

For Publication

Bedfordshire Fire and Rescue Authority
13 February 2024

REPORT AUTHORS: CHIEF FIRE OFFICER AND TREASURER

SUBJECT: THE 2024/25 REVENUE BUDGET AND CAPITAL PROGRAMME

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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.

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