yet to be agreed. A 5% increase has been included for 2024/25, followed by 3% for 2025/26 and 2% thereafter. The government has told organisations that reviews for pay in the public sector is vital. Pay review bodies (PRBs) recommend the pay for public sector, and the governments tone might mean that pay settlements could be lower.

In October 2023, CPI (Consumer Price Index) inflation fell back to 4.6% from 6.7% the previous month. The Bank of England forecast expects inflation to fall to around 3.1% by the end of 2023 and to carry on falling to reach the target of 2% by mid-2025. Members may wish to consider an option for a lower pay award to be built into the budget in February. The impact of lowering the pay budget by 1% would be in the region of £300k 2024/25 and £371k 2025/26.

ENERGY COSTS

- 2.34 The Service procures both gas and electric from a not-for-profit public sector framework which purchases energy in bulk, and usually outperforms market averages on our behalf. Gas costs are expected to increase by 7% in 2024/25 and electricity by 4%. Work is ongoing to improve the efficiency of buildings and minimise usage of energy.
- 2.35 The Service's fuel budget for 2023/24 was £900k per year but expenditure is set to be nearer £854k, based on the anticipated usage (including that to be recharged to the Police). The 2024/25 budget has been reduced accordingly.

PENSIONS

- 2.36 The remedying legislation for the McCloud judgement became law in October 2023. This addresses the transition arrangements into the 2015 firefighters' pension scheme which were found to be discriminatory. It is expected that the majority of additional costs will be met from the pension top up grant, however the Service has a £200k earmarked reserve to mitigate against any costs that have to be met internally. 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.
- 2.37 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.
- 2.38 Another pensions case, Matthews and O'Brien, identified discriminatory conditions against part time workers. Remedying legislation similarly became law in October 2023. On-call firefighters were previously allowed to purchase modified pension scheme service going back to 2000, but this legislation allows further backdating of the modified pension scheme to the fire service start dates of eligible on-call firefighters. When the modified scheme was created the backdated costs were met by the Government, and it is expected that this will similarly be the case for costs relating to further backdating.
- 2.39 Both of these remedies are having a large impact on the workload of staff dealing with the cases, and additional resources were allocated in 2023/24 in order that this work can be undertaken.

- 2.40 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 an additional £2.5m for the Service. The Home Office agreed an additional grant to fund £2.3m of this pressure in 2019/20. This grant funding has since been kept at the same flat-rate cash value, leaving increases in costs due to pay inflation to be met by the Service. The £2.3m grant is to continue into 2024/25, and the December Settlement confirmed that it will be added to the baseline funding for the Authority rather than being paid as a Section 31 grant. This will mean that in future years the £2.3m will be subject to CPI increases.

MINIMUM REVENUE PROVISION (MRP)

- 2.41 Minimum Revenue Provision (MRP) is the amount required to pay debt costs relating to prior year capital programmes. The amount of MRP required in 2024/25 has slightly reduced from the levels anticipated in 2023/24 due to planned delays to some projects. However, there are increases of £465k and £169k in 2025/26 and 2026/27 respectively to reflect the Regional Mobilising System (RMS) and station rebuilds.

COUNCIL TAX

- 2.42 The Council Tax base is calculated on the estimated full year equivalent number of chargeable dwellings. This is 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 the billing authorities at the end of January 2024.
- 2.43 There remains a £247k surplus charged to the Council Tax Collection Fund adjustment in 2024/25, this will be updated when the final figures come in from authorities in January 2024.
- 2.44 It was announced in the Local Government Finance Policy Statement released in December 19 that the fire sector will not be given the flexibility to increase the referendum limit up to £5.
- 2.45 A 2.95% additional increase in Council Tax will create additional funding in the region of £1.290m. A 1.95% additional increase in Council Tax will create additional funding in the region of £991k.

BUSINESS RATES

- 2.46 From 1 April 2024, 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.

2.47 As part of the Autumn Statement on 22 November, the Chancellor announced:

- A transitional relief scheme to limit bill increases caused by changes in rateable values.
- A 2024/25 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.

2.48 The Authority will be compensated for lost income from these measures by way of additional Section 31 grant. The top up grant element of this compensation was released in the Local Government Finance Settlement on 19 December, and this has been built into the business rate income estimates.

2.49 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.

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

RESERVES

2.51 Taking account of the spending position reported in the budget monitoring report elsewhere on this agenda, total reserve levels held at 1 April 2024 are expected to be £10.3m.

2.52 The general fund reserve is predicted to be £5.2m at 1 April 2024. This remains above the minimum level set by the Fire Authority in December 2023 of £4.1m.

2.53 The earmarked reserves are expected to be in the region of £5.1m by 1 April 2024. These reserves are earmarked for known projects or items of one-off expenditure. They include reserves of £1.125m to provide budget pressure support and £0.7m to deliver the Futures 25 Efficiency Strategy to create future years savings.

FINANCING THE BUDGET

2.54 The Authority primarily receives income from Central Government, business rates and Council Tax. The Government announced the provisional finance settlement for 2024/25 on 19 December 2022. The final settlement for 2024/25 is expected in February 2024. Experience shows that there is likely to be little change from the provisional figures.

- 2.55 Funding for 2025/26 and beyond will be determined in the Autumn of 2024. A 6.7% inflationary increase has been assumed for 2024/25, 2.81% for 2025/26 and 1.7% for 2026/27. Pay awards have been assumed at 5%, 3% 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 additional budget pressures in these years.
- 2.56 The Authority will continue to receive the £2.3m grant in 2024/25 to cover the increased costs of firefighter pension employer contribution. In the settlement on the 19 December it was announced that this will be rolled into the Revenue Support Grant (RSG) and will attract CPI in future years.
- 2.57 The Council Tax base and business rate figures will not be known until the end of January 2024, so figures are based on assumptions for this report.
- 2.58 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, so have been estimated for the purpose of this report.

OUTLOOK FOR 2024/25 TO 2027/28

- 2.59 At its meeting on 15 December 2023, the Fire Authority recommended that the Finance and Resources Committee provides guidance to the Fire Authority in respect of the options for Council Tax. These options should range from a Council Tax freeze to an increase in Council Tax within the referendum limit of 2.99% for 2024/25. To aid this Committee in this task, figures for three options have been prepared:
- A Council Tax Freeze for 2024/25 to 2027/28.
 - A 1.95% increase in Council Tax for 2024/25 to 2027/28; and
 - A 2.95% increase in Council Tax for 2024/25 to 2027/28.
- 2.60 Detailed expenditure budgets have been prepared the four years from 2024/25 to 2027/28, which can be found in Appendix A. The budget for 2024/25 will not be finalised until February 2024, when the surplus or deficit on the collection fund and the tax base are confirmed by the billing authorities and the final finance settlement is released.
- 2.61 In making predictions about budget financing some other assumptions have been made. These are:
- That the firefighter pay award for 2024/25 will be settled at 5%. A 1% additional increase in pay would result in an increase in the budget requirement of approximately £320k.
 - The 2024/25 pay award for non-uniformed staff will be agreed at 5%. The effect of a 1% additional increase in pay would be approximately £60k in 2024/25.

- Inflation will reduce to around 2.81% during 2025/26 and down to 1.7% from 2026/27 onwards.
- Pension Grant (£2.34m) remains at a flat rate in 2024/25. However, if this is built into RSG in future years it will attract an inflationary increase.
- The 2024/25 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 inflation in 2024/25. A 6.7% increase in RSG has been assumed for 2024/25.

2.62 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 2024/25 to 2027/28 is set out in Table 2.

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Budget Requirement	49,965	52,264	54,883	56,090	57,677
Revenue Support Grant (RSG) & Pension Grant	(8,529)	(8,939)	(8,462)	(9,226)	(9,214)
Business Rate (BR) Income	(3,649)	(3,776)	(3,862)	(4,304)	(4,397)
BR Top up Grant	(7,638)	(7,988)	(8,090)	(7,608)	(7,704)
Council Tax (0%)	(29,746)	(30,147)	(30,554)	(30,967)	(31,385)
To be met from Reserves	404	0	0	0	0
Budget Deficit	0	1,414	3,915	3,985	4,977

Table 2 – Budget Deficit with Nil Council Tax Rise

A breakdown of the budget can be seen in Appendix B

2.63 Table 2 shows that with no increases in Council Tax levels there will be a deficit of £1.414m in 2024/25. This will rise to £3.9m in 2025/26. It increases further to £4.9m by 2027/28.

2.64 The 2024/25 deficit would increase to £1.7m should an additional 1% pay increase be awarded to staff in 2024/25.

2.65 Table 3 below shows the impact of a 1.95% increase in Council Tax across all years:

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Budget Requirement	49,965	52,264	54,883	56,090	57,677
Revenue Support Grant (RSG) & Pension Grant	(8,529)	(8,939)	(8,462)	(9,226)	(9,214)
Business Rate (BR) Income	(3,649)	(3,776)	(3,862)	(4,304)	(4,397)
BR Top up Grant	(7,638)	(7,988)	(8,090)	(7,608)	(7,704)
Council Tax (1.95%)	(29,746)	(30,736)	(31,758)	(32,816)	(33,908)
To be met from Reserves	404	0	0	0	0
Budget Deficit	0	825	2,711	2,135	2,454

Table 3 – 1.95% Council Tax Increase 2024/25 to 2027/28

A breakdown of the budget can be seen in Appendix B

- 2.66 Table 3 shows that even with a 1.95% increase in Council Tax there would be a significant deficit of £825k in 2024/25, rising to £2.7m in 2025/26 and a deficit of £2.4m in 2027/28.
- 2.67 The 2024/25 deficit would increase to £1.1m should an additional 1% pay increase be awarded to staff in 2024/25.
- 2.68 A significant level of savings would need to be implemented in order to balance the budget over the coming years, even with a 1.95% increase in Council Tax.
- 2.69 Finally, Table 4 shows the impact if Council Tax is increased by 2.95% in 2024/25 and each year thereafter:

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Budget Requirement	49,965	52,264	54,883	56,090	57,677
Revenue Support Grant (RSG)	(8,529)	(8,939)	(8,462)	(9,226)	(9,214)
Business Rate (BR) Income & Pension Grant	(3,649)	(3,776)	(3,862)	(4,304)	(4,397)
BR Top up Grant	(7,638)	(7,988)	(8,090)	(7,608)	(7,704)
Council Tax (2.95%)	(29,746)	(31,036)	(32,383)	(33,788)	(35,253)
To be met from Reserves	404	0	0	0	0
Budget Deficit	0	525	2,086	1,164	1,108

Table 4 – 2.95% Council Tax Increase 2024/25 and 2.95% in Following Years

A breakdown of the budget can be seen in Appendix B

2.70 The above table shows that the estimated deficit position for 2024/25 would reduce to £525k should a 2.95% increase in Council Tax be approved in February. This increases to £2.086m in 2025/26 and £1.108m by 2027/28.

2.71 The 2024/25 deficit would increase to £875k should an additional 1% pay increase be awarded to staff in 2024/25.

BUDGET OPTIONS

2.72 The Futures 25 Efficiency Strategy was discussed in sections 2.21 to 2.28. Fire Authority has a legal obligation to set a balanced budget for 2024/25 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.

2.73 A Council Tax increase of 1.95% raises £589k additional funding compared to no increase in Council Tax and £889k compared to 2.95% increase. Furthermore, if this increase were to be approved for 2024/25 it remains in the base and provides security of funding for future years.

2.74 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 1.95%. Both options would require significant additional savings to be made from the Futures 25 Efficiency Strategy.

2.75 A 2.95% increase would still require £525k to be met from a mixture of savings or reserves but this would be far more manageable. It would also leave a level of reserves available to assist with future year budget management.

2.76 For a Band D household, a 1.95% increase would see Council Tax rise to £91.32 per annum. The impact of increases on other bands and of 2.95% increases are given in the table below:

Band	Annual Council Tax 2023/24 £	1.95% Increase 2024/25 £	2.95% Increase 2024/25 £
A	59.71	59.71	61.47
B	69.67	69.67	71.72
C	79.62	79.62	81.96
D	89.57	91.32	92.21
E	109.47	109.47	112.70
F	129.38	129.38	133.19
G	149.28	149.28	153.68
H	179.14	179.14	184.42

Table 5 – Impact of 1.95% and 2.95% increase in Council Tax

2.77 At its meeting on 15 December 2023, 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.
- Options for addressing any budget deficit to enable the Fire Authority to approve a balanced budget as required by law.

2.78 The effect of 0%, 1.95% and 2.95% increases in Council Tax are set out in Tables 2 to 4 above and show a significant deficit for the three years.

2.79 A comparison of the deficit if Council Tax is increased by 0%, 1.95% and 2.95% in each of the four years of the budget strategy is shown in the table below:

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Budget Requirement	52,264	54,883	56,090	57,677
Total External Funding	(20,703)	(20,414)	(21,138)	(21,315)
Balance to be met locally	31,561	34,469	34,952	36,362
Council Tax Yield (0%)	(30,147)	(30,554)	(30,967)	(31,385)
Council Tax Yield (1.95%)	(30,736)	(31,759)	(32,816)	(33,908)
Council Tax Yield (2.95%)	(31,036)	(32,383)	(33,788)	(35,253)
Budget Shortfall (0%)	1,414	3,915	3,985	4,977
Budget Shortfall (1.95%)	825	2,710	2,136	2,454
Budget Shortfall (2.95%)	525	2,086	1,164	1,109

Table 6 – Comparison Between Council Tax Options

- 2.80 If Fire Authority were to approve a 0% or 1.95% increase in Council Tax a significant level of savings would be required, which is likely impact on the delivery of front-line services. A 2.95% increase would provide a more manageable deficit although this would still be dependent on the level of pay award agreed for both 2024/25 and 2025/26.

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 AND ETHICAL IMPLICATIONS

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

6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS

There are no environmental and sustainability implications arising from this report.

7. LEGAL IMPLICATIONS

The Authority must set a balanced budget for 2024/25 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

It is recommended that Members:

- 10.1 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 2.99%.
- 10.2 Provide a view on the pay award assumptions for the final 2024/25 budget.

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

None.

Craig Parkin
CHIEF FIRE OFFICER

Capital Programme 2024/25 to 2027/28

10 YEAR CAPITAL PROGRAMME	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
TRANSPORT	£'000	£'000	£'000	£'000
Pumping Appliances	2,416			855
Special Appliances	393			118
Light Vehicle Replacement	0	0	0	0
Aerial Ladder Appliances	308	533		
Sub Total	3,117	533	0	973
EQUIPMENT				
Structural PPE				591
Replacement Duty Rig	150			
Coveralls	100			
Radios			315	
Holmatro (RTC Equipment)				457
Gas Monitoring			35	
Fire Hoods	140			
Body Cam Equipment	65			
Sub Total	455	0	350	1,048
ESTATES				
Access and Inclusion	750			
Training Development Centre	500			
Training Development Centre – Welfare training Classroom Refurb	500			
Station A	30	1,500	3,875	135
On training Facilities		150		150
Station B			30	1,500
Estate energy reduction and Decarbonisation	250	125		125
Sub Total	2,030	1,775	3,905	1,910
I.T. & COMMUNICATIONS				
ICT Capital Programme - Replacement Equipment	230	180	200	250

Mobile Computing	90			90
CFRMIS	150			
Command Support Unit Software and install	55			
HQ Core Switch Upgrade			50	
Payroll, Finance and Occ. Health Upgrade	101	30		30
Sub Total	626	210	250	370
Emergency Services Mobile Communications				
Control & Mobilising System	2,000	1,000	300	0
Sub Total	2,000	1,000	300	0
TOTAL	8,228	3,518	4,805	4,301

TO BE FINANCE BY	Budget 2024/25 £'000	Budget 2025/26 £'000	Budget 2026/27 £'000	Budget 2027/28 £'000
Borrowing	7,601	3,508	4,595	4,191
Capital Receipts	10	10	210	110
Revenue / Earmarked Reserves	617			
TOTAL	8,228	3,518	4,805	4,301

APPENDIX B**Subjective Variance**

	Revised Budget 2023/24 £,000	Budget 2024/25 £'000	Variance
Employees	39,988	41,637	Pay Awards
Premises	4,112	4,465	Inflation and Growth
Transport	2,220	2,258	Inflation
Supplies & Services	4,344	4,598	Inflation
Third Party	950	996	Control Pay and inflation
Support Services	172	183	Inflation
Capital Financing Costs	2,692	3,125	Increase in Capital Budget (MRP)
Fees and Charges	(425)	(470)	Growth
Other Income	(4,088)	(4,530)	Change in funding on the Section 31 Grant
Net Cost	49,965	52,264	