



Bedfordshire
Fire & Rescue Authority

8 February 2024

Dear Councillor

FIRE AND RESCUE AUTHORITY - TUESDAY, 13TH FEBRUARY, 2024

I am now able to enclose, for consideration at next Tuesday, 13th February, 2024 meeting of the Fire and Rescue Authority, the following reports that were unavailable when the agenda was printed.

Agenda No Item

9. **The 2024/25 Revenue Budget, Capital Programme and Council Tax setting**
(Pages 3 - 74)

Yours sincerely

Graham Britten
Monitoring Officer

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REPORT AUTHORS: CHIEF FIRE OFFICER AND TREASURER

SUBJECT: THE 2024/25 REVENUE BUDGET AND CAPITAL PROGRAMME

For further information on this Report contact: G Chambers
Assistant Chief Officer/Treasurer
Tel No: 01234 845000

Background Papers:

2023/24 Revenue Budget Report to the FRA meeting on 2nd February 2023 (link below)
<https://bedsfireresauth.moderngov.co.uk/ielistdocuments.aspx?CId=134&MId=505&Ver=4>

Implications:

This table provides a short statement of the impact of the recommendations in this report and/or a reference to the relevant paragraph/s in the report.

Will this report affect any of the following?

Implications	Yes/No	Impact/Reference
Financial	Yes	Throughout this report and attachments
Risk Management	Yes	Yes, medium term financial position and funding is a key item in our Corporate Risk Register
Legal	Yes	See para 9.2 below

Privacy and Security	Yes	Cyber security and associated investments are included within the budget proposals
Duty to collaborate	Yes	The Service already shares estate and this budget includes additional work and support with blue light partners
Health and Safety	Yes	Included in the budget is additional Personal Protective Equipment (PPE) and well as funds set aside for improved H&S with contaminants
Equality, Diversity and Inclusion	Yes	See para 9.3 below
Environmental Sustainability	Yes	The Capital Programme includes investment in efficient lighting, electric vehicles and the infrastructure to support these, as well as additional initiatives in future years.
Consultation and Communication	Yes	As per the report, there has been a consultation on the budget and transparent engagement with the FRA and lead Member for Finance

PURPOSE:

To present information to allow the Authority to:

- a. set a budget and precept level for 2024/25 in line with statutory requirements;
- b. approve a Medium-Term Revenue Plan for the period 2024/25 to 2027/28;
- c. approve a Medium-Term Capital Programme for the period 2024/25 to 2027/28;
- d. approve a Medium-Term Financial Strategy which provides the strategic context for each of the above, linking them to the Authority's corporate aims, objectives and strategic priorities.

RECOMMENDATIONS:

1. That the Fire and Rescue Authority consider this report and determine for 2024/25 that:
 - a. A Revenue Budget requirement is set at £39.829m, met as indicated in paragraph 3.7 of this report.

- b. In meeting this budget requirement, the Authority's Precept be set at £26.312m and that consequently, a council tax increase of 2.99% up to £112.72 per Band D equivalent property, calculated as shown in Paragraph 3.7 of this report.
 - c. In order to meet the Precept requirement, the Treasurer be authorised to issue Precepts in the necessary form to each of the Unitary Councils and for the amounts indicated in Paragraph 3.10 of this report.
 2. That the FRA consider and approve the Medium-Term Revenue Plan attached at Appendix 1 and to also approve the 2024/25 savings and efficiencies detailed at Appendix 2.
 3. That the FRA consider and approve the Medium-Term Capital Programme attached at Appendix 3 to this report.
 4. That the FRA consider and approve the Medium-Term Financial Strategy attached at Appendix 4 to this report and the Reserves Strategy at Appendix 5.
 5. That in considering the above recommendations, the FRA note the Treasurer's statement on the robustness of estimates included in the budget and the adequacy of the reserves for which the budget provides, attached at Appendix 6 to this report.
1. Introduction and Background
 - 1.1 The Authority is proposing a budget for 2024/25 that takes into account the aims and objectives of the Service and prioritises the resources available for frontline services.
 - 1.2 It does this by:
 - a. Proposing a council tax increase of 2.99% or £3.27 per annum for a Band D property.
 - b. Proposing significant efficiency savings and appropriate utilisation of reserves.
 - 1.3 There has been a considerable amount of work towards the 2024/25 budget setting over the past year. This has included a robust review and scrutiny of service wide budgets by the Assistant Chief Officer/Treasurer and the Principal Officers, review and challenge meetings by the Corporate Management Team and two Fire and Rescue Authority Members budget workshops. This work has covered both the revenue budget and the Capital Programme.

- 1.4 The budget consultation question was approved by the Authority for consultation. There is support for a 2.99% increase as summarised below in para 3.8.

The budget includes the funding aligned with the Community Risk Management Plan (CRMP). These include investments in Cyber preparedness and security, Digital Transformation, Fleet, Equipment, training for both operational and non-operational staff, improvement in On Call availability and investment in our estate including environmental initiatives.

- 1.5 The Authority's council tax precept leaflets have been electronic since 2013/14. There will therefore be a web link address on the council tax bills to the websites detailing the precept information for the unitary authorities, police and fire.

2. Government Settlement for 2024/25

- 2.1 The provisional settlement for 2024/25 was announced on 18th December 2023. The final settlement figures for 2024/25 were published on 5th February 2024.

Table 1 below shows a split of the 2023/24 and 2024/25 revenue grant funding and the Government's forecast total business rates funding. This is the Settlement Funding Assessment (SFA). A further detailed breakdown of this is included within the Medium-Term Financial Strategy (MTFS).

Table 1: Settlement Funding Assessment split

	2023/24 £m	2024/25 £m	£m Variance
Revenue Support Grant (RSG)	2.649	2.823	0.174
Business Rates baseline funding	6.164	6.465	0.301
Settlement Funding Assessment (prior to new Pension Grant)	8.813	9.288	0.475
Employers Pension Grant	0	1.726	1.726

Settlement Funding Assessment including 2024/25 Employers FF Pension Grant	8.813	11.014	2.201
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2.2 Since the introduction of the Business Rates Retention Scheme in 2013/14, the Authority has been subject to fluctuations of the Business Rates collected in Bedfordshire. If business rates income increases, the Authority will receive a share of this, if it decreases again the Authority will be impacted by this. There are mechanisms in place within the funding scheme that offer protection, called safety nets, should an authority be considerably adversely impacted.

2.3 The Authority's Business Rates Baseline Funding Level (BFL) has been assessed at £6.465m by the Department of Levelling Up, Housing and Communities (DLUHC) for 2024/25, which includes a forecast share of local business rates estimated at £2.605m (the Government's estimate of the Authority's 1% share of locally collected business rates). As our business rates expected to be locally collected/allocated (the 1% share) are lower than the baseline funding level of £6.465m, we are therefore a 'top up' authority and will receive the payment of £3.860m from central government (to get back to the £6.465m baseline funding level).

There is much volatility with business rates income and associated discounts and grants to compensate, particularly since Covid and the various support provided by Government to businesses. Any variances will be monitored and reported as part of the in-year budget monitoring reports.

The Service will also increase links with the Unitary Authorities to better understand their business rates positions and how this will impact the in-year funding position of the Authority. With a planned reset in the future, this further understanding would be beneficial.

2.4 Fire grants are provided outside of the above funding mechanisms. It was confirmed by the Home Office on 6th February 2024, that the Authority will receive in 2024/25 a £79.2k grant for Firelink (now reducing annually), £40.175k for New Dimensions, £132,983.61 for Protection Grant and a one off Pensions Administration grant of £79,553.18. There will also be a new grant for the increased employers FF pension contributions that will increase from April 2024 following the outcome of the latest actuarial pensions revaluation. This has been confirmed at £1.131m.

- 2.5 The council tax referendum cap was confirmed as part of the provisional and final settlements. The proposed council tax figure of £112.72 is a 2.99% increase, therefore under the capping limit of 3%. This is based on the financial need as detailed below.
3. Proposed Budget and Precept for 2024/25 and Medium-Term Revenue Plan
- 3.1 In setting a budget for 2024/25, the Authority must take into account the implications for the following years' financial strategy, namely 2025/26 to 2027/28. There are material efficiency savings over the coming years, which will require action in the short-term if they are to be secured within the planned timescales.
- 3.2 The settlement figures for 2024/25 are the fifth single year settlement. A three-year Comprehensive Spending Review (CSR) was carried out over 2022, however a single year's funding information has again provided by to Local Government (for 2022/23, 2023/24 and now 2024/25).
- 3.3 The Medium-Term Financial Strategy (MTFS) sets out the budget projections for 2024/25 to 2027/28 and the key features of the projections, including assumptions of the level of Government funding and council tax funding.
- 3.4 The Medium-Term Revenue Plan (MTRP) assumes that the Authority will achieve year-on-year cashable efficiencies. The MTRP is attached at Appendix 1 with the detail of the planned savings, efficiencies and income at Appendix 2.
- 3.5 Based on the assumptions and proposals within this report and appendices, Table 2 below details the key budget information. The budget requirement for 2024/25 is recommended to be set as detailed in Appendix 1. Key assumptions include the continuation of the Government grant funding the Firefighters employer pension contributions increases, the continuation of the reduced Services Grant, a one off Minimum Funding Guarantee Grant, the council tax referendum cap continuing over the medium term at 3% and Firefighters and non-operational staff pay awards. Assumptions and Uncertainties are detailed in the MTFS at Appendix 4.
- 3.6 The three Unitary Authorities have confirmed their taxbases for 2024/25. The forecast Collection Fund figures are included on line 44 in the income section of the MTRP at Appendix 1.
- 3.7 Appendix 1 details the Government funding of Revenue Support Grant (RSG). The RSG for 2024/25 increases by £175k when compared to the 2023/24 figure.

Table 2: Key Budget Information

	2023/24 £m	2024/25 £m	Change £m
Budget Requirement (£m)	34.748	39.829	5.081
<u>Funded by:</u>			
Precept Requirement (£m)	25.043	26.312	1.269
Central and Local Government Funding (£m)	9.863	13.078*	3.215*
Collection Fund surplus/(deficit) incl spreading of prior year	(0.389)	(0.117)	0.272
Funding Guarantee (new for 24/25)	0	0.515	0.515
Services Grant (new from 23/24)	0.231	0.041	(0.190)
Funding Total (£m)	£34.748	£39.829	£5.081
Tax Base (Band D equiv. properties)	228,807	233,427	4.620
Band 'D' Council Tax	£109.45	£112.72	£3.27

*Includes the new Employer FF pensions grant, that was previously not part of settlement funding, so shown in 2024/25 separately for the first time.

- 3.8 The Authority's Officers and Treasurer recommend that the Council Tax increase of 2.99% should be implemented. This is based on need, particularly with the inflationary pressures, pay awards, planned essential spend on revenue and capital and the utilisation of reserves. As the current Medium Term Financial Strategy shows that there will be a future funding need with material savings and efficiencies to deliver too.

There is planning time between now and 2027/28 to implement those identified and additional savings and efficiencies. However, these do need to be researched, planned and implemented, so there is a significant lead time for large scale savings and efficiency options.

Budget Consultation

The results of the 2024/25 budget consultation are in support of a 2.99% council tax increase. From 703 responses, 414 responded with a “yes” supported and 289 with a “no” (therefore 59% yes 41% no). Respondents were from a combination of online form (461), LinkedIn (48) and X (194).

Inflation

Inflationary pressures have continued during the 2023/24 financial year. Consumer Price Index (CPI) inflation has sat above the Bank of England’s 2% target since May 2021 and rose by 4% in the 12 months to December 2023, up from 3.9% in November and the first time the rate has increased since February 2023. The budget has built in inflationary budgets for supplies, services and staff pay.

- 3.9 Table 3 below details the council tax per band. As there is a proposed 2.99% increase from the 2023/24 level, there is a change across all the valuation bands. The council tax of £112.72 equates to, for a Band D equivalent property, 31 pence per day for the Fire and Rescue Service.

Table 3: Council Tax Per Band:

Valuation Band	Tax Payable Compared to Band D (Expressed in Fractions)	Council Tax for Band £	Charge per week £
A	6/9	75.15	1.45
B	7/9	87.67	1.69
C	8/9	100.20	1.93
D	1	112.72	2.17
E	11/9	137.77	2.65
F	13/9	162.82	3.13
G	15/9	187.87	3.61
H	2	225.44	4.34

In summary, the taxbase of 233,427 Band D equivalents, multiplied by the Band D council tax of £112.72 equals the precept of £26.312m.

- 3.10 Pursuant to the provisions of the Local Government Finance Acts 1992 and 1999 and all other relevant statutory powers, it is recommended that the Assistant Chief Officer/Treasurer issues Precepts in the necessary form to each of the Unitary Councils indicated in Table 4 below, Column 1, requiring those Authorities to make payments of the sum indicated in Column 2 in eleven equal instalments. Column 3 details the amounts that the local authorities will pay the Authority from their collection of Business Rates. This is 1% of their estimated net rates yield for 2024/25.

Table 4: Precepts

Unitary Councils (1)	£ (2) Council Tax £'000	£ (3) Business Rates £'000
Bedford Borough	7,182	876
Luton Borough	6,338	689
Central Bedfordshire	12,792	1,382
Total	26,312	2,947

3.11 The above figures are based on the most recent information received from the NNDR1 returns to Government that the Unitary Authorities make. These returns also include the Section 31 grants. Any subsequent updates will be captured in the first 2024/25 budget monitoring report presented to the FRA in 2024/25.

3.12 Financial scenario planning.

The Medium Term Revenue Plan at Appendix 1, includes the FRA Members agreed scenario of pay award assumptions of 3.5% in 2024, 3% in 2025 followed by 2% in 2026 and 2027. Other scenario planning has been undertaken by the Treasurer, of which some are included in the Medium Term Financial Strategy at Appendix 4. Scenarios considered include:

- Different pay award assumptions
- A lower referendum cap in years 2026/27 and 2027/28, with a view that it could reduce back down to 2%. As expected, this would create significant funding pressures and result in a large Transformational Reserve deficit at the end of the medium term. Should this be anticipated nearer the time, mitigation work will commence well in advance of need.
- Borrowing for significant estates investment following the outcome of the Emergency Cover Review Work (ECR) due to be presented to Members in 2024.
- Business Rates reset Transitional Funding, so support from Government rather than the hard reset anticipated.
- No Business Rates reset forecast in 2026/27 or the four year period of this MTRP

3.13 In addition to the Authority's own council tax, there are separate council taxes for the Police, the local authorities of Central Bedfordshire, Bedford, Luton and where applicable their town/parish councils.

4. Linking the Budget with the Community Risk Management Plan (CRMP) and the Authority Priorities

4.1 The CRMP action plan for 2024/25 links in with the 2024/25 budget in terms of core funding allocations. This is specifically targeted towards work on addressing our:

1. HMICFRS Areas for Improvement action plan, with the progress against this being regularly reported to the FRA.
2. Emergency Cover Review workstreams

3. Emergency Response/Availability improvements
4. Balancing the budget over the Medium Term

There are also specific budget bids, such as funding for:

- Cyber Security – new dedicated post as part of the ICT Shared Services Team, to work on prevention and preparedness of a cyber attack
- Data Analyst – use of data for evidenced based insight in support of decisions and service improvement
- Staffing – 360 degree personal reviews, Occupational Health investment and Service Medical Adviser
- Culture – DBS checks Service wide, Crimestoppers hotline,
- Transformational work including the Project Management Office and workstreams directly linked into the savings/efficiencies work that are/will be in train to deliver planned financial reductions.
- Green/Environmental budget allocation to improve our work to tackle climate change
- Contaminants funding to support addressing contaminants risks as local and national work on this continues
- Prevention funding to fund the important prevention work including evening and weekend work, as well as Community engagement and educational activities.
- Hardware and software refresh planned over the medium term

The Authority's budget is split across the departments as detailed in the MTFs, with of course the budget/spend focused on Operational Firefighters Response.

4.2 The above is in addition to the 2023/24 additional allocation of budget towards the:

- continuation of our roaming appliances
- improved recruitment and therefore availability of our retained station personnel
- Emergency Cover Review work
- Improvement Projects in train across the newly formed four Project Boards of (i) Digital Transformation, (ii) Enabling Functions, (iii) Service Delivery and (iv) National Operational Guidance (NOG)/Fire Standards.

5. Use of Balances:

- 5.1 A prudent level of reserves, along with appropriate contributions to and from reserves, should be part of the overall budget. This risk assessment undertaken, and referred to in the MTFs, suggests that the minimum level of balances, taking all known risks into account along with the budget requirement, should be in the order of at least £2.4m for 2024/25. This equates to 6% of the Authority's budget requirement and is circa the average of combined fire authorities estimates for 2023/24 at £2.7m. This is after a comprehensive review and setting up of specific ear-marked reserves of £1.605m (not including some specific reserves such as the Transformational reserve and Capital Contingency Reserve). It has been approved by the FRA that the 2023/24 year end underspend, forecast as reported to the FRA in December 2023, is allocated to the Transformation/Innovation reserves and a Pay and Pensions Reserve to support any pay award variances above those budgeted for. This is also taking into account that the £1m previously set aside for pay awards has been allocated for use in 2023/24, so an appropriate new contribution to ensure there is again a reserve here is required due to risk of potential pay awards above those budgeted.

The Transformational reserve is planned to be £1.836m at the 2023/24 year end, prior to any year end allocation. It is currently considered adequate based on projections to fund transformational initiatives and MTRP balancing as detailed at the foot of the MTRP in Appendix 1.

- 5.2 The reserves strategy is attached at Appendix 5. In summary, the strategy in recent years has been to increase the Transformational ear-marked reserve with underspends and budgeted contributions to enable this to be used for transformation initiatives and future years' budget setting processes.

As detailed in the MTRP, it is forecast that the Transformational earmarked reserve will be used over the medium term to close any budget gaps in the financial years 2024/25 to 2027/28 and to invest in transformational efficiencies/initiatives. This strategy will ensure that additional savings and efficiencies are introduced in a planned and effective manner over the years.

6. Proposed Medium-Term Capital Programme

- 6.1 As anticipated, there is no Government funding or bidding round for capital in the 2024/25 budget.

The Authority's base budget revenue contributions to fund capital commenced in 2012/13 when the capital grant ceased, to support capital expenditure funding in future years. There is a budgeted base budget revenue contribution of circa £2m per annum (with fluctuations) from 2024/25 onwards towards capital expenditure. This is with the assumption that

core Government capital grants are not forthcoming in future years. If capital funding becomes available, there will be a direct reduction in revenue contributions.

6.2 The Capital Programme, as per the approved timetable, has followed the same robust challenge/scrutiny route as the revenue budget and is attached at Appendix 3.

6.3 Key items of note in the proposed 2024/25 Capital Programme of £1.149m are:

- Investment in ICT including computers and uninterrupted power supply (UPS) for business continuity
- Investment in improvements and modernisation of our buildings, including environmental initiatives and EDI works.

Vehicle builds and the delivery of vehicles will continue to take place over 2024/25 from orders placed during 2023/24.

7. Proposed Medium-Term Financial Strategy (MTFS)

7.1 The Medium-Term Financial Strategy, attached at Appendix 4, is a document that sets out the Authority's financial strategy for the next four years. It focuses on the 2024/25 revenue budget and capital programme, but also sets the scene for future years.

7.2 The MTFS details the planning assumptions behind the budget figures and other considerations that must be taken into account when setting the strategy, such as the taxbase, efficiencies and shared services.

8. Robustness of Estimates and Adequacy of Reserves

8.1 The Local Government Act 2003 places a duty on the Section 112/151 Officer (Treasurer) to comment on 'the robustness of the estimates' included in the budget and the adequacy of the reserves for which the budget provides. The Treasurer's statement is attached at Appendix 6.

9. Implications

9.1 **Financial:**

- 9.1.1 The resource implications are detailed throughout this report and appendices, particularly in the MTFs. For clarity, no new borrowing is proposed, although this is likely if/when substantial estates works are presented and approved in a latter year.
- 9.1.2 The Treasurer's statement comments on the robustness of the estimates and adequacy of the Authority's reserves with reference to risks identified.

9.2 **Legal:**

- 9.2.1 The Authority is required by section 40 of the Local Government Finance Act 1992 to set a balanced budget before 1 March in the financial year preceding that for which the budget is set.

Under section 25(1) of the Local Government Act 2003 the responsible finance officer (namely the Chief Finance Officer of the Authority under section 112 of the Local Government Finance Act 1988) is required to report to Members on:

- The robustness of the estimates made for the purposes of the calculations of the budget
- The adequacy of the proposed financial reserves

Section 25(2) of the Local Government Act 2003 requires that Members have regard to the report in making their decisions.

Section 42A of the Local Government Finance Act 1992 also requires the Authority to have regard to the level of reserves for meeting estimated future expenditure when calculating the net budget requirement.

9.3 **Equality, Human Resources, Environmental, Policy, Other:**

9.3.1 Equality Act 2010

The Equality Act 2010 is a modern, single and streamlined legal framework to effectively tackle disadvantage and discrimination. The protected characteristics covered under the Act are: Age, Race, Sex, Gender reassignment, Disability, Religion or belief, Sexual orientation, Marriage or civil partnership and Pregnancy and maternity.

The general equality duty is set out under Section 149 of the Equality Act 2010 and aims to help public bodies meet the specific duties. The aim of the general equality duty is to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- advance equality of opportunity between people who share a protected characteristic and those who do not.
- foster good relations between people who share a protected characteristic and those who do not.

Public bodies must take into consideration the advancement of equality into their day-to-day business and must exercise their functions, having due regard to:

- remove or minimise disadvantages suffered by people due to their protected characteristics.
- take steps to meet the needs of people from protected groups where these are different from the needs of other people.
- encourage people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

Organisations must have adequate and accurate equality evidence, properly understood and analysed, to provide the root of effective compliance with the general duty. Evidence of compliance must be recorded and stored.

9.3.2 Equality and Human Rights Commission

The Human Rights Commission has the power to enforce the duty, if a public authority does not comply with the general duty. Failure to comply can be challenged by means of a compliance notice to the High Court.

9.3.3 Human Rights Act 1998

Public sector organisations are also subject to the Human Rights Act 1998. The purpose of the Act is to support a culture of respect for everyone's human rights by embedding the principles of dignity, equality, respect, fairness and autonomy through improved public services, and for public service providers to use the tool to improve the quality of services.

9.3.4 BFRS will undertake the 'Due regard' of the budget building process to mitigate any adverse impact on protected groups, and beyond. The revenue budget and capital programme, particularly new procurements, will be subject to an Equality Impact Assessment/Equality Analysis and liaison with the EDI Officer as required.

ANDREW HOPKINSON
CHIEF FIRE OFFICER

GAVIN CHAMBERS
TREASURER

Pay awards (Green and Grey) 3.5% base in 2024/25, 3% 25/26, then 2% thereafter		APPENDIX 1			
		Proposed	Proposed	Proposed	Proposed
MEDIUM TERM REVENUE PLAN 2024/25 TO 2027/28		2024/25	2025/26	2026/27	2027/28
		£000s	£000s	£000s	£000s
Base Budget		36,782	39,834	42,876	42,449
1	Employer FF pensions expenditure (now provided as specific grant with RSG from 2024/25, net nil balance)	1,726	0	0	0
2	Unbudgeted prior year Green Book pay award (£1,925 increase v % budgeted)	77	0	0	0
3	Unbudgeted 2022/23 Grey Book pay award (Extra 2% in 24/25 as 2022 was 7% not 5% and agreed late in 2023)	326	0	0	0
4	Reduction in Minimum Revenue Provision (MRP) relating to borrowing costs on previous years vehicles	-4	-4	-5	0
5	Budget Realignment (incl grant reductions for Firelink in following years, External Audit, Insurance and Multi Agency Interoperability)	350	17	24	78
6	Apprenticeship Levy	2	2	0	0
7	Local Government Superannuation Revaluation Lump Sum	5	6	20	0
8	Transformation Investment/Initiatives (previously utilised from reserve, now shown as base budget)	250	0	-250	0
9	Base budget for Authority's commitment to Environmental/Green agenda (Decarbonisation)	100	0	0	0
10	Total Base Budget Adjustments	2,832	21	-211	78
Forecast Variations					
12	Revenue Contribution to Capital (no new borrowing)	-821	2,190	-488	-560
13	Non-Uniform Incremental Drift (spinal column pay progression)	88	45	34	26
14	Transformational Savings/Efficiencies/Income	-695	205	-10	-173.5
15	Additional Transformation Savings/Efficiencies	0	-700	-650	0
15	Total Forecast Variations	-1,428	1,740	-1,114	-708
16	Fire-fighters pay - three months 1 April to 30 June 2024 at 5%, 3.5% from July 2024, 3% 2025. then 2% (new pay award is 1st July each year)	693	582	433	392
17	Retained Pay (As per Fire-Fighters)	106	89	66	60
18	Control pay (As per Fire-Fighters)	47	39	30	27
19	Non Uniformed pay (3.5% effective from 01/04/2024, 3% 25/26 then 2% thereafter)	308	278	191	195
20	Member Allowances (as Green Book above)	3	3	2	2
21	Gas, Electricity, Water and Vehicle Fuel Inflation	80	-20	0	0
22	Prices/Contract Inflation	150	30	30	30
23	Total Inflation	1,387	1,001	752	706
Budget Pressures					
25	Revenue Budget bids (Current Year MTFP process)	365	2	0	-24
26	Budget pressures and bids in future years	0	200	200	200
27	Revenue budget bids (Previous Years MTFP process)	-105	79	-55	0
28	Sub total	260	281	145	176
29	Estimated Net Revenue Expenditure	39,834	42,876	42,449	42,701
30	BUDGET GAP where a minus figure (to be met via Contribution to/from Transformational Earmarked Reserves)	-5	-1,781	-1,006	442
31					
32	Estimated Budget Requirement	39,829	41,095	41,442	43,143
33					
34					
35	Financed by:	2024/25	2025/26	2026/27	2027/28
36		£000s	£000s	£000s	£000s
37	Revenue Support Grant (RSG):	2,823	2,908	2,954	3,001
38	Now rolled into RSG (separated here as first year) Employers FF Pension Grant (previously netted off against expenditure via Home Office returns)	1,726	1,778	1,806	1,835
39	Business Rates 1% Share from Unitary Authorities	2,947	3,120	3,170	3,220
40	Business Rate Top Up and S31 grants	5,582	5,746	4,765	5,065
41	Collection Fund Surplus/(Deficit) - net Business Rates and Council Tax	-117	0	0	0
42	Council Tax	26,312	27,503	28,706	29,980
43	Services Grant	41	41	41	41
44	Funding Guarantee Grant (assumed one off for 2024/25)	515	0	0	0
45					
46		39,829	41,095	41,442	43,143
47					
48	Band D equivalent Tax base	233,427	236,908	240,094	243,473
49	% change on Band D's	2.02%	1.49%	1.34%	1.41%
50	Leading to an average council tax (Band D) of	112.72	116.09	119.56	123.14
51					
52	% increase	2.99%	2.99%	2.99%	2.99%
53					
54	Use of Transformational Reserves Summary	Proposed	Proposed	Proposed	Proposed
55		2024/25	2025/26	2026/27	2027/28
56		£000s	£000s	£000s	£000s
57	Total Earmarked Reserve for Budget Setting	1,836	2,161	381	-325
58	Contribution to/from Transformational Earmarked Reserves	-5	-1,781	-1,006	442
59	FRA approved allocation of forecast 2023/24 underspend 50% here and 50% to pay earmarked reserve (released 25/26)	330	0		
60	Reduction of General Reserve from £2.6m to £2.4m in 20/21, with potential to reduce to £2.1m in 2026/27	0	0	300	0
61	Net Balance Transformational Earmark Reserves	2,161	381	-325	117

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Title of Item	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Reduce the staff networks budget within HR	7.5			
Investment income	550	-270	-30	0
Review of Water Capability and equipment currently provided (incl one off items)	21	-18	26.5	3.5
Continue to deliver inhouse Apprenticeship for new Wholetime Operational Firefighters	13	52	13	0
In house printing	28			
Income to support FTE Data Analyst	14			
Removal of service subscription held in Comms Team	8			
Internal Restructure and remuneration arrangements	32			
Review and potential conversion of role/s from Grey to Green book	15.5			
Reduce/Remove ICT contract		12		
Review use of ICT Software		25		
Capital Related therefore not base budget impact:				
Remove planned replacement of Recruitment Vehicle from Capital Programme and provide requirements via different means (one off capital saving)				150
Sale of Thermal Imaging Cameras (TICs)	2	-2		
Radios	3.5	-3.5		
Review use of ICT Hardware (one off capital saving)				20
Total	694.5	-204.5	9.5	173.5

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CAPITAL PROGRAMME 2024-25 to 2027-28

Bedfordshire Fire and Rescue Authority Capital Programme		2024/25	2025/26	2026/27	2027/28
		£000's	£000's	£000's	£000's
Fleet and Associated Equipment:					
1	2nd Stage 5 Rescue Pump payments (1st stage pymt budgeted in 23/24), Response Support Unit, Technical Rescue Unit, Hydraulic RTC cutting equipment, Operational Support Unit and vans		2,051		
2	Incident Command Unit (ICU), 1st stage payment for 3 Rescue Pumpas, 3 Fire Bikes, pool cars and vans.			1,342	
3	2nd Stage 3 Rescus Pump Payments, Recruitment & Selection Vehicles, vans				1,332
4	Sub total Fleet and Equipment	0	2,051	1,342	1,332
5					
6	Digital, Data and Technology (DDaT)				
7	Endpoint Refresh with Desktop & Laptop Deployment	118	112		
8	Renewal of Mobilising System Mobile Data Terminal & Risk Information (MDTS)		310		
9	Equipment refresh (tablets and phones)		160		
10	Audio Visual - Video Conf refresh				100
11	SAN (storage system 5 year refresh) Upgrade				200
12	Data centre refresh			175	
13	Uninterrupted Power Supply (UPS) Replacements	62			
14	Private Wide Area Network (PWAN) refresh			150	
15	Wi-Fi complete refresh			350	
16	Sub total DDAT	180	582	675	300
17					
18	Property Works service wide				
19	Lighting Replacements (int. & ext.)	150	31	0	35
20	Doors & Windows	70	165	91	75
21	Security Gates	20	32	0	8
22	Electrical Infrastructure - Existing Wiring/Switchgear replacements	50	170	65	55
23	EV Charging	30	46	0	15
24	Major Roofing Replacements	350	210	233	100
25	Drill yard resurfacing and station bay floors	49	30	88	50
26	Heating - boiler replacements	10	6	32	55
27	W/C, Shower, Dormitory, EDI works and kitchen refurbishments	60	113	82	75
28	Electric Infrastructure/Photovoltaic Tiles/Solar panels	100	40	483	195
29	Steel Masts & Drill Towers	0	10	0	10
30	Improve gym provision on stations (move out of portacabins)	65	90	0	0
31	Sub total Property Works	954	943	1,074	673
32					
33	Other				
34	Fitness Equipment Expenditure	15	15	15	15
TOTAL		1,149	3,591	3,106	2,320
Capital Financing Summary					
	RCCO = Revenue Contribution to Capital	1,015	3,205	2,718	2,158
	Vehicle and Equipment Disposals	34	86	139	62
	Capital funding held - review and utilisation	100	300		
	Assumed part grant funding for Electrical infrasture, photovoltaic tiles, solar panels, windows (Public Sector Decarbonisation Scheme)			250	100
	Total	1,149	3,591	3,106	2,320

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Bedfordshire

Fire and Rescue Service

BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Medium-Term Financial Strategy

2024/25 – 2027/28

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Appendix 1 Medium-Term Revenue Plan (MTRP)
(not attached to this version, see Appendix 1 of the 2024/25 budget report)

Appendix 2 Savings/Efficiencies/Income

(not attached to this version, see Appendix 2 of the 2024/25 budget report)

Appendix 3 Medium-Term Capital Programme

(not attached to this version, see Appendix 3 of the 2024/25 budget report)

1. Introduction

This is Bedfordshire Fire and Rescue Authority's (BFRA) Medium-Term Financial Strategy (MTFS). It is a four-year strategy which is refreshed annually and covers the financial years 2024/25 to 2027/28 and seeks to build upon the work undertaken in developing previous MTFS. It contains the Authority's agreed plans for both revenue and capital expenditure and the planned sources of funding to support that expenditure. It also explains the Authority's supporting strategies for matters such as council tax levels, efficiency savings, the use of reserves/reserves strategy and capital funding.

In addition, the plan also seeks to provide the strategic context for these financial plans, linking them to the national and local context and the Authority's corporate objectives and medium-term strategic priorities.

BFRA has been a precepting body since 2004/05 and is required by the Local Government Finance Act 1992, as amended by the Local Government Act 2003, to set a budget requirement and levy a tax on local council taxpayers each year. The Authority is also required to maintain adequate reserves to cope with unforeseen commitments.

In common with many other authorities, each year since becoming a precepting authority, BFRA has experienced a pressurised financial situation which has necessitated robust and effective medium-term financial planning and the taking of some difficult decisions, in order to present acceptable and affordable budgets.

This year has seen the continuation of the harsh economic climate. However, BFRA continues to rise to the economic challenges that it faces, whilst at the same time endeavouring to continue to improve the quality of the service it provides to the communities it serves.

The Authority has a planning process which aligns its financial planning with its strategic and integrated risk management planning processes, the key outcomes of which are captured in the Authority's Community Risk Management Plan (CRMP). The financial implications of the CRMP are thus fully integrated into the annual budget plan and MTFS. Both the CRMP and MTFS cover a rolling four-year timescale and are revised on an annual basis. This MTFS has therefore been developed to ensure that resources are adequate and appropriately directed to deliver the aims, objectives and key priorities of the Authority.

The Authority's corporate risk management process, which identifies key organisational risks and puts into place controls to manage these risks, also plays a major role in determining the outcomes of the planning process. This includes an annual assessment of the potential financial impact of such risks, which in turn is used in determining the most appropriate level of financial reserves for the Authority.

2. National Context

Service planning, and therefore financial planning, must take place with due regard to the national policy context for the fire and rescue service and economic and public expenditure plans.

Emergency services play an essential part in serving our communities and keeping them safe. Whilst the police, fire and rescue and NHS ambulance services all have distinct frontline roles, it is clear that close collaboration between them can provide real benefits for the public and help each service better meet the demands and challenges they face.

The Prime Minister's announcement on 5 January 2016 that responsibility for fire and rescue policy had transferred from the Department for Communities and Local Government to the Home Office again demonstrates the Government's commitment to closer collaboration between police and fire and rescue services.

In April 2017 the National Fire Chiefs Council (NFCC) was formed. The NFCC is made up of senior representatives from all fire and rescue services across the UK. The NFCC provides clear, professional advice to government (including devolved administrations) and the wider sector on matters such as professional standards, operational guidance, research and sharing best practice, while supporting the whole of the UK FRS.

As part of the reform agenda, the remit of His Majesty's Inspectorate of Constabulary was expanded to include inspection of Fire and Rescue Services. His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) undertook their first inspection of BFRS in 2018. The Authority's first review took place in the first tranche of inspections in 2018.

A thematic inspection of the Service's response to the Covid-19 pandemic took place in late 2020 with two further full inspections in 2021 and 2023. The links for these can be found via the below:

<https://hmicfrs.justiceinspectors.gov.uk/publications/>

The Service has maintained an action plan to address any Areas for Improvement identified by HMICFRS in the latest inspection report and these are regularly monitored and scrutinised by the FRA.

The following sections cover in broad outline the national context within which the budget and other aspects of MTFs have been framed.

2.1. National Statutory and Policy Context:

The Fire and Rescue Services Act 2004 represented the most comprehensive reform of the statutory framework for the service for more than fifty years and brought about far-reaching changes to the way in which individual fire and rescue authorities plan and deliver their services. Amongst the most fundamental of these was the replacement of the previous prescriptive standards of fire cover with a framework for local integrated risk management planning, a duty to engage in preventative community safety work and the provision for a National Framework (last revised in June 2018) to provide clarity for Fire and Rescue Services on the Government's expectations.

In addition, a range of Statutory Instruments have been introduced over recent years, which between them impose new duties on the Service, including the requirement to respond to emergencies other than fire, such as road traffic collisions, chemical, biological, radiological and nuclear (CBRN) incidents, serious flooding and major search and rescue incidents. The new responsibilities are not limited to response, but also extend to the need for the fire and rescue service to play a key role in civil contingency planning.

Fire Reform Agenda

In May 2022, the Government published a consultation white paper "Reforming Our Fire and Rescue Service" seeking views on their ideas for reform, building on lessons from independent inspection, concerning national reports and the Grenfell Tower Inquiry. It laid out the Government's vision for fire reform and was built on their ambition to strengthen fire and rescue services.

In December 2023, the Home Office published its response to the White Paper, which can be found here:

<https://www.gov.uk/government/consultations/reforming-our-fire-and-rescue-service>

The government's vision for fire reform is centred around three main themes:

- People - improving systems, flexibility and culture.
- Professionalism - helping fire professionals to best serve their communities.
- Governance - strengthening oversight and leadership.

People

The Government has outlined plans to help fire professionals to further develop their skills and ensure that everyone could thrive in their work. This included clarifying the role of fire and rescue services, unlocking talent and improving representation within services.

Talent and inclusion

The Government intends to build on existing progress to provide effective leadership of the sector and building capability, embedding values and nurturing talent within services.

Pay and Role

The consultation laid out the Government's fundamental position that the role of the fire and rescue service in England is clear - laid out comprehensively in legislation across three key acts of Parliament that address fire, community safety and civil contingencies. While the law may be clear, the Government's view it that its implementation is hampered by cumbersome pay and conditions machinery and a lack of clear accountability for fire operations and resources. The system needs to be flexible to enable chief fire officers to make local level decisions about staffing, whilst working productively with unions.

In the first instance, the Government have set out their intention to support fire and rescue authorities and unions to critically review the National Joint Council's (NJC) own mechanisms, operations and transparency.

Professionalism

Proposals in the Professionalism section of the White Paper centre around the creation of an independent body for fire professionals. These proposals will build on the important and ongoing work of both the Fire Standards Board (FSB) which has developed a strong suite of Fire Standards ranging from operational matters to culture and ethics, and the National Fire Chiefs Council (NFCC), who will have an enduring and important role in future.

Creating a College of Fire and Rescue

A College of Fire and Rescue is proposed to strengthen the development of individuals and the overall professionalism of fire and rescue services, setting the direction on data, research, leadership, ethics and professional standards. It was also proposed that a College could be given powers mirroring those of the College of Policing, to help it drive change.

Raising standards

The White Paper proposed creation of a statutory code of ethics, the case for which is bolstered by inspection findings of HMICFRS and serious lapses of integrity in parts of our fire and rescue services. In matters of integrity and elsewhere, the Home Office wants to see professional standards which drive consistency and drive-up performance and professionalism.

The Home Office will place future responsibility for professional standards with the College of Fire and Rescue and will create powers to place elements of professional standards such as a code of ethics on a statutory basis when parliamentary time allows.

Governance

The White Paper opened debate on strengthening or simplifying fire governance. It indicated that single point accountability allows for better link up between services, more efficient use of resources and clearer accountability to the public. The current process of submitting business cases for governance transfers can be complex, costly and time consuming. The White Paper also confirmed the intention to deliver on the HMICFRS's recommendation that chief officers should be afforded operational independence, similar to their policing counterparts.

Governance change

The White Paper outlined the value of single point accountability in fire and the Home Office is committed to supporting moves towards this. They will not, however, take forward the mandatory transfer of FRA functions to Police and Crime Commissioners (PCCs), Mayors or single elected individuals at this stage.

The Home Office will encourage PCCs and Mayors who want to take on fire governance functions, where the areas are co-terminus, to step forward, in order to enable the Home Office to assess readiness and support change.

Operational Independence

The proposals in the White Paper set out plans to clarify the responsibilities of fire authorities and chief officers. The aim is to create a framework that complements existing structures while providing greater clarity and transparency in the division of responsibilities. At all times, the fire and rescue authority will be responsible for their fire service. The chief officer is effectively responsible for operationalising the authority's strategic directions. Operational independence would provide chief officers with the ability to make decisions on practical and management issues.

The government is seeking to legislate, at the earliest opportunity, to give chief officers operational independence. The Home Office will also take action to make the responsibilities of the fire and rescue authority and the chief officer clearer, with regard to a clearer separation of strategic and operational planning requirements and the governance of services.

2.2 National Financial Context:

The public sector will receive their final funding in 2024/25 of the current Comprehensive Spending Review (CSR) period.

The Chancellor of the Exchequer, Jeremy Hunt, is expected to make announcements regarding the next CSR over 2024.

Nationally, the public sector is facing funding pressures, with some local authorities issuing Section 114 notices (facing financial pressures, therefore only essential spending).

3. Local Context

3.1 The Authority's Area:

Bedfordshire occupies a geographically central position within the UK. It has exceptional links to London with the presence of key transport infrastructure including the M1 and A1 roads, three major rail routes and London Luton Airport. Bedfordshire has a growing and ageing population of over 704,736 (2021 census) people, with a workforce of over 250,000. It has one of the most diverse populations in the country, over a relatively small geographical area.

The county is, in land use terms, largely rural and agricultural, including major areas of outstanding natural beauty. Most people (over 70%) live in its larger towns including the two major towns of Luton and Bedford but also in a number of smaller market towns. These towns lie within often picturesque rural settings which also includes many villages that add to the area's diversity of places to live, work and play.

Over recent years the local economy, like many throughout the UK, has moved from traditional manufacturing and heavy industry to one based more upon the service industry. These industries include logistics and air transport, higher education, research and development, tourism and hospitality, creative and cultural businesses, construction, and business services.

Bedfordshire has two successful universities; the post-graduate Cranfield University, and the under-graduate University of Bedfordshire, together with strongly performing further education colleges based in Bedford, Luton and Dunstable. There are a number of significant and internationally linked research locations at these universities and also at Colworth Science Park, Cranfield Technology Park and the Millbrook Vehicle Proving Ground.

There are on-going major transport infrastructure improvements and developments to the road system within the county and continued growth at London Luton Airport; a key deliverer in the business passenger market and handling circa 16 million passengers a year in total.

There are also iconic visitor attractions in the county, such as Woburn Safari Park, Whipsnade Zoo and Center Parc's fifth UK village at Woburn.

From April 2009 local government within the county has been through three unitary authorities - Bedford Borough Council, Central Bedfordshire Council and Luton Borough Council. The Bedfordshire Fire and Rescue Authority (BFRA) comprises elected Members from each of these unitary authorities, whose numbers are proportional to the populations they represent: 3 Members from Bedford Borough Council, 5 Members from Central Bedfordshire Council and 4 Members from Luton Borough Council.

3.2. The Authority's Strategic Priorities Objectives:

The achievement of the Authority's objectives and targets within a rapidly changing and complex environment requires a robust strategic and business planning process which must in turn guide the development of the medium-term revenue and capital expenditure plans, targeting financial resources to support day-to-day activities as well as planned investment.

Such effective business planning is also essential in order to embed a Service-wide culture of providing the best quality service through the most efficient means and ensure that efficiency measures can be used to free up existing resources, enabling them to be redirected to new and emerging priorities.

BFRA continues to rise to the economic challenges that it faces, whilst at the same time endeavouring to continue to improve the quality of the service it provides to the communities it serves. In the prior years the Authority has:

- Changed the shift system at all of our wholetime fire stations.
- Changed the shift system at 1 of our 2 day crewed fire stations.
- Restructured Enabling Function teams
- Made significant ICT investment to enable working from home across the service in response to the Covid Pandemic including increased Cyber security
- Introduction of a new Mobilising system, the first in the country to utilise a fully cloud based system.

The production of the Service's Community Risk Management Plan (CRMP) is facilitated by the Strategic Assessment and considers a wide range of factors and issues, many of which are complex and played out over a longer timeframe, whilst others are less complex but more volatile requiring close monitoring.

The annual CRMP process enables the development of more detailed plans across the Service and in particular the programme of strategic improvement projects / actions for the forthcoming year and medium-term beyond and play a vital role in guiding and prioritising proposals for expenditure in the annual budget setting and medium-term financial planning process.

The Service planning processes and current medium-term CRMP led to the development of six aims (see below). Our Mission is: **Working together to keep Bedfordshire safe.**

For us, delivering on our mission means focusing on the following six strategic commitments:

We are:

PREVENTING ... fires and other emergencies from happening.

PROTECTING ... people and property when fires happen.

RESPONDING ... to fires and other emergencies quickly and effectively.

We will do this by:

ENGAGING ... and building closer relationships with our communities and businesses

INVESTING ... in our people to be the best they can be, to serve you better.

MAKING ... every penny count, using our resources in an environmentally sustainable way

Please refer to the CRMP for further detail.

The budget also financially and strategically supports the Service’s Values, including new 2024/25 budget bids. The Values are:

- We’ve got your back – striving to keep us all safe, while being supportive and inclusive.
- We are to be different – we are bold in our approach, we welcome challenge and are open to innovative ideas
- Every contact counts – making a positive difference each and every time, with respect and professionalism.
- We are accountable – we are transparent, trustworthy and responsible for our actions.

3.3. Government Funding Settlement:

The Government’s provisional settlement was announced on 18 December 2023, with the final settlement figures to be confirmed on the 5th February 2024. The settlement figures are detailed below in Table 1.

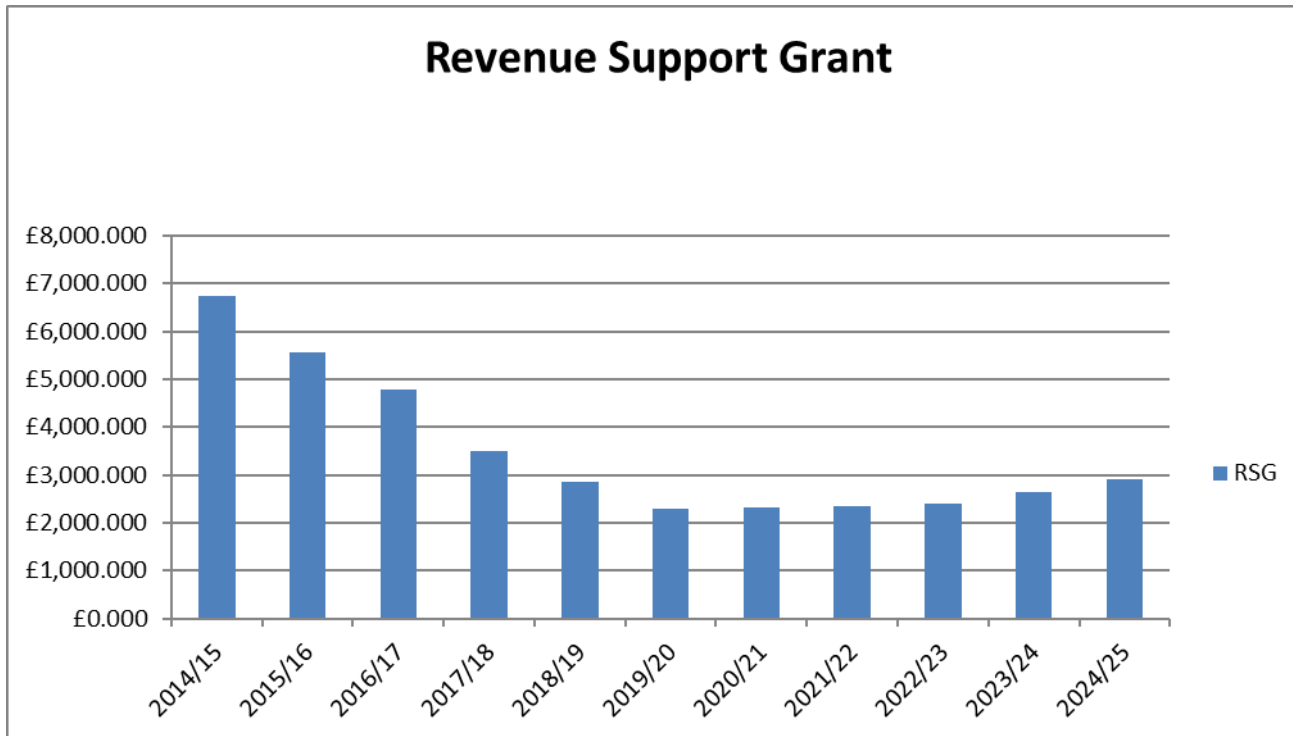
Table 1: Settlement Funding Assessment split

	2023/24 £m	2024/25 £m	£m Variance
Revenue Support Grant (RSG)	2.649	2.823	0.174
Business Rates baseline funding	6.164	6.465	0.301
Settlement Funding Assessment (prior to new Pension Grant)	8.813	9.288	0.475
Employers Pension Grant	0	1.726	1.726
Settlement Funding Assessment including 2024/25 Employers FF Pension Grant	8.813	11.014	2.201

As detailed above, the funding increase between 2023/24 and 2024/25 is £0.476m over both grant and business rates income.

The chart below details the Revenue Support Grant income since 2014/15. These reductions have been visible in the Medium Term Revenue Plan and have of course led to increased savings and efficiencies.

Chart 1: Revenue Support Grant from 2014/15 to 2024/25



The Authority's Business Rates Baseline Funding Level (BFL) has been assessed at £6.465m by the Department of Levelling Up, Housing and Communities (DLUHC) for 2024/25, which includes a forecast share of local business rates estimated at £2.600m (the Government's estimate of the Authority's 1% share of locally collected business rates). As our business rates expected to be locally collected/allocated (the 1% share) are lower than the baseline funding level of £6.465m, we are therefore a 'top up' authority and will receive the payment of £3.865m from central government (to get back to the £6.465m baseline funding level). There is much volatility with business rates income and associated discounts and grants to compensate, particularly since Covid and the various support provided by Government to businesses. Any variances will be monitored and reported as part of the in-year budget

monitoring reports. There will also be the impacts from the valuation appeals; the Chancellor has confirmed that there will be a business rates revaluation taking place in 2023.

The Service will also increase links with the Unitary Authorities to better understand their business rates positions and how this will impact the in-year funding position of the Authority. With material re-distribution in 2023/24, this further understanding would be beneficial.

The split of this between local authorities is shown below in Table 2.

Table 2: Local Business Rates income.

Authority	2024/25 £000	Section 31 Grant £000
Bedford	876	276
Luton	654	272
Central Beds	1,382	449
Total	2,912	997

The above figures are fed into the MTRP. As are the Section 31 Business Rates Grants currently forecast at £997k in total from the three Unitary Authorities for 2024/25. In addition, there is annual Government S31 funding (multiplier compensation).

As previously reported, the Authority in future years will be subject to fluctuations of the Business Rates collected in Bedfordshire. If business rates income increases, the Authority will receive a share of this, if it decreases the Authority will be impacted by this. There are mechanisms in place within the funding scheme that offer protection, called safety nets, should an authority be considerably adversely impacted.

The detailed split of the Authority's total funding and local council tax is shown in Table 3 below:

Table 3: Detailed income split

	2023/24 £m	2024/25 £m	Change £m
Budget Requirement (£m)	34.748	39.829	5.081
<u>Funded by:</u>			
Precept Requirement (£m)	25.043	26.312	1.269
Central and Local Government Funding (£m)	9.863	13.078*	3.215*
Collection Fund surplus/(deficit) incl spreading of prior year	(0.389)	(0.117)	0.272
Funding Guarantee (new for 24/25)	0	0.515	0.515
Services Grant (new from 23/24)	0.231	0.041	(0.190)
Funding Total (£m)	£34.748	£39.829	£5.081
Tax Base (Band D equiv. properties)	228,807	233,427	4,620
Band 'D' Council Tax	£109.45	£112.72	£3.27

*Includes the new Employer FF pensions grant, that was previously not part of settlement funding, so shown in 2024/25 separately for the first time.

The above income lines are further explained below:

- The Government Grant funding for 2024/25 is as per the funding settlement figures provided by the DLUHC, with the exception of the local business rates. For business rates, as noted below, the more up to date local authority information is used.
- The Precept Requirement is the total of council tax income to the Authority.
- The local business rates for 2024/25 are the figures provided by the three local authorities that are being finalised and reported in their NNDR 1 returns.
- Council Tax Taxbase, is the Band D equivalent number of properties. For six years there was a lower figure than in 2012/13 and prior years due to the changes in the benefits system, which has reduced the taxbases. This reduced council tax income was offset by the Council Tax Support funding that was separately identifiable in 2013/14 but from 2014/15 has been included in the general Government funding calculations. The taxbase in 2020/21 was higher for the first time than the 2012/13 levels.
- The S31 grants have been updated, for both the locally collected and the Government S31 grant where known/confirmed.

3.4. Other Revenue Grants:

In addition to the formula funding, the Government provides specific revenue grants. For the two grants listed below, these are forecast to be £119k in 2024/25.

- *Firelink* - £79,199.72 is for the wide area radio system in England, Wales and Scotland for the fire and rescue service. This grant is reducing over the medium term and the cost will have to be picked up by the service.
- *New Dimensions* - £40,175.69 is a grant to cover local costs associated with hosting and maintaining skills associated with national resilience vehicles and importantly to support the provision of a specialist capability to respond to Marauding Terrorist Attacks (MTA).

As well as the above, a one off pensions administration grant will be received in 2024/25 at £79,553.18.

3.5. Capital Programme:

As anticipated, there is no Government funding or bidding round for capital in the 2024/25 budget. This was the position for the 2016/17 to 2023/24 financial years too. The Authority, in 2012/13 and before, used to receive an annual capital grant of £1m, with a bidding process for funding in the years 2013/14 to 2015/16.

The Authority's base budget revenue contributions to fund capital commenced in 2012/13 to support capital expenditure funding in future years. There is now a budgeted base budget revenue contribution of circa £1.0m per annum (with fluctuations) from 2024/25 onwards towards capital expenditure. This is with the assumption that capital grants are not forthcoming in future years. If capital funding becomes available, there will be a direct reduction in revenue contributions.

The Capital Programme, as per the approved timetable, has followed the same robust challenge/scrutiny route as the revenue budget. The Corporate Management Team has also reviewed and assessed the bids made, approving the schemes that are attached at Appendix 3 as the 2024/25 Capital Programme.

Key items of note in the proposed 2024/25 Capital Programme of £1.149m are:

- Investment in ICT including computers and uninterrupted power supply (UPS) for business continuity
- Investment in improvements and modernisation of our buildings, including environmental initiatives and EDI works

4. **The Medium-Term Revenue Plan**

4.1. **Overview and Key Features of the Revenue Budget Strategy:**

The Medium-Term Revenue Plan (MTRP), attached at Appendix 1 of the 2024/25 budget report, sets out the Authority's revenue budget strategy for the next four years and the predicted impact on council tax. It captures all of the revenue budget implications of the forecasts and assumptions set out throughout this document, including the impact of the capital budget on revenue.

A key feature of the Authority's overall revenue budget strategy is the decision to set a budget for 2024/25 which involves a forecast 2.99% council tax increase across all four years of the Medium Term Plan. These council tax increases are combined with strategies for council tax, efficiency savings and the use of reserves, which together are aimed at delivering significant and sustainable savings over the four year period and beyond, whilst supporting continuing improvements in the quality of service in line with the Authority's strategic priorities.

4.2 Components of the Medium-Term Revenue Plan:

To summarise where the budgets are allocated per department, please see the summary table below (based on 2023/24 budget with high level updates for 2024/25).

As you would expect for an operational emergency service, the bulk of the budget is held within the staffing budget of the Head of Response. The table below splits our salary and non-salary budgets for a high level overview.

Title	Area	2023/24 Original Budget		
		£ Salaries	£ Non Salaries	£ Total
Total Strategic Management	Management	1,070	308	1,378
Total Head of Response	Operational	17,872	876	18,748
Head of Training and Assets	Training	2,747	389	
	Technical/Workshops		387	
	Corporate Support		284	
Total Head of Training and Assets		2,747	1,060	3,807
Head of Prevention and Protection	Partnership Working	2,237	(60)	
	Prevention		137	
	Protection		10	
Total Head of Prevention and Protection		2,237	87	2,324
Head of Information Communications Technology	ICT	1,196	1,912	3,108
	Business Improvement Team			
	ICT Projects			
Total Head of Information Communications Technology		1,196	1,912	3,108
Assistant Chief Officer	Income, Capital & Year End	2,249	195	
	Corporate Support		2,397	
Total Assistant Chief Officer		2,249	2,592	4,841
Head of Strategic Support and Assurance	Media & Comms	855	16	
	Organisation Assurance		120	
Total Head of Strategic Support and Assurance		855	136	991
Head of Human Resources	Human Resources	1,251	271	
	Occupational Health		63	
Total Head of Human Resources		1,251	334	1,585
Total		29,476	7,305	36,782

2024/25 Budget per FRA doc

Base adj	2,832
Capital & Transf.	(1,477)
Inflation	1,387
Budget Bids	260
Tranforamtion Fund	45

Budget Requirement for 2024/25

39,829

The following sections give a brief explanation of each of the main components of the MTRP:

4.2.1 *Base Budget*

The net revenue budget for running the Service in 2023/24 was £36.782m. After adjusting for an amount of £2.034m, which was a contribution from reserves to balance the budget, this decreased the budget requirement to £34.748m.

For the 2024/25 budget, the net revenue budget is £39.834m, with a budgeted contribution of £0.005m from the Transformational reserve decreasing the budget requirement to £39.829m.

4.2.2 *Impact of Pensions Funding Changes*

The majority of firefighters pension costs are paid for from the pension account (that is separate from the BFRA's budget), which is funded by a combination of employers' and employees' contributions with Government paying the balance. The level of the employers' contributions is set by the Government Actuary Department and applies uniformly across all Authorities. The BFRA is still responsible for injury retirements and the initial contribution towards ill-health retirements. The employers FF pension contributions will increase from April 2024 and be met by additional grant (a second employer pensions grant)

The employer pension contributions for non-operational staff are based on annual lump sum payments as well as % employer contributions.

4.2.3 *Forecast Variations*

This component of the budget includes a variety of estimated or predicted impacts. The items for increases investment interest decrease/increase are self-explanatory and the figures given represent estimates based on information currently available. The Revenue Implications of the Capital Programme represent the cost of capital borrowing (minimum revenue provision, loan, interest repayments, running costs) on the revenue budget.

The item on non-uniform incremental drift relates to increases in pay for non-uniformed staff as a result of increased 'time served' which results in their moving up the 'spinal column points' within their salary scales.

Of particular importance are the items on efficiency savings. As noted at the start of this Section, the Authority's efficiency savings strategy is a core component of the MTRP. The efficiency savings for each of the four years are shown as two types: Transformational Efficiencies/Savings which relate to far-reaching organisational changes, normally associated with significant strategic projects; and Budget Manager Process Efficiency Savings which relate to incremental cost reductions and improvements in ways of working for which all senior managers are set annual targets across all non pay-related budgets. Further details of the Authority's efficiency savings strategy are given in Section 4.3 below.

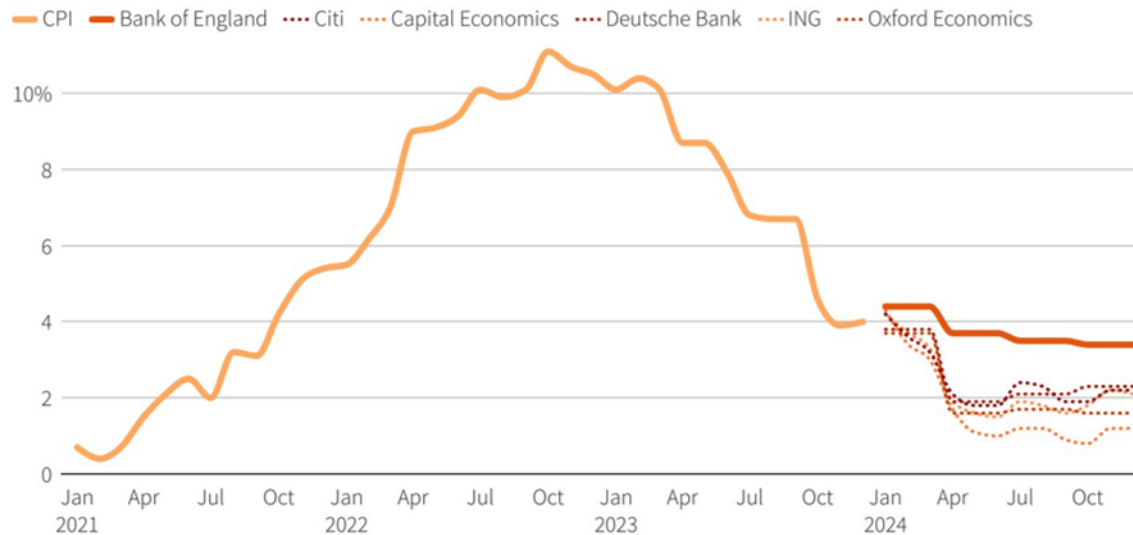
4.2.4 *Inflation*

The graph below shows the latest inflation forecast position:

Inflation

UK inflation forecast to fall below 2% by May

Economists have cut their forecasts for UK consumer price inflation since the start of the year, and now expect CPI to return to its 2% target far sooner than the Bank of England predicted in November.



Note: Citi, Capital Economics and ING forecasts are monthly. Others refer to calendar quarters.

Source: ONS, BoE, Citi, Capital Economics, Deutsche Bank, ING, Oxford Economics | Reuters, Jan. 17, 2024 | By David Milliken

WHY HAS INFLATION BEEN FALLING?

British consumer price inflation peaked at 11.1% in October 2022, driven by surging European gas prices after Russia's invasion of Ukraine in February that year, as well as by higher food prices and lingering disruption from the COVID-19 pandemic. Since then, oil and gas prices have fallen while food prices are increasing less quickly.

Staff Pay: Direct employee costs amount to circa 82% of the revenue budget and as a result the annual pay awards in the latter years of this current budget setting process have a significant impact on future expenditure levels. Specifically for 2024/25, with pay forecasts at 3.5% for non-uniformed officers and uniformed officers from 2024.

This budget will fund wholetime and retained operational staff, emergency fire control operators and full-time and part-time support staff pay awards. All of the Authority's pay awards are determined by national negotiating bodies and, other than through the Employers' representatives on the negotiating team, the BFRA has no direct influence on the outcome and, therefore, the use of estimates for budget projections is required.

Prices Inflation: This includes all non-pay items, from indirect employee costs such as recruitment, insurance, occupational health and health and safety related provision and operational training, through to premises, transport, supplies and services. There is a separate line for an inflation provision for gas, electricity, water and diesel.

4.2.5 Budget Pressures

This line of the MTRP refers to proposed items of new or additional expenditure brought forward by managers during the process of budget setting, which have been approved for taking forward into the budget. These projects (after the number of the business case template used for submission) and all have been subject to rigorous scrutiny. The bids below have been shared with FRA Members in detail as part of the 2nd Members budget workshop:

- Additional Occupational Health Nurse 0.6FTE £10.3k
- DBS background checks for all staff £14k
- Crimestoppers FRS Speak up Service £2k
- Consultancy support for HR Systems £6k (one year only)
- Additional Service Medical Adviser capacity £11k
- Senior Data Analyst (part funded post captured in income) £56k
- Cyber Security Analyst (ICT shared service post 50% BFRS) £30k
- Prevention activities out of hours/overtime £20k
- Cadets £18k
- 360 personal reviews/development £20k one year, £35k for full repeat in 2027/28
- ICT contracts £60k
- Project Management Office £165k

4.2.6 *Estimated Net Revenue Expenditure*

This line of the plan shows the sum total of each of the above expenditure elements and thus represents the total budgeted revenue spending on the Service.

4.2.7 *Contributions to/from General Reserves*

As a precepting authority there is a requirement under the Local Government Act 1992 for BFRA to hold reserves in order to meet any unforeseen emergencies and manage uneven cash flows. The Authority undertakes a thorough risk assessment in order to identify the required level of reserves each year. Details of the amounts and nature of Reserves which the Authority has decided to hold are given in Section 4.4.

4.2.8 *General and Earmarked Reserves, below*

This line of the MTRP shows how the Authority plans to use the Transformational Reserves, as per the strategy, in years 2024/25 to 2027/28. This strategy is supported by the Authority's efficiency savings plans and the proposed council tax strategy over the four years of the MTRP and is aimed at smoothing the impact of the uncertainty in formula grant in 2024/25 to 2027/28, thereby allowing adequate time for longer-term efficiency savings measures to deliver sustained reductions to base budget requirements, whilst maintaining levels of service delivery.

4.2.9 *Collection Fund*

A council tax Collection Fund deficit or surplus can arise for a local authority (a billing authority) when the actual amount of council tax collected by the Authority is less or more than the amount calculated based upon the number of properties (taxbase) and level of council tax set. This can arise due to a number of reasons including an under or over-estimation of the taxbase and non-payment by householders. Similarly, this is applicable to Business Rates too where estimates at the beginning of the year on collection can lead to surplus or deficits forecast at the year end.

For 2024/25, the respective estimated Collection Fund position of each of its constituent authorities (Bedford, Central Bedfordshire and Luton) has resulted in a net collection fund deficit of £117k for this Authority. This is detailed on an individual authority basis in Table 4 below.

Table 4: 2023/24 Collection Fund estimated outturn

Authority	Council Tax £ (surplus)/deficit	Business Rates £ (surplus)/deficit	Net £ (surplus)/deficit
Bedford	(66,942)	(29,131)	(96,073)
Luton	(274,155)	16,569	(257,586)
Central Beds	119,000	351,769	470,769
Total	(222,097)	339,207	117,110

For a combined fire authority, any collection fund deficit or surplus will represent the combined ‘net’ result of its share of each of its constituent authorities’ estimated year-end Collection Fund position.

4.2.10 *Financed By*

This element of the Plan shows the detail of the separate sources of revenue funding required to meet the estimated budget requirement for each year of the Plan, ie from where the Authority’s revenue income comes. The detailed split of funding is shown earlier in the MTFs in Table 3.

4.2.11 *Calculation of Band D Council Tax and Percentage Increase*

The taxbase used in the MTRP projections represents the number of Band D equivalent properties in the three constituent local authorities that BFRA precepts upon (ie Bedford, Central Bedfordshire and Luton). The taxbase for 2024/25 has been set at 233,427 Band D equivalent properties, based on the information that has been supplied by these authorities. The split per authority is shown in Table 5 below. This is an increase of 2.02% compared to the 228,807 taxbase in 2023/24.

The estimated increases of future years’ council taxbases are included within the MTRP, currently at c.1.5% each year.

Also shown is the percentage increase in council tax projected for each year of the MTRP. As explained previously, these equate to 2.99% for 2024/25 and each year until 2027/28.

Table 5: Taxbase – Band D Equivalents

Authority	2024/25
Bedford	63,712
Luton	56,224
Central Bedfordshire	113,491
Total	233,427

Scenario Planning

Different scenarios have also been considered and are included below. These are in addition to the figures shown in Appendix 1 to the Budget Report.

- (i) Transitional Support to the forecast Business Rates reset in 2026/27

The forecast in the MTRP at Appendix 1 to the Budget Report includes a hard Business Rates reset, therefore no transitional support. There may be transitional support and if this is the case, the reduction of £918k of income captured in Appendix 1 for 2026/27 could be smoothed, for example, by 50% support in 2026/27 (other arrangements could also be actioned by Government).

Based on the transitional support of 50% in 2026/27, the income and use of Transformation Reserve results in the following:

Financed by:	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
Revenue Support Grant (RSG):	2,823	2,908	2,954	3,001
Now rolled into RSG (separated here as first year) Employers FF Pension Grant (previously netted off against expenditure via Home Office returns)	1,726	1,778	1,806	1,835
Business Rates 1% Share from Unitary Authorities	2,947	3,120	3,170	3,220
Business Rate Top Up and S31 grants	5,582	5,746	4,765	5,065
Collection Fund Surplus/(Deficit) - net Business Rates and Council Tax	-117	0	0	0
Transitional Support for the Business Rates reset in 2026/27 at 50%	0	0	491	0
Council Tax	26,312	27,503	28,706	29,980
Services Grant	41	41	41	41
Funding Guarantee Grant (assumed one off for 2024/25)	515	0	0	0
	39,829	41,095	41,933	43,143
Band D equivalent Tax base	233,427	236,908	240,094	243,473
% change on Band D's	2.02%	1.49%	1.34%	1.41%
Leading to an average council tax (Band D) of	112.72	116.09	119.56	123.14
% increase	2.99%	2.99%	2.99%	2.99%
Use of Transformational Reserves Summary	Proposed	Proposed	Proposed	Proposed
	2024/25	2025/26	2026/27	2027/28
	£000s	£000s	£000s	£000s
Total Earmarked Reserve for Budget Setting	1,836	2,161	381	166
Contribution to/from Transformational Earmarked Reserves	-5	-1,781	-515	442
FRA approved allocation of forecast 2023/24 underspend 50% here and 50% to pay earmarked reserve (released 25/26)	330	0		
Reduction of General Reserve from £2.6m to £2.4m in 20/21, with potential to reduce to £2.1m in 2026/27	0	0	300	0
Net Balance Transformational Earmark Reserves	2,161	381	166	608

(ii) Impact of Borrowing for the Emergency Cover Review (ECR) work

As noted elsewhere in the budget pack, expenditure associated with the outputs from the ECR work has not been included. For example, the levelling and rebuild of a large station could result in capital expenditure of up to £15m. This could partly be offset by using reserves, such as the Collaboration Reserve, partly by using internal funds (our over borrowed position) and partly by selling some assets such as houses (the Authority has seven) or for example a strip of land. However, should approval be given by the FRA for a significant capital estate investment, the likely scenario is that borrowing from the Public Works Loan Board (PWLB) would be undertaken. This could for example be a revenue impact of £60k for a £1m loan. So based on a £10m loan this would be circa a £600k annum revenue pressure. This new revenue cost would cover both interest payments and the Minimum Revenue Position (MRP, setting aside the £ to pay back the loan. This is based on forecast PWLB rate of a 50 year loan).

Based on this scenario, including item (i) above too, the impact would be limited in 2026/27 but post the potential transition funding of the anticipated Business Rates reset, would materially impact in 2027/28 onwards (of course depending on loan date, build dates etc). If there was no business rates reset, so not the £980k reduction currently forecast, the revenue implications of a £10m loan would be met by this non reduction of business rates income.

Financed by:	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
Revenue Support Grant (RSG):	2,823	2,908	2,954	3,001
Now rolled into RSG (separated here as first year) Employers FF Pension Grant (previously netted off against expenditure via Home Office returns)	1,726	1,778	1,806	1,835
Business Rates 1% Share from Unitary Authorities	2,947	3,120	3,170	3,220
Business Rate Top Up and S31 grants	5,582	5,746	4,765	5,065
Collection Fund Surplus/(Deficit) - net Business Rates and Council Tax	-117	0	0	0
Transitional Support for the Business Rates reset in 2026/27 at 50%	0	0	491	0
Council Tax	26,312	27,503	28,706	29,980
Services Grant	41	41	41	41
Funding Guarantee Grant (assumed one off for 2024/25)	515	0	0	0
	39,829	41,095	41,933	43,143
Band D equivalent Tax base	233,427	236,908	240,094	243,473
% change on Band D's	2.02%	1.49%	1.34%	1.41%
Leading to an average council tax (Band D) of	112.72	116.09	119.56	123.14
% increase	2.99%	2.99%	2.99%	2.99%
Use of Transformational Reserves Summary	Proposed	Proposed	Proposed	Proposed
	2024/25	2025/26	2026/27	2027/28
	£000s	£000s	£000s	£000s
Total Earmarked Reserve for Budget Setting	1,836	2,161	381	-434
Contribution to/from Transformational Earmarked Reserves	-5	-1,781	-515	442
FRA approved allocation of forecast 2023/24 underspend 50% here and 50% to pay earmarked reserve (released 25/26)	330	0		
Emergency Cover Review (ECR) related new borrowing, example of interest and MRP on £10m loan	0	0	-600	-600
Reduction of General Reserve from £2.6m to £2.4m in 20/21, with potential to reduce to £2.1m in 2026/27	0	0	300	0
Net Balance Transformational Earmark Reserves	2,161	381	-434	-592

(iii) Impact of different pay awards

Pay awards may vary from the opted forecast in Appendix 1 to the Budget Report at 3.5%, 3%, 2% and 2% for the years 2024/25 to 2027/28. The Authority has prudently again supported the Pay/Pensions reserve to assist in the short term in pay awards are

higher than budget, but as per the scenarios above would put a pressure on the revenue budget. Different pay award modelling has also been completed by the Treasurer.

4.3 Efficiency Savings Strategy

An efficiency saving occurs when the cost of an activity is reduced, but its quality and effectiveness remains the same or improves. BFRA continues to focus on becoming more efficient - finding new ways to deliver highest quality services at lowest possible cost.

The Authority's MTRP for 2024/25 to 2027/28 shows the level of budgeted efficiency/ savings planned for each of the four years, which form an integral part of the overall revenue budget strategy. In addition, the Authority's efficiency savings/initiatives during 2023/24 are mainly on track to deliver an underspend which will be used, subject to the approval of the FRA, to contribute to the Collection Fund deficit Reserve.

As well as making significant savings in previous years, from 2010/11 to 2023/24 nearly £8m has been reduced from budgets through budget scrutiny and savings/efficiencies, the Authority's plans for 2024/25 and beyond include making additional significant efficiency savings through:

- Further operational and non-operational reviews
- Efficiency improvements from investments in ICT
- Procurement savings from new contracts
- Collaboration savings
- Income generation

4.3.1 Financial Business Continuity Plan

The Authority has a Financial Business Continuity Plan. The savings/efficiencies/income presented in Appendix 2 to the Budget Report, have been generated and proposed following an exercise with our Corporate Management Team proposing options based on levels 1 to 3. Level 1 easy to action/do, level 2 with some difficulty and level 3, hard to do and will take time (for example, consultation, staff impacts, risks etc). The items proposed in Appendix 2 come from level 1 and some of level 2.

Predominantly level 3 items are the items in the business continuity plan and will be continually reviewed to ensure current, if some need adding or removing and to progress further with items identified that require this. This workstream will form part of the Transformation Programme.

4.4. General and Earmarked Reserves:

As a precepting authority there is a requirement under the Local Government Act 1992 for BFRA to hold reserves in order to meet any unforeseen emergencies and manage uneven cash flows. The Authority undertakes a thorough risk assessment in order to identify the required level of reserves each year. The Treasurer has the duty to report on the adequacy of reserves (under section 25 of the Local Government Act 2003), particularly when the authority is considering setting its budget requirement.

The required level of reserves for the period 2024/25 is outlined within the Reserves Strategy and financial strategy.

General Reserves are a working balance to help cushion the impact of uneven cash flows and avoid unnecessary borrowing and as a contingency to cushion the impact of unexpected events or emergencies. The Authority's General Reserves are detailed in the Reserves Strategy at Appendix 5 to the 2024/25 Budget Report.

Earmarked Reserves, in accordance with the Local Authority Accounting Panel (LAAP) Bulletin 77, can be set up where there are known or predicted requirements. As is common with most other Fire and Rescue Authorities and public sector bodies, BFRA has set up a number of earmarked reserves which have been separated out from General Reserves. These are also detailed in Appendix 5, the Reserves Strategy.

The General Reserve of £2.4m, at c.6% of net revenue expenditure, is in line with the current overall average Combined Fire Authority average. As the S151 Officer I am comfortable with the level of reserves and do not deem it too low or high.

In addition, the Authority has separate ear-marked reserve for the Capital Receipts Reserve. Project carry forwards are also classed as ear-marked reserves at the year end stage.

The Transformational Earmarked Reserve that was specifically set up for budget setting purposes is estimated to total £1.836m at 31 March 2024. As detailed in the MTRP, it is forecast that this will be allocated to offset the budget gap over the medium term and to invest in transformation initiatives.

5. The Medium-Term Capital Programme

5.1 **The Capital Programme**

Maintaining and improving the BFRA's infrastructure requires considerable resources and, for asset management purposes, this is broken down into three categories of investment, for each of which a comprehensive Asset Management Plan is produced; namely:

- Land and Buildings
- Fleet and Operational Equipment
- Information and Communication Technologies (ICT)

For each category of investment a separate programme of projects exists which spans a four year period. Because of the nature of the types of projects included in the programmes it has been the practice for some time to phase plans over a medium-term timeframe in order to show the way some schemes run over several years.

In line with best practice the land and buildings programme is developed so as to meet ongoing maintenance demands as well as to support the development of land and buildings investment and its subsequent management.

The fleet and operational equipment programme reflects the need to maintain a comprehensive fleet of vehicles with acceptable asset lives, equipped to the correct standard to meet current and planned service delivery requirements.

The ICT programme contains projects designed to develop and maintain the communications and technological infrastructure, to support both operational and organisational needs.

Traditionally IT, vehicles and operational equipment have either been leased or funded from revenue and hence did not feature in the Capital Programme, but are the subject of revenue bids for funding. Following the introduction of the Prudential Code, work was undertaken to review the cost effectiveness of leasing compared with long-term borrowing and a number of previously leased items are now being included as part of the four year Capital Programme. Discussions regularly take place with our treasury and leasing advisers, Capita Treasury Solutions, to ascertain for our specific Authority at that point in time, what the optimal funding options are.

All proposed schemes are assessed against set criteria to establish the extent to which they support the strategic objectives and Authority's priorities.

The Authority has implemented an asset management process that ensures all its assets are procured, maintained and disposed of in an efficient and effective way to provide value for money to the council tax payer.

The buildings programme for 2024/25 onwards has been developed on the basis that at present there are no further plans to change the type or location of fire stations and therefore the bulk of investment in premises is directed towards enhancement and the provision of new facilities for training and enhanced national resilience. However, it is an area that may change due to joint working/collaboration.

Historically, vehicles and equipment for frontline response and community fire safety have followed certain levels of specification and requirements. Following a comprehensive review of the emergency response fleet, a number of innovative changes are being made to the current fleet. These changes will deliver a fleet of vehicles aligned to the emergency response required to be mobilised to the identified risk profile of Bedfordshire.

The Capital Programme for 2024/25 is fully funded by revenue contributions, utilisation of unearmarked capital reserve and forecast income from vehicles sales.

It is unknown how fire and rescue authorities will be funded for capital expenditure in the next Spending Review period.

6. Other Considerations

6.1. **Key Budget Assumptions and Uncertainties:**

2024/25 Budget Process- Assumptions/Uncertainties

Current Assumptions:

- One year settlement for 2024/25 (is the last year of the current Comprehensive Spending Review (CSR))
- The tax base will increase by circa 1.5% annually, or as advised by the Unitary Authorities.
- Grants will continue for the two employer FF pension contribution increases (new one from April 2024) and meet the Authority's costs
- That the council tax referendum limit will continue @ 3% for 2025/26 to 2027/28
- Based upon demonstrable need that the FRA will approve the 2.99% council tax precept increase in all years.
- Collection Fund positions as per local authority partners.
- All longstanding grants received in 2023/24 will continue in 2024/25 onwards. This includes, New Dimensions, Fire link (with reductions), MTA.
- Green Book pay award 3.5% April 2024, followed by 3%, 2% and 2% in the years 2025/26 to 2027/28.
- Grey Book pay award as above.
- Business rates reset in 2026/27 (with no transitional support in Budget Report Appendix 1, but scenario in a para above covers this)

- Fire Grant/Emergency Services Mobile Communications Programme (ESMCP) funded – *Potential large funding risk here.* MAIT funding (built in some annual costs of £10k p/a from 2026/27 as indicated recently).
- That CPI will fall in line with fan chart projections.
- That the Minimum Funding Guarantee will be for 2024/25 only (as per advice received)

Uncertainties:

- Pay awards
- The continuation of inflationary pressures and if costs will reduce or remain at current level.
- Continuation of the Minimum Funding Guarantee
- What, if any, allocation will be given to Authorities to deliver efficiencies/savings/productivity.
- How much Prevention and Protection Grant will be received in future years
- As above, how much of the Employer Pension Grant at £1.7m will be included as part of the settlement/CSR from 2024/25 onwards. It could be subject to reduction in the following years. And if the new grant from 2024/25 will cover increased employer pension costs.
- If the Services Grant of £38k will continue at this level (was £430k when introduced in 2022/23 then £231k in 2023/24).
- FF pensions – impact from the Remedy, Matthews and associated costs (internal resourcing, payment to Administrators), immediate detriment costs and other pension related matters.
- The government Public Sector Decarbonisation Scheme will remain open for bids in future years to help fund environmental works to service properties. Our Capital programme forecasts a successful funding bid for 2026/27 & 2027/28.
- Impact from recent new CSR from 2025/26.
- Impact from delayed formula funding review (year unknown).
- Recruitment profile/establishment/retirements – associated recruitment/training costs.
- New savings/efficiencies in the medium term.
- Collaboration (PCC, Ambulance (servicing, co-responding, falls/Community Welfare Officers, bariatric funding), Police etc) – and associated costs/savings/investments.
- Medium term property strategy (Emergency Cover Review, One Public Estate, HQ, workshops, sharing etc)
- Contingent Liabilities/Assets included in the Statement of Accounts.
- EU directives/legislative changes/post Brexit impacts such as supply chain and cost increases.
- Implications arising from the Day Crewing and Retained pensions.
- Strike expenditure potential over the course of the four year MTRP.
- Interest and inflation rate fluctuations.
- Outcomes of Retained Duty System project (budget increase/decrease)
- Outcome of Grey book pay review – broadening the role, pay award.

- Outcome of Emergency Cover Review Project.
- Outcome of contaminants work both locally and nationally and potential additional expenditure here.

6.2 Equality Impact:

The challenging economic environment in which the Service is operating means that it is sometimes necessary to make difficult and unpopular decisions. A number of the major changes included within the Authority's strategic priorities for the medium-term and thus supported by financial provision within this MTFs, particularly those associated with transformational efficiency savings, will be of this type. The Authority recognises that equality legislation does not prevent it from making these decisions but gives an opportunity to demonstrate its commitment to equality, diversity and inclusion and to ensure such decisions are based on robust evidence and taken in accordance with the Public Sector Equality Duty.

The Authority, therefore, ensures that robust equality analysis is carried out, paying due regard to the impact on our community and staff, where policies, procedures and practices are changing. Decisions, where appropriate, will also be informed by the wider context to ensure particular groups are not unduly affected by the cumulative effects of different decisions. All decisions will be documented through equality impact assessment ensuring fairness, transparency and accountability. This information will be published in line with the requirements of the Public Sector Equality Duty.

6.3 Data Quality:

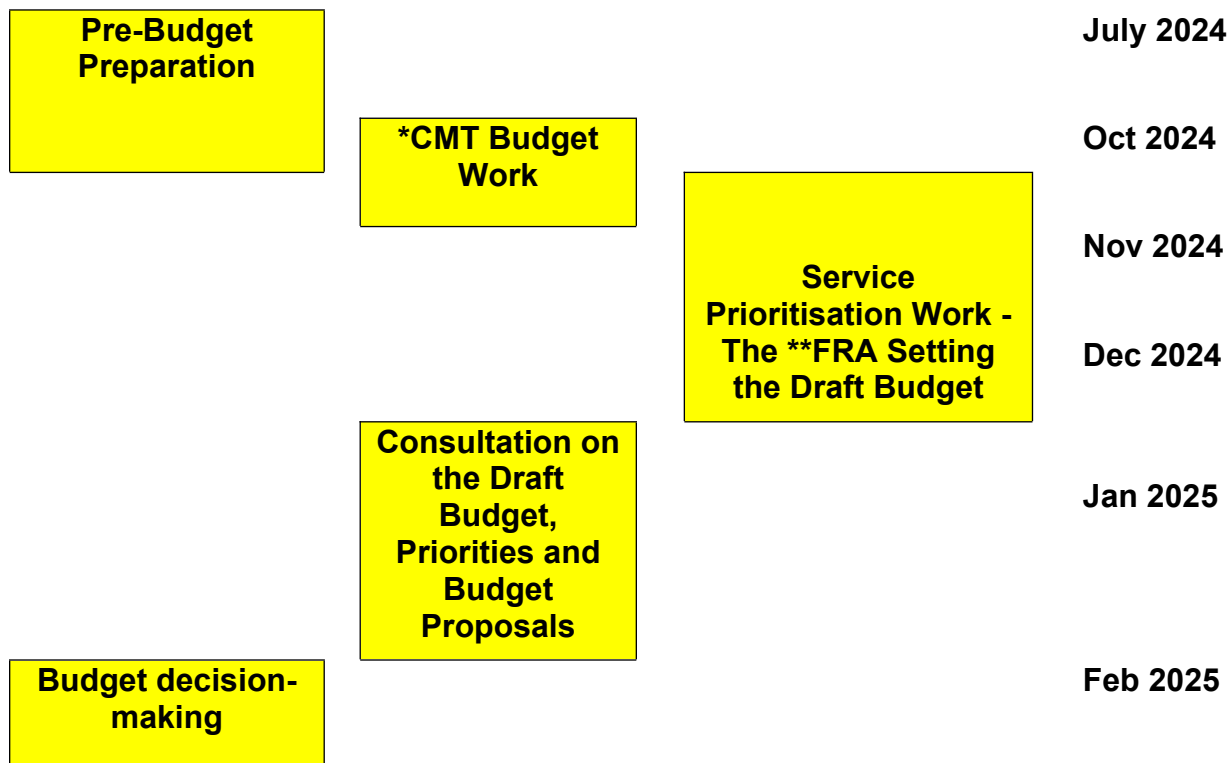
The Authority is committed to achieving and maintaining fit for purpose, quality data enabling sound decision making and informed planning. This is vitally important with key documents, such as this MTFs and the Authority seeks to continually improve the quality characteristics of such data with particular emphasis on accuracy, validity, reliability, timeliness, relevance and completeness.

Systems for assurance and validation of our data are in place, for example Performance Indicators are supported by data proformas which include descriptors, data sources, and change control. A data issues log is maintained that considers severity, impact and mitigation. The Authority's Business Improvement Programme incorporates process re-engineering to assure our data at the point of entry following the 'record once and use many times' principle, delivering new ways of working and business systems where appropriate. A new national Digital, Data and Technology Committee commenced in January 2023 chaired by the Chief Fire Officer who is the NFCC national lead for DDaT.

6.4. Budget Setting Process for Future Years:

The summary diagram below shows the key stages that will be followed by the Authority in setting future year's budgets. In order to ensure proper process and timescales, it incorporates budget planning from July, setting a draft budget in December for consultation, followed by a final budget set in February.

Diagram 1: The budget setting timetable



*CMT= Corporate Management Team **FRA= Fire and Rescue Authority

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Appendix 5

Reserves Strategy – Budget 2024/25 to 2027/28

1 Introduction and Background

- 1.1 Reserves are an essential part of good financial management. They help the Authority to cope with unpredictable financial pressures and plan for future spending commitments. The level, purpose and planned use of reserves are important factors for the Authority to consider in developing the Medium-Term Financial Strategy (MTFS) and setting the annual budget.
- 1.2 Section 43 of the Local Government Finance Act 1992 requires that, when setting the budget for the forthcoming year, precepting authorities should have regard to the level of reserves needed to provide sufficient resources to finance estimated future expenditure, plus any appropriate allowances that should be made for contingencies.

Best practice on the use and management of reserves and balances is provided by CIPFA and the Local Authority Accounting Panel (LAAP) guidance, specifically LAAP Bulletin 99 - 'Local Authority Reserves and Balances'. This was issued in July 2014, but since then many references have been made to the scale of public sector reserves by various parties.

In May 2018 the Government published the New Fire and Rescue Services Framework which introduces a requirement for Combined Fire and Rescue Authorities to publish a Reserve Strategy on their website and outlined the detail which should be included. The relevant paragraphs are detailed in Annex 1 attached.

- 1.3 In setting the budget, the Authority decides what it will spend and how much income it needs from limited fees/charges and the council tax to supplement government funding. The Authority may choose to fund some of its spending from its reserves, or set aside some of its income to increase reserves for future spending.

Having the right level of reserves is important. If reserves are too low, there may be little resilience to financial shocks and sustained financial challenges.

- 1.4 Authorities are free to determine the reserves they hold. Members are responsible for ensuring that the Authority's reserves are part of the MTFS and need to be appropriate for circumstances. The Chief Finance Officer has a duty to provide members with advice on the level of reserves.

Appendix 5

1.5 Fire and Rescue Authorities face significant challenges. The reduction in government funding since 2010/11, rising costs and growing demand for many services are all testing the Authority's financial management and resilience. The recent inflationary pressures have considerably added to the pressures, including pay awards. The position is potentially to become tougher with again only a one-year settlement for 2024/25 with a new Comprehensive Spending Review due for the years commencing 2025/26, and potential Funding Formula and Business Rates Retention reviews to take place.

1.6 Current and future financial challenges pose significant, and increasing, risks for the Authority. The Authority may consider using reserves to balance competing pressures, for example:

- Using reserves to offset funding reductions and protect services – although this can only be a short-term strategy as reserves are a one-off funding resource – and/or invest in making changes that reduce the cost of providing services in the longer term.
- Increasing reserves to strengthen resilience against future, uncertain cost pressures. A feature of the previous budget strategy and MTFS, was that reserves were built up to be used to support the budget and fund investment in delivering savings through transformation and improving services. The Transformational Budget Reserve is now being utilised to offset the budget gap as strategically planned and importantly invest in service transformation and environmental initiatives.

2. The approach to setting the Reserves Strategy

2.1 The Reserves Strategy is integral to the MTFS and the annual budget setting process. This strategy includes:

- Information showing the current level of reserves
- Consideration of the forward strategy for reserves needed to support the Authority's MTFS
- A summary of the financial risks facing the Authority in conjunction with
- An explanation of the purpose and level of any earmarked reserves
- Details of the plans for reserves within the published budget

2.2 Reserves will be monitored throughout the year and the level of reserves reported as part of the year end accounting processes. They are also covered annually with FRA Members as part of the budget workshops.

Appendix 5

3 Why the Authority holds reserves

3.1 We use different terms to refer to the reserves depending on why they are held. Terms we use in this report have the following meanings:

- *General* – the main balance that the Authority wishes to set aside. This is the £2.4m and is compared annually to other Combined Fire Authorities. This has reduced, as planned, from the previous £2.6m, with a planned reduction to £2.1m over the medium term plan.
- Available *earmarked reserves* – funds we hold set aside to meet known or predicted future spending or ring-fenced by previous Authority decisions (such as the Collaboration Reserve, pay reserve)
- *Other reserves* the Authority holds but which are not available to fund their general spending; some reserves with statutory restrictions on how they can be spent, such as capital receipts or specific revenue grants
- Total reserves – the sum of earmarked, other and General

3.2 Available earmarked reserves include funds for contingent spending that is hard to predict (risk-based reserves) – for example property or vehicle damage, or reserves to cover shortfalls in investment income, pay award projections and so on.

3.3 Reserves are distinct from provisions. Provisions are funds set aside for probable future liabilities where the timing and amounts are uncertain

Delivering a balanced budget

3.4 There are a number of reasons why a Fire and Rescue Authority or Local Authority might hold reserves, these include to:-

- (a) Mitigate potential future risks such as increased demand and costs;
- (b) Help absorb the costs of future liabilities;
- (c) Temporarily plug a funding gap should resources be reduced suddenly;
- (d) Enable the Authority to resource one-off policy developments and initiatives without causing an unduly disruptive impact on Council Tax;
- (e) Spread the cost of large scale projects which span a number of years.

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Reserves only provide one-off funding so the Authority aims to avoid using reserves to meet regular and ongoing financial commitments, other than as part of a sustainable medium-term budget plan.

Long-Term Sustainability - Reserves are an essential tool to ensure long term budget stability particularly at a time when the Authority is facing reductions in grant/council tax funding over the medium term (for example the £5 Band D increase was a one off for 2023/24 with a referendum cap of 3% for 2024/25). Due to the fact that some funding for future Estates Capital Projects is held as an Earmarked Reserve, the overall level of reserves held by the Authority is currently still high, but will reduce significantly as the Capital programme progresses.

Reserve balances have been identified as a key indicator of financial health and the Authority continues to have an appropriate level of reserves to deal with identified risks. As a minimum, there are sufficient balances to support the budget requirements and provide an adequate contingency for budget risks.

- 3.5 The Local Government Finance Act 1992 requires the Authority to calculate its expected outgoings and income for the year – including any additions to or use of reserves. Where expected outgoings exceed expected income, the difference is the Authority's tax requirement for that year.
- 3.6 If unplanned costs are incurred during the year that are not funded externally – for example, by a grant from government or an insurance policy – or the Authority experiences a shortfall in expected income/funding, there will be few options if it is to deliver to budget. Raising extra income or making in-year savings may have an unacceptable impact on service users. Therefore the Authority may want to consider using reserves to balance spending and income.
- 3.7 The 2024/25 to 2027/28 MTFS assumes that there will be utilisation of the Transformation Reserve for budgeting and transformation/innovation/environmental purposes. It forecasts that this reserve will be usable to balance future years budgets. The MTRP details the potential reduction of General Reserve from £2.4m to £2.1m.

4 Reserves and the management of risks – Annual Review

- 4.1 With regard to the Authority's financial stability, reserves are used to manage risks. There are certain earmarked reserves that have been set aside for specific risks, for example: insurance/protection, ill health and early retirement, HR matters, Health and Safety matters, grant loss, Pensions/Pay uncertainties, budget pressures and one that was new for 2021/22 a

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Collection Fund deficit reserve. These reserves and the potential pressures that need to be managed are reviewed as part of the budget setting process.

- 4.2 The Authority also manages unforeseen financial shocks by maintaining a General Fund/Working Balance. The Authority's agreed policy is to maintain working balance at £2.4m. Some Authorities set a minimum desired percentage and although the Authority has not done this, the policy would maintain general balances at approximately 6% of the net budget. This level of working balance is kept under review and the Chief Finance Officer has expressed a view that the level is reasonable as part of the budget setting process. A reduction over the medium term to £2.1m is currently planned, but subject to a further review when setting next year's budget.

Increasing Financial Risks/Pressures

- 4.3 The risk environment for local government has significantly increased over recent years. This strategy identifies the following issues that have increased risk:
- Ongoing inflationary pressures to supplies, services and pay awards, albeit forecast to reduce quite rapidly.
 - Continued limited Government funding with now five years of only annual settlements, although there was a three year CSR for 2022/23, only the police sector had indicative high level funding figures given for 2024/25 too.
 - Potential changes in the grant funding methodology over the medium term – Formula Funding Review, Business Rates review/reset and Spending Reviews
 - Significant movement and growth in resident population numbers brings pressures to a range of services and requires more investment in infrastructure – could have impacts on hydrant and operational provision
 - A key uncertainty is the outcome of the Remedy for the age discrimination case (McCloud) and the impact that this may have financially on Fire and Rescue Services. An earmarked reserve has been set up to cover this and the unknown cost of employer contributions and Administrator payments (as well as pay awards and associated potential industrial action). There is also the uncertainty of the costs to the Service regarding Matthews (retained FF pensions)
 - Collection Fund deficits and the volatility of the taxbase during and post the pandemic and also Business Rates valuations/appeals.

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- Should FRA Members support proposals, the outcome of the Emergency Cover Review (ECR) work could have significant financial implications associated with estates work (relocation, rebuilds etc).

On-going risks in the current strategy

4.4 In addition to the new risks there are still the risks that are usually managed within the MTFS and the Corporate Risk Register.

5 Budgeted Reserves – Risk Assessment

5.1 The forecast Earmarked Reserves usage assumed as part of the budget strategy are included in the Medium Term Revenue Plan.

5.2 The forecast value of General Fund Reserves as at 1st April 2024 is £2.4m as detailed in Table 1 below.

Table 1: Risk Assessed General Reserves

Description	Likelihood	Impact	£'000
Large scale failure of Personal Protective Equipment or other safety critical equipment	Possible	Significant	300
Major incident within the County/Region	Likely	Significant	650
Failure of operational vehicle prior to planned replacement in Capital Programme/unforeseen inability to provide service requirements	Possible	Significant	300
Failure of a major supplier	Likely	Significant	300
Failure/corruption/security breach of ICT System	Possible	Significant	200

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Non-specific General Reserves to meet any other unforeseen service requirements			650
Total General Reserves			2,400

- 5.4 The reserves below have been set aside for foreseen circumstances that may necessitate usage. They are annually reviewed and if not deemed necessary, released to support the revenue budget. Some have been set up as a result of base revenue budget scrutiny, where budgets in the past were held for just in case events necessitated their use. Where this was so, these have been removed from base revenue budget and an earmarked reserve created. The large items, such as ESMCP, Hydrants and the Replacement mobilising system, are where the spend is unknown so these amounts have indicatively been set aside to avoid budget pressure in the medium term and to assist with the Medium Term budget setting. The items listed below are not contractually or legally committed, at this point in time. All are clearly linked to supporting the Authority's service delivery plans. In accordance with discussions held at the second Members 2023/24 budget workshop in January 2023 and subsequently approved at the FRA meeting in February 2023, a newly identifiable earmarked reserve has been allocated to Contaminants at £200k
- 5.5 The earmarked reserves are detailed in Table 2 below.

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Table 2: Earmarked Reserves

Description	£'000
Emergency Services Mobile Communications Programme (ESMCP) reserve – Emergency Services Network (ESN)	180
Replacement Mobilising Project	100
Contingency for doubtful debts	10
Hydrant installation (taken out of revenue budget due to uncertainty)	225
Goods and services, contractual inflation in excess of assumptions (1%)	80
Potential liability as a result of legal/disciplinary action in relation to Personnel	100
Health & Safety and/or Contaminants work	200
Sudden absenteeism of a large number of personnel across the whole of the Service due to pandemic or similar	125
Ill-health retirements in excess of budget provision/injury pension	125
Unplanned urgent property works (eg roof repairs)	100
Contingency for insufficient Insurance cover (additional contribution)	25
Interruption to Business Continuity (including Industrial Action, Cyber, adverse weather conditions resulting in higher than average numbers of emergency incidents – excludes Bellwin incident))	150
Unplanned urgent maintenance/replacement of particular item of equipment (eg engine or gearbox wearing out/failing earlier than anticipated)	50
Invest to Save/Innovation Fund (these have been taken out of annual revenue budgets)	60
ICT Innovation/Application Development	75
Total Requirement	1,605

The use of the previously held £1m for pay and pensions was included for utilisation as part of the 2023/24 budget setting. However, a contribution back to this reserve has been agreed with the FRA splitting the forecast 2023/24 underspend, mainly as a result of investment income above budget and unplanned business rates income, to be split 50/50 between the Transformation Reserve and the Pay/Pensions reserve.

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5.5 Other Reserves for noting:

- Collaboration Reserve £2.378m (includes 2017/18 year end additional contribution of £498k from Home Office Pensions refund)

There is also a Capital Reserve that holds the approved funding where schemes run over the financial year end, this includes vehicles, property works and ICT projects.

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Annex 1 – Extract from National Framework reference reserves

Reserves

1.1

Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 requires billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

1.2

Fire and rescue authorities should establish a policy on reserves and provisions in consultation with their chief finance officer. General reserves should be held by the fire and rescue authority and managed to balance funding and spending priorities and to manage risks. This should be established as part of the medium-term financial planning process.

1.3

Each fire and rescue authority should publish their reserves strategy on their website, either as part of their medium term financial plan or in a separate reserves strategy document. The reserves strategy should include details of current and future planned reserve levels, setting out a total amount of reserves and the amount of each specific reserve that is held for each year. The reserves strategy should cover resource and capital reserves and provide information for the period of the medium term financial plan (and at least two years ahead).

1.4

Sufficient information should be provided to enable understanding of the purpose(s) for which each reserve is held and how holding each reserve supports the fire and rescue authority's medium term financial plan. The strategy should be set out in a way that is clear and understandable for members of the public, and should include:

- how the level of the general reserve has been set;
- justification for holding a general reserve larger than five percent of budget; and
- details of the activities or items to be funded from each earmarked reserve, and how these support the FRA's strategy to deliver a good quality service to the public. Where an earmarked reserve is intended to fund a number of projects or programmes (for example, a change or transformation reserve), details of each programme or project to be funded should be set out.

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1.5

The information on each reserve should make clear how much of the funding falls into the following three categories:

- a. Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.
- b. Funding for specific projects and programmes beyond the current planning period.
- c. As a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management (e.g. insurance)

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TREASURER'S STATEMENT

Section 25 of the Local Government Act 2003 requires the Treasurer to report to the Fire and Rescue Authority when it is making the statutory calculations required to determine its council tax and the Authority is required to take that report into account when making the calculations. The report must deal with the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.

Dealing firstly with the robustness of the estimates; an improved budget scrutiny process was introduced some years ago and, as reported to Members throughout the budget process, this has been followed again this year. Members have also been briefed on and involved in debating the more important aspects of the budget at two Members' Budget Workshops. Feedback from the budget consultation has also been reported back to Members. Therefore, both Officers and Members have arrived at this budget setting meeting fully informed on all the major issues. The budget is also prepared between the Treasurer and the Finance Team members, so there is a built-in check/review between these officers too. Given this background, I can confirm my satisfaction as to the robustness of the estimates presented to you in this report.

Members will also be aware from previous years' discussions and at the two Budget Workshops of the need to make adequate provision for Reserves and Working Balances. The requirement for financial reserves is acknowledged in Statute and Sections 32 and 43 of the Local Government Finance Act 1992, requiring precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

CIPFA has published a Guidance Note on Local Authority Reserves and Balances. It details that it is the responsibility of the Treasurer to advise the Authority concerning the level of reserves and the protocols for their establishment and use.

The importance of sound working balances, reserves and provisions cannot be over emphasised. It is critical, particularly where an emergency service is involved, to have adequate working capital. A working balance is needed to even out the peaks and troughs of cash flow. It guards against the need (and cost) of regular short-term borrowing. Apart from the day to day fluctuations in cash flow, the working balance will be made up principally by the level of reserves and provisions.

There are three main purposes for the establishment and maintenance of reserves:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- A contingency to cushion the impact of unexpected events or emergencies.
- A means of building up funds to meet known or predicted liabilities.

It has been recognised previously by Members that this latter purpose is crucial at the present time with only annual Government funding, funding pressures and uncertainty of inflationary pressures including pay awards.

There is an annual review of the level of reserves. The detail on the level and strategy for both General and Earmarked Reserves is included within the Reserves Strategy. The level of the risk assessed General Reserve is £2.4m, reduced from £2.6m as part of the 2020/21 budget. The main earmarked reserves remain at £1.605m following the planned allocation of the Pensions/Pay reserves of £1m in 2023/24. The 2023/24 underspend is proposed to be allocated to (i) 50% to the pay award reserve, as pay could be higher than budgeted and (ii) 50% to the Transformation Reserve.

The level of general reserves was compared with those of other fire authorities and compared favourably with the average percentage. The Transformational earmarked reserve, used for transformation, environmental and budget setting purposes, is forecast to be £1.836m at the 2023/24 year end in line with the Authority's financial strategy. This excludes the 2023/24 year-end underspend, that has been recommended to the FRA as part of the 2024/25 budget setting report as noted above.

The reserves are fully detailed in the Reserves Strategy.

The Authority created a Collaboration Reserve that was predominantly funded from the 2015/16 and 2016/17 underspends and a pensions reimbursement. This has been set aside for resource costs but mainly significant estates works, such as the forthcoming (and not yet included in the 2024/25 budget) outputs from the Emergency Cover Review (ECR) workstreams.

There has been a thorough review of capital reserves, resulting in the utilisation of the £400k capital reserve that will be supporting the funding of the capital programme and relieving the revenue budget of this funding pressure over these years.

Gavin Chambers CPFA
Treasurer to the Fire and Rescue Authority