

## 2020/21 Budget Setting Process

### Current Assumptions:

- One year settlement for 2020/21 – three/four year settlement to follow from 2021/22
- All grants received in 2019/20 will continue in 2020/21 due to one year settlement. This includes:
  1. Home Office grant - Fire Fighters Pension Scheme Revaluation from 2016, which came into effect from April 2019, has an estimated average increase of 13% (circa £1.5m). This was supported by grant via the Home Office in 2019/20 at £1.7m. For 2020/21 it is assumed this grant will continue. This will be included within the funding from the Comprehensive Spending Review for 2021/22 onwards. There is a forecast budget pressure of £750k (50% pressure) in 2021/22 until further information is known.
  2. Other grants – New Dimensions, Transparency, Fire link, MTA
- Green Book pay award 2% April 2020 onwards
- Two MTRP versions of the FF Pay Award – 2% 2019 and 5% 2020 (Appendix 1) and 5% 2019 and 5% 2020 (Appendix 1 a).
- That the additional 1% to council tax will not continue after the two years announced (2018/19 and 2019/20). Therefore currently the assumed referendum limit is 2%.
- Taxbase in line with previous indications (amended where info supplied)
- Business rates in line with previous indications (amended where info supplied)
- No Capital Funding (bidding round not announced)
- Fire Grant/Emergency Services Mobile Communications Programme (ESMCP) funded – *Potential large funding risk here*
- Revenue Support Grant (RSG) grant reductions in line with four year funding deal and continuing at this rate for RSG in 2020/21 to 2023/24 (although RSG potentially ceasing from 2021/22 and included within business rates, this element is still split out for transparency)
- Estimated Collection Fund surplus of £296k in 20/21 (confirmations due), £50k in 2021/22
- Apprentice budget of £60k per annum remains to fund new posts (training fees to be drawn down from levy paid)
- Explore for 2021/22 (delayed from 2020/21) when medium term funding position known - Minimum Revenue Provision (MRP) early repayment, with the benefit of reducing earmarked reserves and also revenue pressures in future years.

Uncertainties:

- FF pensions – longevity of 2015 unfunded scheme and outcome of pensionable pay review
- Impact from Business Rates Retention (no Revenue Support Grant) potentially from 2021/22
- Impact from Spending Review for 2021/22 onwards
- Impact from formula funding review 2021/22 onwards
- Recruitment profile/establishment/retirements – associated recruitment/training costs (15 FF in 2020/21, 15 per annum thereafter)
- New savings/efficiencies in the medium term to address the budget shortfall, subject to work and approval by FRA
- Collaboration (PCC, Ambulance (co-responding, falls, bariatric), Police etc) – and associated costs/savings/investments
- Medium term property strategy (One Public Estate bid, sharing etc)
- Contingent Liabilities/Assets included in the Statement of Accounts
- EU directives/legislative changes/Brexit impacts
- Implications arising from Fire Brigades Union (FBU) discriminatory claims relating to transitional pension protection (McCloud/Sergeant cases)
- Strike expenditure potential
- Interest and inflation rate fluctuations (post Brexit too)
- Outcomes of Retained Duty System project (budget increase/decrease)
- Outcome of Grey book pay review – broadening the role, pay award
- Outcome of Response Review Project
- Council tax revaluation due as still based on 1991 valuations? There is a disconnect between council tax, location, property value and average earnings (Band D in Westminster is £753.85, in contrast in Oldham it is £1,899.61). Links here with the Formula funding too.
- Operational vehicle provision review (could be cost implications, for example provided cars purchase)
- Due to significant turnover in the medium term, additional costs re succession planning
- Impacts from the General Election on 12<sup>th</sup> December 2019
- Linked to the above, Boris Johnson's pledge to reduce business rates may have a detrimental impact on funding (for BFRS and local unitary authorities)

Suggested New Ear Marked Reserves:

- Outcomes from Contamination work (showers, storage, PPE etc)
- Remedy re FF Pensions transition discrimination