

THAMES VALLEY FIRE CONTROL SERVICE



SUBJECT	TVFCS BUDGET 2022/23
PRESENTED TO:	JOINT COMMITTEE
DATE OF MEETING	16 DECEMBER 2021
LEAD OFFICER	CONOR BYRNE, HEAD OF FINANCE & PROCUREMENT, RBFRS
EXEMPT INFORMATION	NONE
ACTION	AGREE

1. **EXECUTIVE SUMMARY**

1.1 To provide Joint Committee with the proposed budget for Thames Valley Fire Control Service (TVFCS) for the 2022/23 financial year.

2. **RECOMMENDATION**

2.1 **Agree** the proposed TVFCS revenue budget for 2022/23 as detailed in **Appendix A**.

2.2 **Agree** a contingency budget allocation of £150,000 which would provide an upper limit of expenditure without further Authority approval.

2.3 **Agree** to delegate authority to the three CFOs (unanimous decision required) for any unplanned expenditure between £10,000 and £150,000.

2.4 **Agree** to set aside £150,000 (£50,000 from each partner) in 2022/23 towards capital replacement costs.

2.5 **Agree** the Capital Expenditure Programme for 2022/23 (**Appendix C**)

2.6 **Note** the Medium Term Financial Plan (**Appendix B**) and Renewals Long Term Forecast (**Appendix D**)

- 2.7 **Recommend** to their respective Authorities the TVFCS budget for the financial year 2022/23 and the individual Authority contributions to this budget.
- 2.8 **Agree** to recommend that no Fire Authority withdraws from the TVFCS Inter Authority Agreement for the reasons outlined in this paper.

3. REPORT

- 3.1 The proposed TVFCS Revenue Budget for 2022/23 is detailed in **Appendix A** and shows a total budget of £2,512,725 which is an increase of £102,278 or 4.24%.
- 3.2 Over 80% of the increase in the 2022/23 Budget is due to rising employment costs. There are three external factors driving this increase. Firstly, following the Government's announcement last autumn of a public sector pay freeze no pay award was built into the 2021/22 Budget. The 2022/23 budget therefore has to reflect the impact of the actual pay award made in 2021/22, and also includes an estimated pay award of 2% effective from 1 July 2022. Secondly, RBFA faces an increase in its Local Government Pension Scheme lump sum deficit payments, a share of which will be borne by TVFCS. Lastly, employment costs are increasing due to the Government's announcement of revised national insurance contributions due from 1 April 2022. The Government has committed to funding this for public sector bodies and the impact of this reimbursement can be seen in the income section of the budget. Elsewhere in the staffing section, recruitment costs have increased due to the need in the current pandemic to move to online recruitment testing. This has proved to be a more effective way of carrying out aptitude tests for potential employees prior to interview.
- 3.3 Recharges are set each year for TVFCS to cover corporate costs. The scale of the recharges has been amended within the proposals to reflect the expected cost to provide the corporate functions in 2022/23.
- 3.4 The Facilities recharge has increased by £13,180, although £10,000 of this is due to the estimated cost of one-off lighting improvements required in the control suite. Staff engagement sessions have recently commenced with test lighting fitted and the full works are due to commence in quarter 1 2022/23. Excluding the lighting cost, the base recharge will increase by 3.21% which reflects the impact of the current economic climate, and enhanced inflation of utility costs.
- 3.5 The recharge in relation to HR and Learning and Development is increasing by 10.91%. This reflects the additional costs of providing staff with a broader core skills package. There are 19 staff on DAPs which involves more content and resource than the previous NVQ process. In addition, there are price increases in relation to training delivery.
- 3.6 The recharge for liability insurance has increased in line with the recent wider insurance renewal process completed by RBFA, and reflects market conditions.

- 3.7 The management recharge has increased to reflect that the current post holder is on the competent rate of pay whereas the recharge has historically been based on development rates of pay.
- 3.8 Technology costs have increased in total by 0.84%. Each respective contract has its own inflation mechanisms, mainly linked to RPI which has risen significantly in recent months. Contracts such as the one for DS3000 also have built in framework fees when they are extended. Offsetting these increased costs, there is a saving from the Unicorn network agreement, which has been reviewed and streamlined.
- 3.9 The Medium Term Financial Plan (MTFP) has been produced and included as **Appendix B**. This reflects potential budget pressures or cost reductions in the medium term and future year salary awards, which from 2023/24 have been shown as 2% per annum.
- 3.10 The Facilities recharge will revert back to the base requirement from 2023/24 once the additional lighting work outlined above has been completed. An estimated additional sum of £8,850 has been incorporated into the ICT recharge from 2023/24 for health check work. The additional charge will become necessary as Home Office requirements associated with Annexe A recertification change as a result of the implementation of the DCS technology change, which will place an additional burden upon RBFRS ICT teams. The additional costs will be kept under review and modified to reflect the actual effort required year on year if materially different from the projection above. The implementation of ESN is likely to influence this element, but as ESN and DCS are both IP based, it is unlikely that the regime will be significantly different. We expect this additional charges to come into force in the year of DCS implementation as there is likely to be a certification requirement prior to and as a condition of go-live.
- 3.11 Discussions are ongoing regarding the funding of DCS implementation, and the ongoing status of the current SANH partnership, which splits current SANH costs 5 ways. It is likely that post DCS both Warwickshire and Nottinghamshire will implement their own DCS infrastructure, meaning that the post-implementation cost will be split 3 ways across the Thames Valley. DCS service costs and grants are unclear at this point in time, so the quantum of any change to ongoing service costs to the TV FRSs is not currently known.
- 3.12 It is proposed in paragraph 2.4 that each partner continues to set aside £50,000 each financial year towards capital replacement costs. The fund currently has in excess of £1.9m, including the contributions due from partners in 2021/22.
- 3.13 The proposed capital expenditure programme for 2022/23 that was discussed at the Members' workshop in September is included as **Appendix C**. This sets out the recommended Capital Budget to be made available from the TVFCS Renewals Account to fund a hardware upgrade of the Vision mobilising system. The longer term forecast and wider scenario planning linked to this is included as **Appendix D**.

- 3.14 Pursuant to section 25 of the TVFCS Inter Authority Agreement (the Agreement), following a review and discussion at the meeting of 12 July 2021, members of the TVFCS Joint Committee recommended to Fire Authorities to extend the mobilising system contract for 1 year pending further review of the longer term consequences of the sale of Capita SSS.
- 3.15 Section 25 also asks Members to consider whether any Authority wishes to exercise its right to withdraw from the Agreement and, as noted at point 16 of the minutes of that meeting, Graham Britten, Director of Legal and Governance for BMKFA and Monitoring Officer for RBFA, requested that this decision be considered and included at the December Joint Committee meeting.
- 3.16 At this time, no Authority has indicated that they wish to exercise this right and Members are asked to formally consider and record a decision in respect of the Agreement.
- 3.17 A decision to withdraw from the agreement is not recommended. TVFCS is performing well against the Agreement and associated performance targets, providing an essential and important service that contributes to the delivery of Authorities statutory functions. Any authority seeking to withdraw from the Agreement would subsequently create a significant challenge to the ongoing viability of the service, and likely incur a significant cost to that Authority in seeking alternative provision as well as potential disruption to critical services.
- 3.18 The budget papers presented have been produced and developed in collaboration with the lead contact for each respective partner.

4. COMPLIANCE WITH THE TVFCS PARTNERSHIP AGREEMENT

- 4.1 This report complies with the TVFCS Steady State Legal Agreement.

5. FINANCIAL IMPLICATIONS

- 5.1 With employment costs accounting for 75% of the total proposed budget, financial performance and budget requirements are largely controlled by factors not directly determined locally; pay awards, national insurance costs and LGPS pension contributions.

6. LEGAL IMPLICATIONS

- 6.1 In accordance with Schedule 7, clause 12.1 of the legal agreement, any underspend will be reimbursed to partners in accordance with the cost apportionment model.
- 6.2 The 2022/23 budget complies with statutory regulations.

7. EQUALITY AND DIVERSITY IMPLICATIONS

7.1 There are no equality and diversity implications arising from this report.

8. RISK IMPLICATIONS

8.1 Other than the issues identified above, there are no additional risk implications arising from this report.

9. CONTRIBUTION TO SERVICE AIMS

9.1 The Committee provides oversight on behalf of the three Authorities of the performance of TVFCS fulfilling their statutory duty to make arrangements for dealing with calls for help and summoning personnel (Fire and Rescue Services Act 2004).

10. PRINCIPAL CONSULTATION

10.1 Simon Harris, TVFCS Group Manager

10.2 Joint Co-ordination Group, 24 November 2021

10.3 Senior Leadership Team, Royal Berkshire FRS, 24 November 2021

10.4 Lead Finance contacts at each respective partner

11. BACKGROUND PAPERS

11.1 Minutes of the TVFCS Joint Committee meeting 14 December 2020

12. APPENDICES

12.1 Appendix A: TVFCS Revenue Budget 2022/23

12.2 Appendix B: TVFCS Medium Term Financial Plan 2022/23 – 2024/25

12.3 Appendix C: Capital Expenditure Programme 2022/23

12.4 Appendix D: Renewals Account Long Term Forecast

13. CONTACT DETAILS

13.1 Ryan Maslen, Deputy Head of Finance and Procurement, RBFRS