



Bedfordshire

Fire and Rescue Service

BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Medium-Term Financial Strategy

2023/24 – 2026/27

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Appendix 1 Medium-Term Revenue Plan with 5% salary increase and £5 council tax increase
(not attached to this version, see Appendix 1 of the 2023/24 budget report)

Appendix 1a Medium-Term Revenue Plan with 6% salary increase and a £5 council tax increase
(not attached to this version, see Appendix 1a of the 2023/24 budget report)

Appendix 3 Medium-Term Capital Programme
(not attached to this version, see Appendix 3 of the 2023/24 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 2023/24 to 2026/27 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 new Council 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, a Fire and Rescue inspectorate (Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services, HMICFRS) has been created. The Authority's review took place in the first tranche of inspections in 2021. The results of this can be found at <https://www.justiceinspectorates.gov.uk/hmicfrs/publications/fire-and-rescue-service-inspections-2021-22-tranche-1/>

A Covid-19 HMICFRS pandemic review took place in late 2020 and the Service/Authority had its second full inspection in 2021. The links for these can be found at:

<https://www.justiceinspectorates.gov.uk/hmicfrs/publications/the-fire-and-rescue-services-response-to-the-covid-19-pandemic-in-2020/>

and

<https://www.justiceinspectors.gov.uk/hmicfrs/publications/frs-assessment-2021-22-bedfordshire/>

The Service's inspection in Tranche 1, Round 3 with HMICFRS will commence in February 2023.

The Authority has implemented where appropriate, the recommendations from the Thomas Review.

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 (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.

Reform

When the then Home Secretary, Theresa May, outlined her vision for fire and rescue services in May 2016, this was a "radical ambitious" package of reforms. This approach has since been supported by subsequent Home Secretaries up to an including the current Minister Rt Hon Chris Philp MP.

The reform agenda is made up of three distinct pillars. These are:

1. Efficiency and Collaboration

The aim is to drive deeper collaboration between fire and rescue and other local services – including through the statutory duty in the Policing and Crime Act – and support the NFCC and the sector deliver commercial transformation, including procuring more collaboratively, efficiently and effectively.

2. Accountability and Transparency

The aim to enable the public to fully hold their service to accounts by replacing opaque governance and inspection arrangements and publishing more comparable performance indicators.

3. Workforce Reform

The recommendations are the sector and Government to deliver and are based around five broad themes:

- The working environment including diversity of workforce
- Documented conditions of service
- Industrial relations
- Retained duty system and
- Management

On a more local level; the Service continues to work with a range of statutory and non statutory partners in pursuit of joint initiatives that will make our communities safer and healthier. With shrinking budgets and a Government desire to ‘do more for less’ the expectations of all partner organisations on each other will increase. As a Service we must ensure we remain best placed to meet this challenge. The Authority actively seeks joint working arrangements to best meet the need of the community.

2.2 National Financial Context:

The public sector received a three-year Comprehensive Spending Review (CSR) in December 2021, following three years of annual budget allocations from Government.

The Chancellor of the Exchequer, Rishi Sunak, presented the outcome of the 2021 CSR on 27th October 2021.

Following the announcement of the CSR, the second 1 year provisional financial settlement was announced on 19th December 2022, but only for one year 2023/24.

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 682,311¹ 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.

¹ 2020 mid-year population estimates

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 recent 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 our teams
- 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 enable 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 2023/24 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 19 December 2022, with the final settlement figures to be confirmed in early February 2023. The settlement figures are detailed below in Table 1.

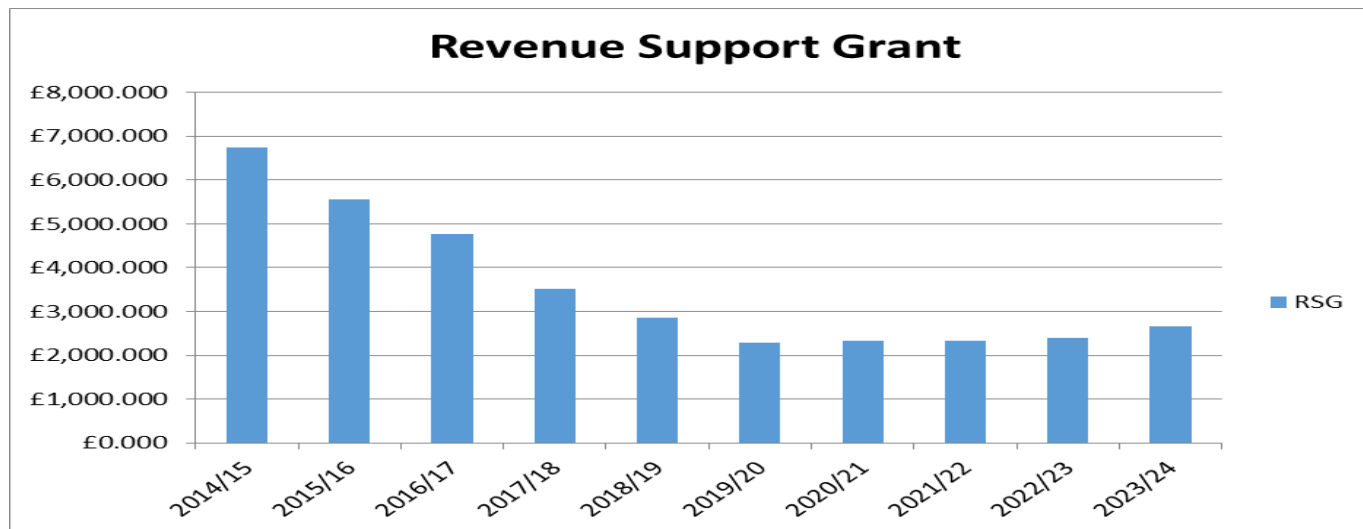
Table 1: Government Grant Revenue Funding

	2022/23 £m	2023/24 £m	£m Variance
Revenue Support Grant (RSG)	2.405	2.649	0.244
Business Rates baseline funding	5.942	6.164	0.222
Settlement Funding Assessment	8.347	8.813	0.466

As detailed above, the funding increase between 2022/23 and 2023/24 is £0.466m over both grant and business rates income.

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

Chart 1: Revenue Support Grant from 2014/15 to 2023/24



The Authority's Business Rates Baseline Funding Level (BFL) has been assessed at £6.164m by the Department of Levelling Up, Housing and Communities (DLUHC) for 2023/24, which includes a forecast share of local business rates estimated at £2.475m (the Government's estimate of the Authority's 1% share of locally collected business rates). As our business rates locally collected/allocated (the 1% share) are lower than the baseline funding level of £6.164m, we are therefore a 'top up' authority and will receive the payment of £3.689m from central government (to get back to the £6.164m baseline funding level). All fire and rescue services are top up authorities. The RSG and business rates funding of £8.813m shown in Appendix 1 for 2023/24 is split between £2.649m RSG funding and £6.164m Business Rates. The local share of business rates, as advised by the Unitary Authorities, is higher than the assumed £2.475m at £2.529m and therefore the top up has been reduced by this £54k in Appendix 1.

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 2022/23, 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	2023/24 £
Bedford	813,819
Luton	603,000
Central Beds	1,111,636
Total	2,528,455

The above figures are fed into the MTRP. As are the Section 31 Business Rates Grants currently forecast at £658k in total from the three Unitary Authorities for 2023/24 (subject to final update). In addition there is annual Government S31 funding (multiplier compensation), £392k for 2022/23 and a Services Grant of £231k.

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

	2022/23 £m	2023/24 £m	Change £m
Budget Requirement (£m)	33.819	34.748	0.929
<u>Funded by:</u>			
Precept Requirement (£m)	23.401	25.043	1.642
Central and Local Government Funding (£m)	8.747	8.813	0.066
Section 31 Business Rates grant (est)	0.382	0.392	0.010
S31 Multiplier Cap grant (est)	0.488	0.658	0.170
Collection Fund surplus/(deficit) incl spreading of prior year	0.345	(0.389)	(0.688)
Use of Collection Fund Deficit Reserve	0.046	0	(0.046)
Services Grant (new from 2022/23)	0.410	0.231	(179)
Funding Total (£m)	£33.819	£34.748	
Tax Base (Band D equiv. properties)	224,040	228,807	4,495
Band 'D' Council Tax	£104.45	£109.45	£5

The above income lines are further explained below:

- The Government Grant funding for 2023/24 is as per the provisional 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 2023/24 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 circa £150k in 2023/24.

- *Firelink* - This 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* - This is a grant to cover local costs associated with hosting and maintaining skills associated with national resilience vehicles. This grant was reduced from 2017/18.

The total and split of the 2023/24 funding is yet to be received from the DLUHC.

As well as the above, a grant is also received for the Special Response Team (MTA). This is currently circa £54k per annum.

3.5. **Fire Capital Grant Allocation:**

As anticipated, there is no Government funding or bidding round for capital in the 2023/24 budget. This was the position for the 2016/17 to 2022/23 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 £1.0m per annum (with fluctuations) from 2023/24 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 2023/43 Capital Programme.

Key items of note in the proposed 2023/24 Capital Programme of £2.258m are:

- Investment in our vehicle fleet, to maintain efficient, economic and effective appliances.
- Investment in our equipment to ensure safety of the public, firefighters and officers.
- Investment in Digital, Data and Technology (DDaT).
- Investment in the modernisation of our building

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 1/1a of the 2023/24 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 2023/24 which involves a £5 increase in council tax on 2022/23 levels. This £5 council tax increase is 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.

The council tax strategy, based on current assumptions and estimates, involves increases at £5 for 2023/24, 2.99% for 2024/25 and 2.99% for the following 2 years until 2026/27. These increases are currently built into the MTRP based on need. This is supported by a strategy for efficiency savings and the utilisation of the 'transformational reserve' in 2023/24 onwards. The support provided to the revenue budget by the planned use of the reserves in the years 2024/25 to 2026/27 is aimed at smoothing the impact of formula grant reductions.

4.2 Components of the Medium-Term Revenue Plan:

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 2022/23 was £33.306m. After adjusting for an amount of £87k, which was a contribution to reserves to balance the budget, this increased the budget requirement to £33.393m.

For the 2023/24 budget, the net revenue budget is £36.782m, with a budgeted contribution of £2.034m from the Transformational reserve decreasing the budget requirement to £34.748m.

4.2.2 Impact of Pensions Funding Changes

From 2006/07 arrangements were introduced which saw the majority of firefighters pension costs being 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 employer pension lump sum contributions percentage have decreased for non-operational employees from April 2023. The employer firefighter contributions have also seen recent significant increases, with some grant funding support these increases.

4.2.3 *Forecast Variations*

This component of the budget includes a variety of estimated or predicted impacts. The items for increases on protection premiums and 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.

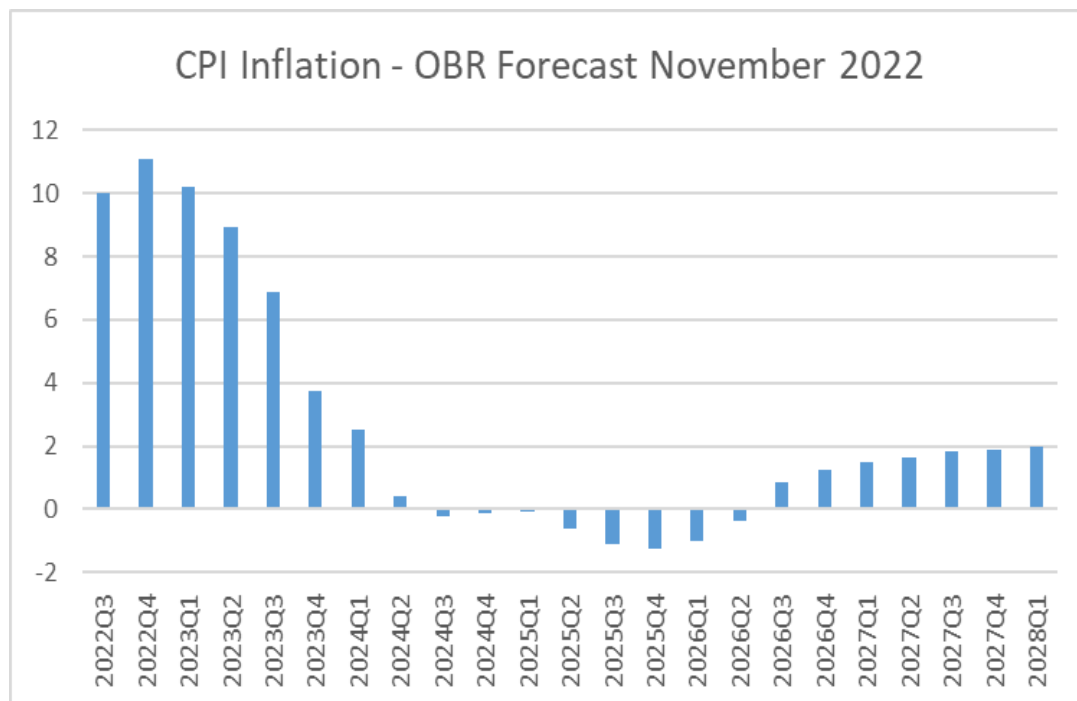
Of particular importance are the items on efficiency savings. As noted at the start of this Section, the Authority's efficiency savings strategy is a core component of the MTRP. The efficiency savings for each of the four years are shown as two types: Transformational Efficiencies/Savings which relate 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.

Of course it is important to remember that actual spending will be under significant pressure. Other recent increases/pressures include the National insurance contributions for employers from April 2016 and the new apprenticeship levy from April 2017.

4.2.4 *Inflation*

In the last quarter of 2022 CPI peaked at a 40 year high and the exceptional rates are expected to continue into 2023/24 when prices are expected to reduce over 23/24 and then hover near 0% and possible negative inflation for a short period of time before slowly rising from quarter 3 in 2026/27 financial year to the Bank of England target of 2%.

The graph below shows the impact on the MTRP for CPI with a high cost in year 1 dropping to manageable costs in years 2 to 4 of the MTRP period (23/24 – 26/27).



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 2023/24, with pay forecasts at 5% for non-uniformed officers and uniformed officers from 2023 for members to consider. For uniformed officers, their pay award may be linked with a review on conditions of service, so some funding uncertainty here.

This budget will fund wholtime 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. Non-pay inflation of 8% (the average of the OBR forecast for 2023/24 period) for general supplies and services has been incorporated into the MTRP for 2022/23. 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.

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 2023/24 to 2026/27. 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 2023/24 to 2025/26, 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*

For 2012/13 and the years before, a collection fund deficit arose for a local authority (a billing authority) when the actual amount of council tax collected by the Authority is less 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 over-estimation of the taxbase and non-payment by householders. Conversely, a collection fund surplus can arise when the amount of council tax collected exceeds the calculated amount due to an under-estimation of the council taxbase. From 2013/14, there is also now a surplus or deficit on the business rates collected too.

For 2023/24, 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 £343k for this Authority, with a further £46k deficit spread from 2022/21 in

2022/23 and 2023/24. This means that the Authority’s net funding from council tax for this year only is effectively increased by that amount. This is detailed on an individual authority basis in Table 4 below.

Table 4: 2022/23 Collection Fund estimated outturn after the impact of 2020/21 deficit spreading

Authority	Council Tax £ surplus/(deficit)	Business Rates £ surplus/(deficit)	Net £ surplus/(deficit)
Bedford	96,027	0	96,027
Luton	86,917	0	86,917
Central Beds	(104,000)	(422,000)	(526,000)
Total	78,944	(422,000)	(343,056)

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 2023/24 has been set at 228,807 Band D equivalent properties, based on the information that has been supplied by these authorities. This is 4,767 Band D equivalents higher than 2022/23. The split per authority is shown in Table 5 below. This is an increase of 2.13% compared to the 224,040 taxbase in 2022/23.

The estimated increases of future years’ council taxbases are included within the MTRP, currently at c.2% 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 2026/27.

Table 5: Taxbase – Band D Equivalentents

Authority	2023/24
Bedford	62,443
Luton	54,758
Central Bedfordshire	111,606
Total	228,807

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 2023/24 to 2026/27 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 2022/23 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 2022/23 £7.419m has been reduced from budgets through budget scrutiny and savings/efficiencies, the Authority's plans for 2023/24 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

4.4. 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 2023/24 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 2023/24 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.

At the time of writing, the forecast year end underspend for 2022/23 is circa £166k. The General Reserve of £2.4m, at c.7% 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 £2.498m at 31 March 2023. As detailed in the MTRP, it is forecast that this will be allocated to offset the budget gap in the years 2023/24 to 2026/27 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 2023/24 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 2023/24 is fully funded by revenue contributions of £1.836m, with a contribution from the Capital reserves and vehicle sales of £422k.

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:**

2023/24 Budget Process- Assumptions/Uncertainties

Current Assumptions:

- One year settlement for 2023/24 (Final settlement February 2023).
- The tax base will increase by 2% annually.
- An increase in the employer firefighter pension contributions will increase in 2025/26.
- That the council tax referendum limit will continue @ 3% for 2025/26 and 2026/27
- Based upon demonstrable need that the FRA will approve the £5 council tax precept increase.
- The FF Employer Pensions Grant will be received for 2023/24 at £1.7m again as a grant, likely to be part of settlement in a future year
- Collection Fund positions as per early indications – Still awaiting final NNDR1's from local authority partners.

- All longstanding grants received in 2022/23 will continue in 2023/24. This includes, New Dimensions, Fire link (with reductions), MTA.
- Green Book pay award 5% April 2023. Modelling 4% too 2023/24.
- Grey Book pay award 5% July 2023. Modelling other 4% too in 2023/24.
- Taxbase increasing post the reduction due to the pandemic.
- Business rates increasing not decreasing.
- Fire Grant/Emergency Services Mobile Communications Programme (ESMCP) funded – *Potential large funding risk here.* MAIT funding.
- That CPI will fall in line with OBR projections as at Q3 2022/23.

Other – the Authority wants to build in an Environmental Impact budget, to invest in reducing greenhouse gasses and becoming more green.

Uncertainties:

- Firefighters pay awards for July 2022 and July 2023 onwards.
- The continuation of inflationary pressures and if costs will reduce or remain at current level.
- What, if any, allocation will be given to Authorities to deliver efficiencies/savings/productivity.
- How much Prevention and Protection Grant we will receive.
- 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.
- If the new Services Grant of £231k will continue at this level (was £430k when introduced in 2022/23).
- FF pensions – impact from the Remedy 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 2025/26 & 2026/27.
- Impact from Business Rates Retention (no Revenue Support Grant) potentially a future year in the MTRP.
- Impact from recent CSR and funding for 2023/24 to 2024/25 and Spending Review for 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, 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.

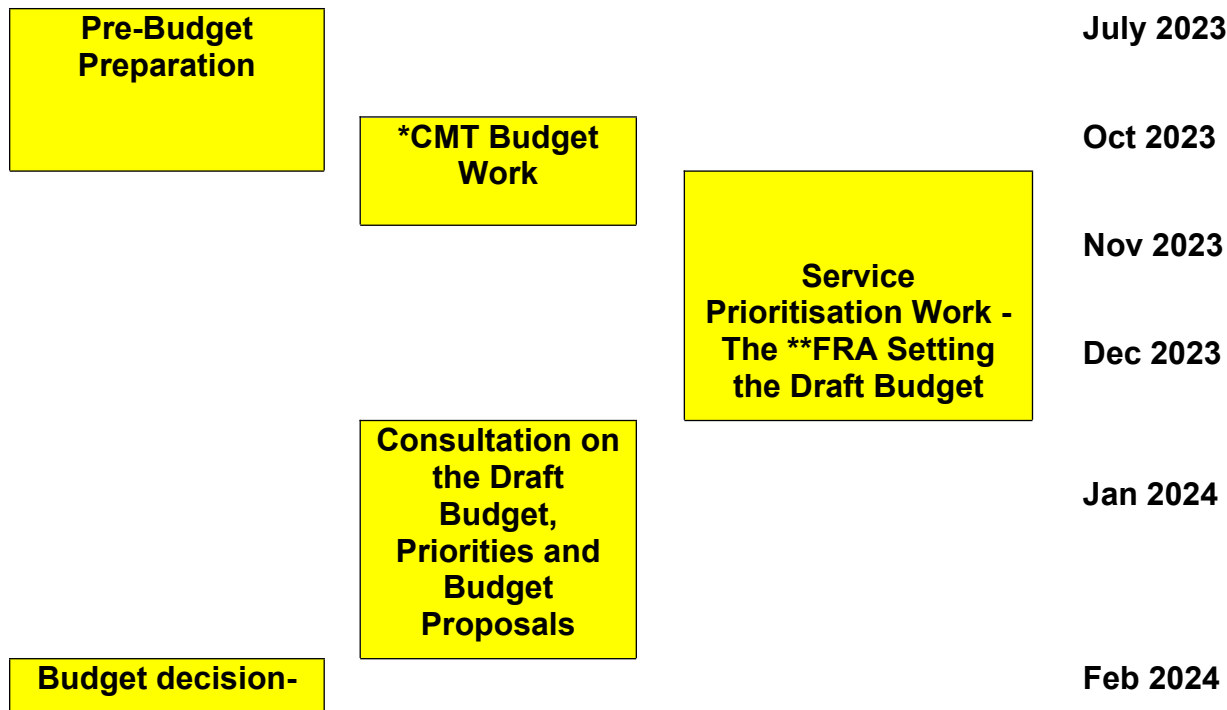
Systems for assurance and validation of our data are in place, for example Performance Indicators are supported by data proformas which include descriptors, data sources, and change control. A data issues log is maintained that considers severity,

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 Digital, Data and Technology steering group 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



making

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