

## Budget and Income Generation

### Review

Over the last year there has been continued volatility not only in relation to the Authority's own budgetary position but also in the wider economy.

Volatility in the economy also feeds through to the Authority's funding streams. For example, growth in the council tax base for 2020/21 is lower than predicted and the Government capped the maximum increase in the precept at 1.99% for 2020/21 compared to a maximum increase of 2.99% in 2019/20.

Despite the volatility from economic factors, the Authority continues to make significant additional investment in our building protection capability. The Service now has additional capacity and capability to continually improve the built environment across the county.

Our performance against our Response Standard highlights that there are challenges in the west of the county with travel times as, with the exception of Newbury, all other stations are on-call. One of the proposals in the IRMP Consultation is to undertake a project to consider the feasibility of introducing dynamic risk-based day-time nucleus crewing in the west of the county. Financial provision has been made in the 2020/21 Budget but the Fire Authority has still to give conscientious consideration to this proposal and determine what action to take when it meets on 25 June 2020 to consider the feedback from the Consultation.

The Authority's Efficiency Plan sets out how savings of £2.4 million are to be achieved. Excellent progress has been made in delivering these savings. The delivery of the Remotely Managed Stations/Flexi Duty Officer Project has been implemented in two phases, generating ongoing revenue savings of £576,000.

Despite the inflation rate being below 2%, pay pressures continue to build. Our Medium Term Financial Plan (MTFP) assumes pay will increase by 2%. However, since the MTFP was approved by Fire Authority, the National Employers have made a final offer for Green Book staff of 2.75%. In addition, there are ongoing national discussions with the FBU in relation to pay, with a proposal from the trade union to

increase pay by 17%. Any such pay increase, without significantly increased funding, would be unaffordable for RBFRS.

As mentioned above, the Authority recognises the importance of our Protection work. Recruitment of additional resources has taken place and specialist training programmes have been established to ensure staff development and competence. The recurring costs have been built into the Medium Term Financial Plan: £200,000 was built into the budget for 2018/19, a further £200,000 was added in 2019/20 and a final investment of £200,000 has been made available for 2020/21.

The final decision regarding the closure of Wargrave fire station will be made at the June 2020 Fire Authority meeting. The saving is already part of the £2.4 million Efficiency Plan savings so to keep it open would result in an additional cost pressure of £168,000.

In addition to the Efficiency Plan savings that are currently being delivered, officers are continually looking at how the service to the public can be provided more efficiently and effectively. Examples include the re-introduction of cross-border charging within the Thames Valley which delivered an additional £105,000 in income during 2019/20.

The commercial utilisation of the Authority's buildings continues to generate revenue income. It has also helps the Authority meet its statutory duty to collaborate with other blue light services, in the interest of effectiveness and efficiency.

We currently share our service headquarters with teams from the Office of the Police and Crime Commissioner and Thames Valley Police. This partnership has created a revenue stream of rental income amounting to around £56,000 in 2019/20.

The redevelopment of Hungerford Community Fire station with co-location with Thames Valley Police (TVP) has seen a contribution to revenue of about £11,000 p.a. which includes rental income and a fair and reasonable contribution to running costs based on usage.

SCAS currently has a 'Licence to Occupy' at four of our fire stations where they have dedicated space, bringing in an income of £14,000 p.a. and a project is in place to widen the scope of this partnership to our other stations.

The re-negotiation of leases, which allows for the placing of telecommunication masts on our premises generates on-going mast income of around £90,000 p.a..

Rental income is also being generated from the commercial use of a house at the Caversham Road Fire Station Site by a third party occupational health provider. Ongoing income of £8,500 p.a. is being received.

### Looking Forward

Over the coming years volatility around funding is likely to remain high. This will only be exacerbated by the impacts of Covid-19 combined with on-going pay and pension cost pressures. Instead of a new multi-year Comprehensive Spending Review as originally planned for later this year, the Government is considering a one-year rollover to allow more time to analyse the impacts of Covid-19 on the economy and Government finances. All of this means that financial scenario planning over the coming months will be critical to ensure that the Authority has plans and options to minimise the effects of funding volatility on its services to the public.

Work continues to ensure a balanced budget position over the medium term. The budgeted use of reserves to support the revenue budget has fallen from £458,000 in 2019/20 to £284,000 in 2020/21.

Cllr Colin Dudley, Income and Collaboration Lead