



Item No. 4a on Agenda

Report to the Police Fire and Crime Panel

15th February 2021

Fire Revenue Budget Report (incl. MTFS and Precept)

Report of the Staffordshire Commissioner

Introduction

The purpose of this report is to set out the proposed revenue budget and precept proposals for the Staffordshire Commissioner Fire and Rescue Authority for 2021/22. It is the third budget report and Medium Term Financial Strategy (MTFS) for the Staffordshire Commissioner following the changed in governance on 1 August 2018. This report delivers one of the Commissioner's key responsibilities as laid out within section 5 of the Police Reform and Social Responsibility Act 2011.

The report sets out the following:

- Net revenue budget requirement for 2021/22
- Proposed precept for the fire element of the council tax 2021/22
- Proposed Medium Term Financial Strategy (MTFS)
- Outline Capital Budget for 2021/22 to 2023/24

The report should be read in conjunction with the accompanying:

- Treasury Management Strategy
- Capital strategy and Capital Programme Report
- Reserves Strategy Report

Recommendations

The Police, Fire and Crime Panel is asked to:

- a) Examine the information presented in this report, including:
 - The Total 2021/22 net revenue budget requirement of £41.977m, including
 - A council tax requirement for 2021/22 of £27.473m before collection fund surplus/deficits are taken into account (**see Appendix 6**)

- b) Note that the funding for 2021/22 is based upon the Final Local Government Finance Settlement, and includes the business rates information received from the nine billing authorities (as per NNDR1 returns)
- c) Support the Commissioner's proposal to increase the 2021/22 precept for the fire element of the council tax bill by 1.99% or £1.54 per annum which is equivalent to 3p per week, increasing the council tax to £78.78 for a Band D Property (**see Appendix 6**)
- d) To note that the Council Tax base has reduced to at 348,733 properties (**see Appendix 5**) equivalent to a decrease of 1.2%. The Council Tax collection fund has also been finalised delivering a deficit of £67.1k (**see Appendix 4**). Note this includes the option to spread the £102k per annum deficit attributable to COVID-19 over 3 years
- e) To note the MTFS summary financials (**Appendix 7**) and MTFS assumptions (see paragraph 39)
- f) To note the budget gap of £2.9m by 2025/26. This is driven by the assumptions around reduced levels of Revenue Support Grant, in addition to cost pressures which includes ongoing pay pressure and increased Firefighters Pension costs.
- g) Support the proposed three year Capital Investment Programme (**see Appendix 8**), see the Capital Strategy and Capital Programme Paper for further information
- h) Note the outcome of The Staffordshire Commissioner's budget consultation document which included a survey to ascertain the opinion of the residents of Staffordshire and Stoke on Trent with regard to the local precept. The results of the survey showed a 77% response in favour of an increase in precept of 1.99%
- i) To note the proposed fees and charges for 2021/22 (**see Appendix 10**)
- j) To note the Statement from the Director of Finance / S151 Officer on the robustness of the Budget and adequacy of the proposed financial reserves (see paragraph 43 and 44)

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Staffordshire Commissioner

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Executive Summary

This report advises the Panel on the proposed revenue budget for 2021/22, and the proposed level of Council tax for the Staffordshire Commissioner Fire and Rescue Authority for the year 2021/22. It also presents an updated Medium Term Financial Strategy for the following four year period to 2025/26.

This is the second year that a one year settlement has been received from Government. The Spending Review and settlement for next year have been drawn up in unique circumstances. The Government's primary aim, in this challenging period, has been to continue to support councils in dealing with the immediate impacts of the pandemic, to promote recovery and renewal at local level, and support and maintain critical mainstream services.

Following the announcement of the council tax referendum levels and Fire Settlement Funding by Government, the Commissioner has considered, current and future funding requirements, together with the factors included within his Fire and Rescue Plan, the results of the survey with local residents, as well as actual and expected cost pressures and expected efficiency savings.

The current Covid-19 pandemic, whilst rightfully seen as public health emergency, is having a significant economic impact. The financial impact of the pandemic will likely set the scene for the decade to come in relation to public spending, with an impact already being seen on the financial position of Fire and Policing within Staffordshire.

The impact of the Covid-19 pandemic is evidenced in the 2021/22 budget via a reduction in the tax base (driven by an increase in the means tested benefit Local Council Tax Support schemes) and deficits on collection funds from 2020/21 which are recognised in the following year.

The Commissioner has taken into account the adequacy and level of reserves and the impact of future financial challenges and opportunities in the MTFs. This paper is accompanied by a revised Reserves Strategy which is supported by the Commissioner.

Whilst overall funding levels as a result of the pandemic are lower for 2021/22, in order to support the Government's intention, grants will and have been provided to support the reduction in Council Tax collection levels, a reducing Council Tax base and also lower Business Rate collection rate. Support for lower funding levels attributable to the pandemic beyond next year remains uncertain which has increased the funding gap into the Medium Term for the Staffordshire Commissioner.

The Settlement Funding for 2021/22 includes an inflationary increase in Revenue Support Grant (RSG) set at 0.5%, increasing by £26,270. RSG was reduced by around £9.0m during the period 2012/13 to 2019/20 following a number of years of reduced funding and austerity across the public sector.

The Settlement Funding assumptions contained within this report are based upon the Final Local Government Finance Settlement that was received on 4 February 2021.

The Commissioner is proposing a 1.99% increase in Council Tax equivalent to an additional £1.54 per annum (3 pence per week) in line with this referendum limit and would increase Band D Council Tax for the Staffordshire Commissioner FRA to £78.78, from £77.24

The budget process for 2021/22 involved full consultation with all budget holders and calculated from a zero base. Where possible all recurring efficiencies and savings achieved to date have been incorporated into the base budget.

There are significant risk and uncertainties beyond 2021/22 that are reflected and narrated within this paper which include the impact of national pay awards (pressure of above inflation awards), the implications of the Sargeant / McCloud High Court judgement, and also the risks associated with the upcoming Fair Funding Review and the ongoing impact of the COVID pandemic.

Whilst the spending review was for one year only papers released by the Office for Budgetary Responsibility (OBR) indicate that unprotected services (e.g. Local Government, Police, Fire, Prisons & Probation) are likely to see continued real terms reductions in central funding for the government to deliver on its public finance targets for net borrowing as set out in the spending review until 2025.

In summary when considering the Settlement Funding Position, additional grants offered by Government and the precept proposal from the Commissioner a balance budget position is presented for the budget year 2021/22, however the uncertainty beyond next year makes planning challenging and it is hoped that a three year settlement comes out of the CSR21.

Background

1. The budget proposals contained within this report are based upon the final 2021/22 Local Government Finance Settlement received on 4 February 2021.
2. Settlement Funding comprises of three funding streams shown below. The RSG and Business Rates top-up are shown as extracted from the final settlement issued for 2021/22, with the 1% share of local business rates being based upon the final NNDR1 submissions from the nine local billing authorities.

	2020/21 £m	2021/22 £m	Movement £m
1% share of Local Business Rates	3.808	3.735	(73)
Business Rates Top-up	6.059	6.059	
Revenue Support Grant (RSG)	4.751	4.777	26
Total Settlement Funding	14.618	14.571	(47)

Business Rates / Business Rates Top-up

3. The Staffordshire Commissioner Fire and Rescue Authority receives a 1% share of local business rates, in addition to a business rates top-up. The Board should note that the actual 1% share of local business is extracted from the district, borough and city council's NNDR forms (Non-Domestic Rating Income Calculation and Estimate of Collection Fund Surpluses and Deficits).
4. The 1% share of business rates has resulted in an estimated year on year reduction of £73k, demonstrating overall reduction in the business rates collection estimates across the County and City due to the impact of the pandemic, this is after the share of S31 Retail Relief Grants that are due to be returned to precepting authorities following the NNDR3 submissions. This will impact upon cash flow during the budget year as the S31 grants will be received later in the year.

There is therefore significant risk beyond 2021/22 should business rates continue to fall without further Government Support.

Council Tax

5. The setting of Council Tax is under the control of the Staffordshire Commissioner. The process for issuing the Precept is aligned to the setting of the Staffordshire Police precept following the change in governance arrangements. This process is laid out within Schedule 5 of the Police Reform and Social Responsibility Act 2011.
6. From 1 August 2018, the Staffordshire Commissioner assumed the functions of the former Stoke-on-Trent and Staffordshire Fire and Rescue Authority, including the power to issue a fire precept from 2019/20.
7. The Band D Council Tax for the Authority was approved at £77.24 for 2020/21, this report includes the assumption that the precept will increase by 1.99% to £78.78 in 2021/22.
8. The referendum limit for 2021/22 has remained at 2%. This is despite lobbying by the National Fire Chiefs Council to Treasury requesting more precept flexibility for all Fire and Rescue Services.
9. A 1.99% increase in Council Tax is equivalent to an increase in Band D of £1.54 per annum (3 per week), and would increase Band D to £78.78.
10. The Council Tax base shown in **Appendix 5** has reduced to 348,733 from 352,801 properties in 2021/22, which is equivalent to a decrease of 1.2% resulting from the COVID-19 Pandemic. As a direct result the Council Tax collection fund is also in deficit by £67k, shown in **Appendix 4**. Both the Council Tax base and the surplus on the collection fund have been finalised and agreed.
11. In order to support Local Authorities from the impact of Council Tax losses the Government has agreed to:
 - Fund 75% of the COVID19 related Council Tax reduction in year. This has been accounted for by the Billing Authorities. Overall the shortfall in Council Tax attributable to the Authority is c£1.2m of which 25% is being spread over the next three years at £0.1m per year. A reserve of £0.2m has been earmarked to cover this shortfall in 2022/23 and 2023/24.
 - LCTS (Local Council Tax Support) Grants have been awarded to compensate for a reduction in the Council Tax Base, this grant totalled £468k and £321k has been included within income for 2021/22, and the balance of £147k added to Earmarked reserves
 - A 1% sensitivity in precept for the Staffordshire Commissioner is equivalent to £0.268m.

12. Based upon a 1.99% increase, the total budgeted precept (including collection fund deficit) has reduced by £0.380m, as follows:

Council Tax Amount 2020/21	£27.786m
Reduction in Council Tax Base by 1.2%	- £0.314m
Movement from fund surplus to deficit	- £0.602m
Increase in Council Tax by 1.99%	+£0.538m
Council Tax Amount 2021/22	£27.406m

13. The Staffordshire Commissioner issued a budget consultation document in December which concluded on 18 January 2021 which also included a survey regarding options for the local precept. The results of this consultation show that 77% of the 2258 that responded supported the proposed increase of 1.99%.

Revenue Budget 2021/22

14. The Revenue Budget sets out to support and enable the closure of the existing Corporate Safety Plan and the introduction of a new plan during the budget year 2020/21.
15. **Appendix 1** sets out the proposed revenue budget of £41.977 for 2021/22 based upon a Council Tax Increase of 1.99% and the Provisional Local Government Finance Settlement.
16. The key features of the budget, are as follows:

Pay costs Revenue budget

The overall pay costs budget for 2021/22 at £28.0m, is £1.0m less than last year's budget, this includes the transfer of JETS staff during the year to Staffordshire Police employment. This is offset by additional support service recharge included within the non-pay budget.

The pay budget also reflects the announcement made by the Chancellor during the Spending Review that there would be a pay pause across a majority of the public sector. Pay award are only included for lower paid staff in line with this announcement. The pay award assumption for 2022/23 has been increases to 3% for operational staff within the MTFS. A 1% pay award sensitivity is around £0.25m per annum. The Fire Brigades Union remain in discussion with fire service employers through the National Joint Council and will continue to push for higher than inflation pay awards. It should be noted that pay awards are not negotiated locally so this is outside of the control of the Commissioner.

There is therefore risks associated with the assumed level of pay award budgeted for 2021/22 and into the medium term.

The following bridge explains the net reduction in pay costs:

	<u>£m</u>
Pay Budget – 2020/21	29.0
Transport and Engineering (JETS) employment	(0.6)
New firefighter recruit courses – 1 intake	(0.2)
New temporary posts (5 FTE)	0.2
CFS Pool and Training delivery	(0.2)
End of secondments	(0.1)
Other changes	(0.1)
Pay Budget – 2021/22	28.0

Non-pay costs

Non-pay costs are budgeted to increase by £1.0m year on year. Some of the main movements in non-pay costs are as follows:

- Shared Service Costs increase of £0.6m following the transfer of JETS staff to Police Employment
- Communications costs have increased by £0.2m which includes the additional investment into Firewatch and Office 365
- Funded non pay costs have increased by £0.1m mitigated through additional income budgeted
- Premises costs have broadly remained the same. Following the Check Challenge and Appear process for business rates it is anticipated that overall rates will reduce as revised valuation come through from the VOA.
- Transport costs at £0.8m are in line with previous year. The budget for fuel has marginally reduced year on year due to fuel pricing and lower mileage.
- The targeted non pay efficiency saving has removed, £0.1m
- Non Pay includes a charge of £1.2m payable to West Midlands Fire Service, this represents 30% of the budgeted cost of running the Joint Fire Control.

(ii) Income

Income for 2021/22 is budgeted to increase by £0.7m to £3.3m with the increase driven by the following:

- Increase in funded non pay costs – see above £0.1m
- To compensate for the reduction in Council Tax base in year (down 1.2%) the Authority will receive a Local Council Tax Support grant of £0.468m. This was announced as part of the £670m package of support to help local government in response to the impact of the pandemic. Precepting authorities' allocations were derived from the relevant share of aggregate council tax requirement in 2020/21 of their respective billing authorities

(iii) Capital Charges

Total capital charges at £5.3m are in line with the three previous years.

- The £1.5m minimum revenue provision requirement for 2021/22 in line with the MRP Policy. MRP has been held due to the full funding of capital expenditure from savings and reserves during the year ended March 2020.
- The budget assumes that the overall level of borrowing (loans) for the Authority will remain unchanged as no loans are due for repayment in year. The budgeted level of interest on the existing long terms loans of £17.050m is 4.29% (Budget 2021/22, £0.774m)
- The unitary charge will increase marginally due to the Retail Price Index (RPI) increase applied to the variable elements of both PFI contracts.

Budget Monitoring 2021/22

17. A budget monitoring report will be considered by the Fire Strategic Governance Board on a quarterly basis. A monthly Resource Control Report will be issued to members of the Service Delivery Board (SDB) and also published on the Intranet available for all staff.
18. A monthly Finance News Publication is also issued alongside the detailed Resource Control Report. In addition, the Finance Panel, which is a sub-group of the Ethics, Transparency and Audit Panel (ETAP) will continue to review the budget monitoring reports on a bi monthly basis.

Service 2025

19. The Service has already undertaken a number of scenario planning sessions and options have being discussed with the Staffordshire Commissioner in order to provide a pathway for delivery of the expected financial challenges for 2021 and beyond.
20. As discussed within this paper the budget gap into the medium term is estimated to be around £1.7m by March 2023 increasing over the life of the MTFS to around £2.9m by 2025 a significant increase from the £1.5m gap included within the approved MTFS.
21. As the board will be aware the 2025 project has been developed to review all areas of the Service to ensure that the most effective and efficient approach to service delivery is in place. Since the last update the key areas that have been progressed within the project are:

Structures / Prevention and Protection – The Service have reviewed the structures within prevention and protection as well as business intelligence and have merged a number of teams to form the Strategy and Intelligence department. This department is now tasked with fully understanding all of the data sets available within the service and designing appropriate initiatives to meet the needs of the most vulnerable within the service. By having the data analysts working alongside the prevention and protection teams the service can more

accurately predict demand and its impacts as well as understanding risk and allocating resources to reduce this risk in a proactive manner. The team will also be tasked with evaluating initiatives and switching them off at an appropriate time once the risk has been reduced or removed completely. We will combine the risk stratification of vulnerable people and vulnerable buildings to prioritise our risk reduction activity. The Service is increasing the scope of the Risk Based Inspection Programme to include a wider range of residential buildings. We will be investing in this area and providing training and qualifications for operational personnel and our centrally based specialist teams. This will meet the requirements coming out of the Grenfell Tower inquiry, and the National Competency Standards.

Response Options and capability reviews - The Service has demonstrated that continued development of how we provide our emergency response services and the technology we use has resulted in more efficient ways of working. This concept will continue to be developed alongside our representative bodies ensuring that we are not compromising safety or service provision but can deliver an even more efficient service at a lower cost through adept resource allocation and streamlined management. The key piece of work in this area is the development of two heavy rescue appliances which will be strategically placed within the county which will allow the Service to review its crewing arrangements at a number of locations.

Estates Strategy and Collaboration Opportunities -The Service will continue to work with all partners but with a clear focus upon the delivery of savings through a shared estate with Staffordshire Police and the continued success of shared support departments and the joint workshop/transport facility. Since the last update the shared facility at Hanley has gone live and this sees colleagues from Staffordshire Police and Staffordshire Fire working together and responding out of the same station on a daily basis.

22. In addition the project to redevelop part of the Stafford Fire Station site and to sell off a parcel of land has been progressing well. The planning proposal has been submitted which will see an existing building within the site becoming the fire station and training facility and will allow the Authority to realise a capital receipt for the land that is no longer required.
23. Procurement and Cost Efficiencies - The FRA has a strong track record of delivering cost savings which includes more efficient procurement. This is supported by the Commercial Services team at Staffordshire Police with procurement support provided through the shared service arrangements. The Service will also continue to review all costs e.g. through its internal review process
24. This programme of savings that is being developed incorporates a number of scenarios that will need to be approved by the Commissioner and will be further developed ready for implementation during 2021/22 in order to support the anticipated funding gap outlined for 2022/23 and beyond.
25. The total savings target has been set at £4m by 2025 but this will be dependent upon the level of saving required and some of the opportunities may not be fully supported by staff, the representative bodies and of course the communities that we serve. It should also be noted that the profile of savings requirements through to 2024/25 could change, with more

savings required earlier on. The planning work taking place through Service 2025 will allow for specific savings to be brought forward, if that should prove necessary.

Firefighters' Pension Schemes

26. Pensions Grant - following the results of the 2016 Valuation of the Firefighter's Pension Schemes employer contribution rates were increased by an average of 12.6%, resulting in additional costs for Staffordshire of around £1.8m per year. A Pension Grant has been received for 2019/20 and 2020/21 from the Home Office covering 90% of this increase and this grant has also been guaranteed for the budget year 2021/22. The Commissioner has been informed by the Home Office that it is looking to base line this grant into funding from 2022/23. This could result in future reductions to this grant if it is not specifically ring fenced for this purpose rather than being incorporated into the Revenue Support Grant.

In addition to the above the 2020 valuation of the Firefighters' Pension Scheme is now near completion with the results of this further valuation awaited. This is likely to increase pressure further on the required level of employer contributions.

27. Sargeant/McCloud Case - Two claims were brought against both the judges' pension scheme (the McCloud case), and the firefighters' pension scheme (the Sargeant case) claiming that transitional arrangements into the new Pension Schemes was discriminatory on the basis of age. The claims were heard together, and in December 2018, the Court of Appeal ruled that the transitional protection arrangements offered when transitioning to the new pension schemes constituted age discrimination and was therefore unlawful. The government applied to the Supreme Court to appeal this decision in June 2019, which was denied ending the legal challenge.

A preliminary hearing to consider the required remedy was held on 18 December 2019, and an interim Employment Tribunal Order on the required remedy has now been issued. This Order in effect provides that pending the final determination of the remedy issues, those that brought claims in England and Wales (the claimants) are entitled to be treated as if they remained in the 1992 Firefighters' Pension Scheme (1992 FPS).

A government consultation closed last year to look at the Remedy options that will be made available to members. This included two main choices being an immediate choice or deferred choice made at the point of retirement. Whilst the government have said that this must be resolved by March 2022 a response from Government has not yet been received which makes this timeline very challenging.

Additional costs have now been built into the MTFS in response to the Sargeant / McCloud ruling as it remains unclear who is going to fund the costs of the remedy and also to factor in the potential adverse outcome of the 2020 valuation. See MTFS section for more details.

Reserves and Balances

28. The Authority holds two reserves, a Specific/Earmarked Reserve which is build up through any surplus within the Income and Expenditure account. The utilisation of this fund has been established with the approved Reserves Strategy that was last updated in November 2019; and a General Reserve which is held to protect against any spate or emergency conditions that may arise, **(see Appendix 3)**.
29. At 1 April 2020 the Authority held £1.9m in General Reserves and a risk assessment for this reserves was undertaken as part of the budget setting process for 2021/22 and the overall provision of £1.9m has remained unchanged for a number of years and represents 4.5% of the proposed revenue budget for the year.
30. At 1 April 2020 the Authority held £7.1m in Earmarked Reserves. **Appendix 2** demonstrates the impact on Specific Reserves for the Council Tax proposal included within this paper. The schedule also assumes utilisation of capital spend as incorporated within the Reserves Strategy and assumes that capital programme will be supported by this reserve during 2021/22 by £1.4m in addition to the reserve utilisation required to support the Revenue Budget. It does not assume use of reserves for other contingency areas that are incorporated within the Reserves Strategy.
31. The forecast balance on the Earmarked Reserves is detailed within the Reserves Strategy update paper.

Medium Term Financial Strategy

32. The MTFs has been updated to reflect the budget proposals for 2021/22 and incorporates the assumptions contained with the Provisional Financial Settlement, which includes the assumed increase in Council Tax of 1.99%. A summary of the financials covering the medium term period 2021/22 to 2025/26 are included within Appendix 7.
33. Should the Staffordshire Commissioner elect not to increase Council Tax for 2021/22 and beyond in line with the assumptions incorporated within this report, saving targets and use of reserves will need to be re-visited.
34. The budget for 2021/22 shows a balanced position, however there is a significant gap of £1.7m identified for 2022/23 increasing to £2.9m by 2025/26
35. The MTFs Summary financials show an increasing budget gap by 2025/26 of £2.9m. This gap is based upon the assumption that the level of RSG will continue to be reduced beyond 2021/22 pre-empting the outcome of the next Comprehensive Spending Review (CRS20) and the impact of the results of the Fair Funding Review that is being undertaken by MHCLG and the Home Office. The Fair Funding review will be reviewing the current fire funding formula.
36. In addition to the above the MFTS now assumes that some of the additional pension costs will be passed onto the Commissioner. This is both as a result of the Sargeant/McCloud

Pension Remedy and also the anticipated impact of the 2020 Firefighters' Pension Scheme Valuation. The Board should note that the previous breach of the cost cap contained within the 2015 scheme has still not been remedied. As a result of this uncertainty a 5% Increase in Employer contributions have been included within the MTFS from 2022/23.

37. Whilst the 2020/21 revenue budget recognises the savings that have been delivered to date due to the change in governance arrangements, delivery of Shared Services and Estates Rationalisation (Tamworth and Hanley), further savings have not been included with the MFTS at this point in time. Savings delivered through Shared Service arrangements have been re-invested into three new fire safety audit roles within the Prevent Team during 2020.
38. There is therefore a significant level of financial uncertainty regarding the funding position for the Authority beyond 2021/22, this unfortunately results in a higher level of risk associated with the funding assumptions contained within the updated MTFS.
39. A summary of the main MTFS assumptions are shown below for consideration:

	2021/22 Budget	2022/23 Plan	2023/24 Plan	2024/25 Plan	2025/26 Plan
<u>PAY COSTS</u>					
Pay Award Operational Staff	0.0%	3.0%	2.0%	2.0%	2.0%
Pay Award Non Operational Staff	0.0%	2.0%	2.0%	2.0%	2.0%
Other Pay Costs	0.0%	1.0%	1.0%	1.0%	1.0%
Pension Costs - Fire Fighters Pension Schemes	+£1.8m	+£1.8m	+£1.8m	+£1.8m	+£1.8m
Pension Costs - Fire Fighters Pension Grant	(£1.7m)	(£1.7m)	(£1.7m)	(£1.7m)	(£1.7m)
<u>NON PAY COSTS</u>					
Electricity	2.0%	2.0%	2.0%	2.0%	2.0%
Gas	2.0%	2.0%	2.0%	2.0%	2.0%
Business Rates	0.0%	1.0%	1.0%	1.0%	1.0%
Water and Sewerage	2.0%	2.0%	2.0%	2.0%	2.0%
General Supplies and Services	2.0%	2.0%	2.0%	2.0%	2.0%
<u>INTEREST RATES</u>					
Interest on Investments	0.3%	0.8%	1.0%	1.0%	1.0%
Interest on Debt	4.3%	4.3%	4.2%	4.2%	4.2%
<u>GENERAL FUNDING</u>					
Council Tax Increases	1.99%	1.99%	1.99%	1.99%	1.99%
Council Tax Base Growth	-1.15%	0.50%	0.75%	0.91%	1.00%
Revenue Support Grant Reduction	0.1%	-5.0%	-5.0%	-5.0%	-5.0%
Local Business Rates % incl top-up	0.0%	2.0%	2.0%	2.0%	2.0%

Capital Programme

40. The three year Capital Programme and Capital Strategy for 2021/22 to 2023/24 is being prepared and will be discussed at the Police Fire and Crime Panel.
41. The summary capital programme is shown within **Appendix 8**.
42. The detailed programme for 2021/22 is shown within **Appendix 9**.

Statement from the Director of Finance / S151 Officer on the robustness of the Budget and adequacy of the proposed financial reserves

43. The Local Government Act 2003, Part 2, Section 25, as amended by the Police Reform and Social Responsibility Act 2013, requires the Commissioner's CFO to report on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves. The Commissioner is required to have regard to the report of the Chief Financial Officer and the report must be given to the Police and Crime Panel.
44. I can confirm that the budget for 2021/22 is balanced and has been produced on a robust basis. Whilst there remains some uncertainty with regard to future settlement funding, increased pay awards and the costs of Firefighter's pensions, estimates have been included within the Medium Term Financial Strategy and appropriate provision made within Earmarked Reserves.

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Recurring Revenue Budget Proposal 2021/22
Council Tax Increase by 1.99%

	Budget 2020/21	Budget Proposal 2021/22	Year on Year Change
	£000s	£000s	£000s
Pay			
Pay Costs	26,915	25,780	(1,136)
Other Employee Costs	2,056	2,178	122
Total Pay	28,971	27,957	(1,014)
Non Pay			
Premises Costs	3,306	3,418	112
Transport Costs	827	818	(9)
Supplies & Services Costs	6,466	7,524	1,058
CFS Costs and Initiatives	426	354	(72)
Total Non Pay	11,025	12,114	1,089
Income			
Income - General	(2,585)	(3,266)	(681)
Interest Receivable	(48)	(25)	23
Total Income	(2,633)	(3,291)	(658)
Capital charges	1,495	1,497	2
Interest Payable	788	774	(14)
PFI Unitary Charge	2,977	2,993	16
Total Capital Charges	5,260	5,264	4
Total Revenue before Reserves	42,622	42,044	(578)
Transfer to/(from) Reserves	(118)	(67)	51
Budget Gap in Year	(101)		101
Total Revenue Budget	42,404	41,977	(427)
FINANCED BY:			
<u>Settlement Funding</u>			
Revenue Support Grant	4,751	4,777	26
Local Business Rates (1%)	3,808	3,735	(73)
Government Top-up (business rates)	6,059	6,059	
Total Settlement Funding	14,618	14,571	(47)
<u>Council Tax</u>	27,786	27,406	(380)
Total Financing	42,404	41,977	(427)

Earmarked and General Reserves for 2021/22 to 2025/26

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Approved	Fcast	Estimate	Estimate	Estimate	Estimate	Estimate
	£m						
General Fund	1.9	1.9	1.9	1.9	1.9	1.9	1.9
<u>Earmarked Reserves</u>							
PFI Reserve (Project Reserve Deductions)	0.7	0.8	0.6	0.6	0.6	0.6	0.6
Operational Budget Holder Reserves	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Budget and MTFS Support Reserve	0.5	0.3	0.3	0.3	0.3	0.3	0.3
Refurbishment Reserve Abbots Bromley	0.5	0.4					
Capital Reserves	1.4	1.1	0.6				
Pension Reserve	1.8	1.8	1.8	1.8	1.1	1.1	1.1
Collaboration Rserve	0.5	0.5	0.5	0.5	0.5	0.5	0.5
LCTS Covid Grant Balance		0.2	0.2				
Future Funding Reserve	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Total Earmarked Reserve	7.1	6.8	5.6	4.8	4.1	4.1	4.1
Total Reserves Available	9.0	8.7	7.5	6.7	6.0	6.0	6.0

Risk Assessment of General Reserves for 2021/22

CIPFA guidance indicates that a well-managed authority with a prudent approach to budgeting should be able to operate with a relatively low level of general reserves and that chief financial officers should take account of the strategic, operational and financial risks facing the authority.

A risk assessment for general reserves was undertaken as part of the budget setting process for 2021/22 and the overall provision of £1.9m has remained unchanged for a number of years and represents 4.5% of the revenue budget set for the year.

Whilst not a complete list of all the financial risks, the assessment focused on those most likely (High and Medium risks) to have a significant impact on the budget year.

Area of Expenditure	Level of Risk *	Explanation of risk/justification of reserves	2021/22 Provision £000
Loss of Employees / additional pay costs	High	Spate conditions caused by for example; prolonged severe weather conditions (e.g. hot weather or flooding), unexpected loss of staff through COVID-19, Avian Flu / Ebola etc.	500
Failure to achieve efficiency savings	Medium	Risk of not achieving future savings requirements	500
Insurance loss / impact of data breach	Medium	Risk of incurring uninsured losses Risk of breach due to inappropriate information sharing / failure to implement EU GDPR	200
Ill health retirement costs	Medium	Risk of the number of ill health retirements being greater than anticipated due to ageing workforce	300
Other unforeseen costs	Medium	Risk of unforeseen event: emergency incident, waste fires / tipping	300
Other costs	Medium	Risk of failure of strategic partnership / collaboration initiatives	100
TOTAL			1,900

Council Tax Report 2021/22**Council Tax Surplus / (Deficit) by Authority**

	2020/21	2021/22	Variation
	£	£	£
Cannock Chase	47,240	(11,536)	(58,776)
East Staffordshire	30,310	12,454	(17,856)
Lichfield	65,290	(12,686)	(77,976)
Newcastle	(23,110)	(18,480)	4,630
South Staffordshire	81,884	(13,600)	(95,484)
Stafford	100,855	(18,160)	(119,015)
Staffordshire Moorlands	12,960	(27,024)	(39,984)
Tamworth	33,109	25,639	(7,470)
Stoke	186,642	(3,685)	(190,327)
Budget Adjustment			
Total (per budget paper)	535,180	(67,078)	(602,258)

Council Tax Report 2021/22**Taxbase by Authority**

	2020/21	2021/22	Variation	%
Cannock Chase	29,243	29,137	(106)	-0.4%
East Staffordshire	38,389	37,875	(514)	-1.4%
Lichfield	39,032	38,891	(141)	-0.4%
Newcastle	37,387	37,087	(300)	-0.8%
South Staffordshire	38,356	38,664	308	0.8%
Stafford	48,261	47,994	(267)	-0.6%
Staffordshire Moorlands	33,225	33,260	35	0.1%
Stoke	66,542	63,459	(3,083)	-4.8%
Tamworth	22,367	22,366	(1)	0.0%
Total	352,801	348,733	(4,068)	-1.17%

Council Tax Report 2021/22**Council Bands for Each Band and District Precepts****Based upon a Band D Increase of 1.99%****Council Tax Band Figures**

	2020/21	2021/22	Increase	Per Week
Band	£	£	£	Pence
A	51.49	52.52	1.03	2.0
B	60.08	61.27	1.20	2.3
C	68.66	70.03	1.37	2.6
D	77.24	78.78	1.54	3.0
E	94.40	96.29	1.88	3.6
F	111.57	113.79	2.22	4.3
G	128.73	131.30	2.57	4.9
H	154.48	157.56	3.08	5.9

Precept Payable

	2020/21	2021/22	Variation	
	£	£	£	%
Cannock Chase	2,258,691	2,295,399	36,708	1.68%
East Staffordshire	2,965,128	2,983,793	18,665	0.66%
Lichfield	3,014,855	3,063,833	48,978	1.70%
Newcastle	2,887,772	2,921,714	33,942	1.21%
South Staffordshire	2,962,610	3,045,974	83,364	2.89%
Stafford	3,727,656	3,780,975	53,319	1.48%
Staffordshire Moorlands	2,566,299	2,620,223	53,924	2.15%
Stoke	5,139,681	4,999,276	(140,405)	-2.86%
Tamworth	1,727,627	1,761,993	34,366	2.09%
Total	27,250,318	27,473,179	222,861	0.85%

MTFS Summary Financials to 2025/26

	2021/22 Budget £000s	2022/23 Plan £000s	2023/24 Plan £000s	2024/25 Plan £000s	2025/26 Plan £000s
Pay					
Pay Costs	25,779	27,064	27,486	27,915	28,350
Other Employee Costs	2,178	2,184	2,191	2,198	2,205
Total Pay	27,957	29,248	29,678	30,113	30,555
Non Pay					
Premises Costs	3,418	3,468	3,518	3,570	3,622
Transport Costs	818	816	814	812	810
Supplies & Services Costs	7,524	7,516	7,641	7,899	7,898
CFS Costs and Initiatives	354	350	347	343	340
Total Non Pay	12,114	12,150	12,320	12,623	12,670
Income					
Income - General	(3,266)	(3,022)	(3,099)	(3,177)	(3,255)
Interest Receivable	(25)	(25)	(25)	(26)	(26)
Total Income	(3,291)	(3,047)	(3,124)	(3,202)	(3,281)
Capital charges	1,497	1,823	2,154	2,324	2,393
Interest Payable	774	774	774	790	805
PFI Unitary Charge	2,993	3,053	3,114	3,176	3,240
Total Capital Charges	5,264	5,650	6,042	6,289	6,438
Total Revenue	42,044	44,002	44,915	45,823	46,382
Budget Gap		(1,728)	(2,342)	(2,829)	(2,888)
Net use of Reserves	(67)	(102)	(102)		
Total Revenue	41,977	42,172	42,471	42,994	43,494
FINANCED BY:					
Settlement Funding					
Revenue Support Grant	4,777	4,048	3,347	2,670	2,017
Local Business Rates (1%)	3,735	3,809	3,886	3,963	4,043
Government Top-up (business rates)	6,059	6,180	6,304	6,430	6,559
Total Settlement Funding	14,571	14,038	13,536	13,063	12,618
Council Tax	27,406	28,134	28,935	29,931	30,876
Total Financing	41,977	42,172	42,471	42,994	43,494

Capital Programme Summary 2021/22 to 2023/24

	2020/21 Forecast	2021/22 Budget	2022/23 Plan	2023/24 Plan
	£	£	£	£
Building & Infrastructure Works				
Refurbishment Programme	1,439,000	2,104,100	465,000	600,000
Improvement Works	165,000	397,000	495,000	245,000
Total	1,604,000	2,501,100	960,000	845,000
Operational Equipment	91,203	1,178,000	1,554,000	510,000
Appliances & Vehicles				
Appliances & Specialist Vehicles	218,632	1,050,000	1,100,000	1,900,000
Vans & Cars	340,724	150,000	150,000	150,000
Total	559,356	1,200,000	1,250,000	2,050,000
Information Technology				
ICT Hardware, Software Systems & Installations	655,000	1,080,000	600,000	450,000
Total	655,000	1,080,000	600,000	450,000
Total Capital Programme	2,909,559	5,959,100	4,364,000	3,855,000
Funding				
Supported Borrowing				
Unsupported Borrowing	1,190,881	4,059,000	3,799,000	3,855,000
Capital Grant - Transformation Funding	1,389,000	1,008,100	15,000	
Use of Specific Reserves (Abbots Bromley)	50,000	367,000		
Use of Specific Reserves	279,678	525,000	550,000	
Total Funding	2,909,559	5,959,100	4,364,000	3,855,000

Capital Programme Detail - 2021/22

Scheme Description	Detail	Budget 2021/22 £
<u>IADS</u>		
Stafford Fire Station Refurbishment	Relocation to adjacent building (Partly funded by Grant)	1,509,000
Stafford FS Training Tower	Funded from Reserves	150,000
Abbots Bromley Refurbishment	Internal Refurbishment (Funded from earmarked Reserves) started 2020/21	367,000
Abbots Bromley Tower	Drill Tower Replacement	70,000
Safe and Sound	Ongoing investment from Transformational funding grant	8,100
		2,104,100
<u>Building Works - Improvements</u>		
Boiler Replacements	Stations and HQ	95,000
Lighting Replacement	Replacement of lighting at HQ and Stations - Ph1	80,000
HQ Old House	Fire Door Replacement	40,000
Biddulph FS	Replacement Heating	20,000
HQ Improvements	BA Room and RTC Compound Improvements	65,000
Fire behaviour Training HQ	FBT improvement Works	97,000
		397,000
<u>Operational Equipment</u>		
Operational Equipment	to be allocated for unplanned equipment replacement incl £10k Foam	35,000
Gas Monitors	50 x New gas monitors to replace old	40,000
Thermal Imaging Camera's	Phases 1 deferred from 2020/21	80,000
Hydraulic Cutting Equipment	to complete the roll out of battery operated hydraulic cutting equipment	292,000
Appliance Equipment - Refurbished PRLs	Kit for refurbished Scania PRLs	65,000
Animal Rescue	Replacement of 10yr old equipment, and technical refresh subject to a review	25,000
105 Ladders	6 x replacement ladders, required as 18 year shelf life is expiring	15,000
Water Rescue Equipment	Carry over from 2020/21 Programme	66,000
FF Decontamination Equipment	Carry over from 2020/21 Programme	30,000
Fireground UHF Radios	Carry over from 2020/21 Programme	80,000
PPE Replacement	PPE replacement programme over 3 Years (SMB paper for approval)	450,000
		1,178,000
<u>Appliances & Vehicles</u>		
Light Fleet	Mix of Cars & Vans	150,000
Rescue Tenders (x2)	Purchase 2 Replacement Rescue Tender Appliances (incl £250k carry over)	750,000
Aerial Ladder Platform	Chassis & Platform	300,000
		1,200,000
<u>Information Technology</u>		
ICT Rolling Programme - Desktop	Continual replacement and upgrades of ageing desktop equipment	200,000
ICT Rolling Programme - Infrastructure	Replacement and upgrades of ageing Core Server infrastructure equipment	150,000
Server Hardware Replacement	Replacement of hardware that has become end of life	200,000
Main Telephony and Replacement	Includes £50k carry over from 2020/21	300,000
ESN Enablement (2 of 2)	Funding for potential ESN enablement work	100,000
Conference Room Equipment	upgrade/refresh existing equipment (carry over 2020/21)	50,000
Alerter Tower Lichfield	To install new fixed permanent antennae mast to alleviate turnout coverage issues	50,000
Infographics Integration Project	Carry over from 2020/21	30,000
		1,080,000
Overall Total		5,959,100

Fees and Charges for April 2021 to March 2022

	Current (Net of VAT) £	Charges from 1 st April 2021 (Net of VAT) £	VAT Status
(a) Special Service Charges			
Attendance per Appliance per hour* (Including crew) <i>*£320.30 for the first hour and £80.10 per ¼ hour thereafter. E.g. between 1-6 mins round down, or 7-15 mins round up to the nearest ¼ hour interval.</i>	318.40	320.30	Standard
Professional services per hour <i>Eg Officer interviews, provision of advice</i>	83.70	84.20	Standard
Fire investigation Interviews <i>£100.10 per hour or part hour</i>	107.10	107.75	Standard
Fire Investigator detailed Fire report	374.90	377.15	Standard
(b) Other charges			
Extract of Fire reports	88.60	89.15	Exempt
Some information retrieval may incur an additional administration charge of £39.90 ex VAT per search.			
Photographic/digital images	Price on Application	P.O.A	Standard

c) Conference Suite
Scale of Charges from 1st April 2021

	Room Hire Only Monday – Friday Whole-day £
Conference Suite	
Room 1	291.67
Room 2	199.24
Room 3 - break out area	152.00
Room 4 (VDR)	199.24
Rooms 1 and 2	410.80
Rooms 1, 2 and 3	513.50

Catering Charges

Catering provide a range of buffets starting from £5.45 per person, including beverages. Prices will be quoted to clients on request taking into account their requirements, location and current food costs.

Charges quoted are subject to VAT at prevailing rates

A 50% charge of the total cost of the Room Hire Booking will be made if a cancellation is not received within 10 working days of the date of the hire.

Half day rates will be charged on a 25% reduction on a whole day rate.

The full charge for catering will be made if a cancellation is not received within 48 hours of the date of the hire. A charge of 25% of the total food cost will be made if the cancellation falls in the period of 5 working days to 48 hours prior to the booking.

The full cost of any damage or breakages inclusive of any consequential financial losses which such damage may incur whilst repairs or replacement of equipment is arranged, will be charged to the hirer.