

For Publication

Bedfordshire Fire and Rescue Authority
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REPORT AUTHORS: CHIEF FIRE OFFICER AND TREASURER

SUBJECT: THE 2021/22 REVENUE BUDGET AND CAPITAL PROGRAMME

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Background Papers:

2021/22 Draft Revenue Budget Report to the FRA meeting on 12th January 2021.

Implications (tick ✓):

LEGAL	✓	FINANCIAL	✓
HUMAN RESOURCES	✓	EQUALITY IMPACT	✓
ENVIRONMENTAL		POLICY	✓
ORGANISATIONAL RISK	✓	OTHER (please specify)	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To present information to allow the Authority to:

- a. set a budget and precept level for 2021/22 in line with statutory requirements;
- b. approve a Medium-Term Revenue Plan for the period 2021/22 to 2024/25;
- c. approve a Medium-Term Capital Programme for the period 2021/22 to 2024/25;
- 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 2021/22 that:
 - a. A Revenue Budget requirement is set at £31.773m, met as indicated in paragraph 3.8 of this report.
 - b. In meeting this budget requirement, the Authority's Precept be set at £22.193m and that consequently, a council tax increase of 1.99% up to £102.41 per Band D equivalent property, calculated as shown in Paragraph 3.8 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 3.11 of this report.
2. That the FRA consider and approve the Medium-Term Revenue Plan attached at Appendix 1 to this report, in doing so, to also approve the 2021/22 savings and efficiencies detailed at Appendix 2
3. That the 2020/21 year-end underspend is allocated to the new Collection Fund Deficit Reserve.
4. That the FRA consider and approve the Medium-Term Capital Programme attached at Appendix 3 to this report.
5. 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.
6. 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.
7. That the FRA delegate any budget amendments, following receipt of the final settlement figures, to the Treasurer and Chief Fire Officer.

1. Introduction and Background

- 1.1 This is an updated report that was originally released on the Authority's website for this meeting. Following receipt of the three Unitary Authority NNDR1 Government returns, and the subsequent work and conversations that took place after receiving these, the Treasurer considered that these were material enough to produce an updated report. This approach was discussed and agreed with the Monitoring Officer, the Chief Fire Officer and the FRA Chair.

The Authority is proposing a budget for 2021/22 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 1.99%.
- b. Proposing significant efficiency savings.

- 1.3 There has been a considerable amount of work towards the 2021/22 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 questions were approved by the Authority on 10 December 2020 for consultation. Feedback on the consultation is summarised in this report at para 6.

- 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 2021/22

- 2.1 The provisional settlement for 2021/22 was announced on 17 December 2020. The final settlement figures for 2021/22 have been received and there are no updates.

Table 1 below shows a split of the 2020/21 and 2021/22 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

	2020/21 £m	2021/22 £m	£m Variance
Revenue Support Grant (RSG)	2.320	2.333	0.013
Business Rates baseline funding	5.942	5.942	0
Settlement Funding Assessment	8.262	8.275	0.013

- 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. From 2022 or beyond, it is expected that the Business Rates funding will increase and the RSG will cease. The RSG has still been identified in Appendix 1 in years 2022/23 onwards for transparency, albeit this funding will be included within other lines such as business rates from this year.
- 2.3 The Authority's Business Rates Baseline Funding Level (BFL) has been assessed at £5.942m by the MHCLG for 2021/22 and a business rate baseline estimated at £2.102m (the Government's estimate of the Authority's 1% share of locally collected business rates). As our business rate baseline is lower than the baseline funding level, we are therefore a 'top up' authority and will receive the payment of £3.840m from central government (to get back to the £5.942m baseline funding level). All fire and rescue services are top up authorities. The RSG and business rates funding of £8.471m shown in Appendix 1 for 2021/22 is split between £2.333m Revenue Support Grant funding and £6.139m Business Rates (with the local share of business rates at £2.405m, £0.303m higher than used in the SFA figures).
- 2.4 Fire grants will be treated outside of the above funding mechanisms and it is estimated that the Authority will receive £220k in 2021/22 for Firelink and New Dimensions. The final figures are yet to be confirmed.

- 2.5 The council tax referendum cap was confirmed in December 2020 as part of the provisional settlement. The proposed council tax figure of £102.41 is a 1.99% increase, therefore under the new 2% capping limit.

Police and Crime Commissioners have the option to increase their council tax charge by up to £15 per annum.

3. Proposed Budget and Precept for 2021/22 and Medium-Term Revenue Plan

- 3.1 In setting a budget for 2021/22, the Authority must take into account the implications for the following years' financial strategy, namely 2022/23 to 2024/25. There are significant 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 2020/21 were the second single year settlement. A three year Comprehensive Spending Review (CSR) was planned for the financial year 2021/22 onwards, however due to the pandemic a single year has again provided by Government. It is hoped that there will be the delayed three year CSR for 2022/23 onwards.
- 3.3 The Medium-Term Financial Strategy (MTFS) sets out the budget projections for 2021/22 to 2024/25 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 and efficiencies 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 2021/22 is recommended to be set at £31.773m. Key assumptions include the Government funding of the Firefighters employer pension contributions increase in 2021/22 via a new grant and that the Firefighters pay award assumption is 2% from 2022 onwards (with a pay freeze in 2021). Table 2 also includes new one off grants, the Local Council Tax Support Grant, the 75% relief grant and the Business Rates S31 grant to compensate for predominantly the retail rate reliefs the Government awarded businesses at the beginning of the pandemic.
- 3.6 Following the draft budget report that was presented to the FRA on 12 January 2021, the three Unitary Authorities have reconfirmed their taxbases for 2021/22. This revised taxbase figure, when compared to the 2021/22 taxbase forecast at the time of setting the 2020/21 budget, will decrease the council tax income to the Authority by £0.534m. The forecast Collection Fund deficit figures as included on line 57 in the income section of the MTRP.

- 3.7 The 2011/12 freeze grant that the Authority did receive has been built into the formula funding baseline and is no longer visible.
- 3.8 Appendix 1 details the Government funding of RSG. It should be noted that from 2022/23 it is anticipated that RSG will cease and the equivalent funding, or potentially at a revised level, will be included within business rates. For transparency, it is currently still shown separately, although the narrative in Appendix 1 line 52 notes this. The RSG for 2021/22 increases by 0.5% when compared to the 2020/21 figure.

Table 2: Key Budget Information

	2020/21 £m	2021/22 £m	Change £m
Budget Requirement (£m)	30.991	31.773	0.782
<u>Funded by:</u>			
Precept Requirement (£m)	21.880	22.193	0.313
Central and Local Government Funding (£m)	8.459	8.578	0.119
Section 31 Business Rates grant	0.236	0.310	0.074
S31 Multiplier Cap grant	0	0.293	0.293
Collection Fund surplus/(deficit)	0.366	(1.136)	(1.502)
Business Rates Levy redistribution	0.050	0	(0.050)
Forecast 75% Coll Fund support	0	0.037	0.037
New Council Tax Support Grant	0	0.399	0.399
New Business Rates Grant (retail discount relief)	0	0.845	0.845
Use of Collection Fund Deficit Reserve	0	0.254	0.624

Funding Total (£m)	30.991	31.773	0.782
Tax Base (Band D equiv. properties)	217,906	216,704	(1,202)
Band 'D' Council Tax	£100.41	£102.41	2.00

- 3.9 The Authority's Officers and Treasurer recommend that the Council Tax increase of 1.99% should be implemented. This is based on need, as the current MTRP shows that there will be a future funding need. The results of the 2021/22 budget consultation support this increase, please see para 6 below.

There is planning time between now and 2024/25 to implement 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. Even with the utilisation of reserves for investment in transformational efficiencies and also budget balancing, there is no budget gap forecast over the medium term up to and including 2024/25. This position will be reviewed following the 2022/23 settlement after potentially the funding formula review, the Spending Review and Business Rates review.

The 2022/23 financial year is likely to see changes in Government funding to local authorities. Local Authorities will potentially be able to keep more of their business rate income, subject to the redistribution via tariffs and top ups. The RSG is anticipated to cease and additional responsibilities may be passed to councils too. What these are is yet to be confirmed. It is now not anticipated that the Authority will be funded by direct grant and no business rates, like Police Authorities are. The Authority will continue with Business Rates and Council Tax, but no RSG.

- 3.10 Table 3 below details the council tax per band. As there is a 1.99% increase from the 2020/21 level, there is a change across all the valuation bands. The council tax of £102.41 equates to, for a Band D equivalent property, 28 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 £
A	6/9	68.27
B	7/9	79.65
C	8/9	91.03
D	1	102.41

E	11/9	125.17
F	13/9	147.93
G	15/9	170.68
H	2	204.82

In summary, the taxbase of 216,704 Band D equivalents, multiplied by the Band D council tax of £102.41 equals the precept of £22.193m.

- 3.11 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, and payments for the Authority's share of the estimated surplus or deficits on the council tax and business rate Collection Funds for 2021/22, in ten equal instalments on the agreed dates, of the sum indicated in Column 3. Column 4 details for 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 2021/22.

Table 4: Precepts

Unitary Councils (1)	£ (2) Council Tax £'000	£ (3) (Deficit)/surplus £'000	£ (4) Business Rates £'000
Bedford Borough	6,034	(273)	675
Luton Borough	5,232	(331)	653
Central Bedfordshire	10,927	(532)	1,077
Total	22,193	(1,136)	2,405

- 3.12 The NNDR1 returns have now been received from the Unitary Authorities, therefore this report and appendices contain the latest available figures and forecasts.
- 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 **Use of Balances:**

- 4.1 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 gross expenditure requirement, should be in the order of at least £2.4m for 2021/22. This equates to 7.7% of the Authority's budget requirement, which is circa the average for all Combined Fire Authorities. This is after a comprehensive review and setting up of specific ear-marked reserves of £1.925m (not including some specific reserves such as the Transformational reserve and Capital Contingency Reserve). It is proposed that the 2020/21 year end underspend, that is currently forecast to be circa £790k and is due to the budgeted Firefighter pay award and Covid grant, is allocated to a new Collection Fund Deficit Reserve.

As discussed at the second FRA Members budget workshop, the reserves strategy is to review and reduce both the General Reserve and Earmarked Reserves in the 2021/22 to 2024/25 MTFs. This 2022/23 budget will coincide with the potential significant changes from the Spending Review, Business Rates Retention and Funding Formula Review. It is prudent to plan to make these changes to reserves following clarity around these forthcoming reviews.

The Transformational reserve is planned to be £2.502m at the 2020/21 year end. It is currently considered adequate enough based on projections to fund transformational initiatives and balance the forecast 2022/23 to 2024/25 budgets and beyond. This is detailed at the foot of the MTRP in Appendix 1.

- 4.2 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. The 2015/16 and 2016/17 revenue underspend was allocated to a Collaboration Reserve, with a view that revenue and/or capital expenditure is likely in the medium term.

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 2021/22 to 2024/25 and to invest in transformational efficiencies. This strategy will ensure that additional savings and efficiencies are introduced in a planned and effective manner over the years.

For 2021/22, the Capital Reserves have been reduced by £0.545m. This is following a detailed review of the capital items that the reserves were allocated to and the rescheduling of these over the forthcoming years that have new budgets

allocated to them. This therefore releases previously allocated capital monies to support the capital programme and therefore less revenue contributions in 2021/22.

5. Proposed Medium-Term Capital Programme

5.1 As anticipated, there is no Government funding or bidding round for capital in the 2021/22 budget. This was the position for the 2016/17 to 2020/21 financial years too. The Authority, in 2012/13 and before, used to receive an annual capital grant of £1m.

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 £1.3m per annum (with fluctuations) from 2021/22 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.

5.2 The Capital Programme, as per the approved timetable, has followed the same robust challenge/scrutiny route as the revenue budget. The Capital Strategy Team has also reviewed and assessed the bids made, approving the schemes that are attached at Appendix 3 as the 2021/22 Capital Programme.

5.3 Key items of note in the proposed 2021/22 Capital Programme of £1.038m are:

- Investment in our vehicle fleet, to maintain efficient, economic and effective appliances.
- Investment in IT.
- Investment in the modernisation of our buildings.

6 Budget Consultation

6.1 The consultation on the 2021/22 budget and council tax proposals took place between 28 December 2020 and 31 January 2021. Last year the decision was made to join up the two aspects of consultation; the budget and the Community Risk Management Plan (CRMP). A total of 462 responses have been received to date.

6.2 A survey was sent to the 15,411 people registered on the BedsFireAlert Community messaging system, who are willing to take part in consultations. This was sent out on two additional occasions as a reminder. It was also made available via the Authority's website and publicised through the local press and several organic and paid for social media

campaigns on the Service's Facebook, Instagram and Twitter channels. It was promoted to BFRS staff through the weekly editions of Blue Bulletin and a supporting briefing note sent to all managers.

A letter was sent to a number of key partners in the emergency services and local government inviting their views. We also asked a number of organisations including the three unitary authorities, the Police, East of England Ambulance Service Trust (EEAST) and the Chamber of Commerce and community groups to put the link on their websites and to promote the consultation to their members. We communicated to the press via press releases and a number of them included the link on their websites and shared our social media content.

- 6.3 On the 28 January there were a total of 462 (88.8% coming from a direct link) responses with 371: 80.3% supporting the 1.99% council tax increase and 330: 71.4% supporting an increase of up to £5. A majority of these responses were from subscribers to BedsFireAlert but 52 came from those responding through social media. This is a significantly higher response to last year's consultation. The budget consultation for 2020/21 had 307 responses.
- 6.4 In response to the question of whether respondents thought there were efficiency areas that could be considered we received 98 comments, with the majority advising "none" or "don't know". Of the 98 that did provide comments some respondents said they did not have sufficient information to make a decision or that the Service should not make any more savings. A variety of comments related to suggestions for saving money or generating income, such as charging for some services, collaboration with other services including more site sharing and management and organisation efficiency

Feedback from last year was that the consultation was too long and complicated. This year we simplified the survey splitting it into two parts the budget and the proposed CRMP 2021/22 action plan. This seemed to work much better with an increase in responses

Other comments specifically on the budget consultation, can be categorised into the following main areas:

- Reducing the numbers of senior officers/managers;
- Collaborating, sharing services including support staff and co-responding with Police and Ambulance Service other FRS;
- Co-location with other emergency services;
- A review of charging for services.

6.5 As a response to the themes above, the paras below provide a summary of what efficiencies are already being undertaken.

The senior structure has already been reduced, there was recently a senior management review and restructure that removed a Corporate Management Team Member, with savings associated with this.

In addition to the above, there is a budget reduction planned in 2021/22, of another Area Commander (AC) post, changing this to a green book role, which leads to further savings. The AC posts will have then reduced from the original five to three over the last few years. As is planned in the CRMP action plan, there will also be a review of the Flexi Duty System during 2021/22 that may lead to further managerial efficiencies.

The FRA are aware of the collaboration work underway with the Police Service, Ambulance Service and other organisations. These initiatives are increasing with the sharing of premises and operational service areas, such as Forced Entry, Missing Persons Search and the Falls Team. We are now servicing Ambulance vehicles and there is also a new joint fire Investigation post, with costs shared between three Services, for a two year period included within the 2021/22 budget.

The Service has also significantly contributed to supporting the community over the pandemic. This has been fully documented elsewhere and includes driving ambulances, mortuary support, delivering food parcels, co-responding, supporting the Local Resilience Forum etc.

We have the Shared ICT Service in operation with numerous other shared work areas with local authorities such as Democratic Services support, legal, cleaning contracts, joint procurements, GDPR work and the Authority is a founding member of the Fire and Rescue Indemnity Company (FRIC), providing an alternative to traditional insurance.

The Service now shares its estate with the police at four locations (Bedford, Leighton Buzzard, Ampthill and Toddington), the Ambulance at five (Luton, Sandy, Stopsley, Shefford and Dunstable) with discussions taking place for Bedford station too. Other partner organisations also rent some space at our stations.

The Service informs telephone callers where charges will be levied on services provided such as lock outs and flood clearance from basements, where not deemed emergencies and suggesting that they seek alternative suppliers for these incidents.

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 2021/22 revenue budget and capital programme, but also sets the scene for future years.
- 7.2 The MTFS details the reserves policy, 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.
- 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 must set a balanced budget by midnight on 1 March 2021.
- 9.2.2 The Authority has specific legal duties in relation to equalities and financial decision-making.
- 9.2.3 There are no further specific legal issues arising from this report.

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 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.

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