

ROYAL BERKSHIRE FIRE AUTHORITY REPORT



COMMITTEE	FIRE AUTHORITY
DATE OF MEETING	15 FEBRUARY 2024
SUBJECT	BUDGET 2024/25
LEAD OFFICER	CONOR BYRNE, HEAD OF FINANCE AND PROCUREMENT
LEAD MEMBER	COUNCILLOR MIKE SMITH
EXEMPT INFORMATION	NONE
ACTION	FOR NOTE AND RECOMMENDATION

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to enable the Fire Authority to approve the band D precept for 2024/25 and the associated budgetary documents. The 2024/25 Budget of £45.964 million balances without any recourse to reserves.
- 1.2 The Budget Working Party, chaired by the Lead Member for Budget and Income Generation, met on five occasions to develop the draft 2024/25 Budget which was subsequently presented to Management Committee on 6 February 2024.
- 1.3 That draft budget, as presented to Management Committee, has been amended slightly to incorporate confirmed business rates income. All funding information from unitary authorities has now been received.
- 1.4 At its meeting on 6 February, Management Committee recommended that the Fire Authority adopt the 2024/25 Budget as presented subject to any final amendments.

2. RECOMMENDATION

That the Fire Authority:

- 2.1 APPROVE an increase in the precept of 2.99% for 2024/25 by adopting the formal resolution in Appendix A;**
- 2.2 APPROVE the Medium-Term Financial Plan in Appendix B;**
- 2.3 APPROVE the Efficiency and Productivity Plan in Appendix C;**

- 2.4 **APPROVE the Strategic Asset Investment Framework (SAIF) in Appendix D;**
- 2.5 **APPROVE the Prudential Indicators, Treasury Strategy and Investment Strategy in Appendix E;**
- 2.6 **APPROVE the Reserves Policy in Appendix F;**
- 2.7 **APPROVE the fees and charges for 2024/25 as set out in Appendix G;**
- 2.8 **APPROVE the TVFCS revenue and capital budgets for 2024/25 as set out in Appendix H, as well as the Authority's 2024/25 contribution of £50,000 to the TVFCS Renewals Fund.**

3. REPORT

- 3.1 The Budget Working Party set itself the objective of building a draft budget that would not only balance for 2024/25 but also for the subsequent three years that make up the period of the Medium-Term Financial Plan. This has been achieved by setting out an ambitious Efficiency and Productivity Plan that will deliver significant efficiencies and productivity gains over the period of the Medium-Term Financial Plan. The Plan sets out assumptions around income and expenditure over the next four years and is attached as **Appendix B**.
- 3.2 The budget for 2024/25 is £45.964 million and comprises three income streams. The 2.99% increase in the precept together with growth of 1.1% in the council tax base will provide £29.891 million in council tax income. The Authority will receive £5.812 million in business rates income, however, the combined collection fund deficit for both council tax and business rate will be £0.404 million. General grant funding from Government amounts to £10.665 million.
- 3.3 The Budget Working Party faced various challenges in setting a balanced budget due to the economic backdrop and uncertainty around funding streams. In addition to external pressures, it has become apparent that while our service delivery model is effective in delivering a good service to the public, it is too lean to function optimally. Therefore, one of the other challenges that the Budget Working Party had to overcome was to find a way to fund a buffer of ten additional firefighters to increase the resilience of our crewing model.
- 3.4 In order to create the financial headroom to strengthen the crewing model, the Lead Member for Budget and Income Generation decided that the first task of the Budget Working Party was to agree savings and efficiencies that could be made from the base budget for 2024/25. Following a review of proposals put forward by officers, the Budget Working Party agreed savings and efficiencies amounting to £535,000, which together with additional income of £30,000, gives a total reduction in the net base budget of £565,000 as shown the Efficiency and Productivity Plan (**Appendix C**).
- 3.5 Not only have these efficiencies generated the headroom to fund the buffer of ten firefighters but it also provided the scope to fund other bids. The Service

has been running with limited resources in several key areas such as pension administration and operational support. Again, the Budget Working Party was pleased to be able to find the resources to strengthen these key functions, although unfortunately, not all of the bids submitted could be funded.

- 3.6 The Authority's ambitious capital expenditure plans are set out in the Strategic Asset Investment Framework (**Appendix D**). The programme covers major refurbishments of our wholetime stations, including measures to make the estate more environmentally sustainable as well as provision for our fleet and ICT. Once the major building improvement works have been delivered over a four-year period, the capital programme will reduce considerably in size, negating the need for further borrowing and additional financing costs.
- 3.7 The Treasury Strategy (**Appendix E**) sets out prudential indicators to ensure that the capital programme remains affordable, and cash-flow remains sufficient to cover day-to-day expenditure. While financing costs of capital expenditure rise over the next four years, they remain affordable and do not breach the maximum ratios set by the Authority.
- 3.8 The Reserves Policy is attached as **Appendix F**. Reserve balances, including the capital receipt reserve, will fall by 60% over the next four years, primarily due to the use of capital receipts to fund the capital programme. Under Section 25 of the Local Government Act 2003, the Chief Finance Officer is obliged to report on the robustness of the estimates and the adequacy of the proposed financial reserves. I believe that reserves will remain adequate over the medium term as the Authority will maintain the Budget Contingency Reserve at around 3% of the Revenue Budget to deal with unforeseen in-year budget pressures. In addition, the General Reserve will be maintained at around 5% of the Revenue Budget to provide short-term emergency funding from low-risk, high-impact events.
- 3.9 Fees and charges for 2024/25 are set out in **Appendix G**.
- 3.10 The Thames Valley Fire Control Service revenue and capital budgets for 2024/25 are attached as **Appendix H**. In addition to approving the budgets, Members are also being asked to approve Authority's 2024/25 contribution of £50,000 to the TVFCS Renewals Fund which will fund the replacement of ICT systems in the control room.

4. CONTRIBUTION TO STRATEGIC COMMITMENTS

- 4.1 Commitment 5 – Sustainability. We will ensure that we provide a financially sustainable and environmentally friendly service to our communities.

5. FINANCIAL IMPLICATIONS

- 5.1 The 2024/25 Budget presented to Fire Authority is a balanced budget. While funding is not sufficient to fund all of the Authority's priorities, the Budget Working Party has sought to ensure that the 2024/25 Budget provides additional resource to build resilience into our service delivery model as well as provide sufficient funding for other key functions.

- 5.2 Funding of these key priorities has been made possible through the efficiencies and additional income that will be delivered in 2024/25.

6. LEGAL IMPLICATIONS

- 6.1 The 2024/25 Budget complies with statutory regulations.
- 6.2 The Local Government Act 2003 gives the responsible finance officer, namely the Chief Finance Officer of the Combined Fire Authority under s112 of the Local Government Finance Act 1988, the responsibility to report to Members of the Authority on his assessment of the robustness of the estimates used within the budget and on the adequacy of reserves.
- 6.3 Members must take account of the advice of the Chief Finance Officer in respect of the above and the highlighted associated risks before considering the recommendations as set out in the report.

7. EQUALITY AND DIVERSITY IMPLICATIONS

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

8. RISK IMPLICATIONS

- 8.1 Shortfalls in funding and unavoidable pressures have been highlighted in this report and appear on the Authority's Corporate Risk Register. The Register is reviewed monthly by the Senior Leadership Team and the risks around budget pressures, funding and pay costs are being actively managed.

9. CONSISTENCY WITH DUTY TO COLLABORATE

- 9.1 The Authority has been an early adopter of collaboration which has delivered significant savings, examples being the joint vehicle workshop arrangements with Hampshire Fire and Rescue Service and the establishment of TVFCS. In addition, co-location agreements have been signed with partners which provide the Authority with income to support the revenue budget.

10. PRINCIPAL CONSULTATION

- 10.1 The Chief Fire Officer has noted the contents of the report.

11. BACKGROUND PAPERS

- 11.1 Agenda item 7, Management Committee, 6 February 2024

12. APPENDICES

- 12.1 Appendix A – Budget Resolution 2024/25
- 12.2 Appendix B – Medium Term Financial Plan

- 12.3 Appendix C – Efficiency and Productivity Plan
- 12.4 Appendix D – Strategic Asset Investment Framework
- 12.5 Appendix E – Treasury Strategy
- 12.6 Appendix F – Reserves Policy
- 12.7 Appendix G – Fees and Charges
- 12.8 Appendix H – Thames Valley Fire Control Service Budget

13. CONTACT DETAILS

- 13.1 Conor Byrne
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