



Budget Book

and

Medium Term Financial Plan

2019/20 – 2022/23



Kent Fire &
Rescue Service

This Budget Book details the assumptions used by the Authority for developing the 2019/20 budget, the estimates used for later years and explains the proposals contained within the Medium Term Financial Plan.

Budget estimates reflect the implementation of the initiatives outlined in the Safety and Wellbeing Plan 2018 and the Customer and Corporate Plan.

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Ann Millington
Chief Executive

THE BUDGET STRATEGY 2019/20 - Foreword

The Purpose of the Budget Strategy

The Authority's budget supports the continued delivery of the initiatives detailed in the Customer and Corporate Plan. When determining spending proposals and Council Tax increases, due consideration is taken of potential cost pressures and possible savings alongside anticipated funding changes over the medium term.

Funding the Budget

The 2019/20 financial year is the final year of the Government's four-year funding settlement, therefore funding for 2020/21 and beyond is based on best estimates at the current point in time.

To ensure that the budget proposals are sustainable over the medium term, and in light of the responses to the Council Tax consultation, it is proposed that Council Tax should be increased by 2.98%, resulting in an annual increase for a Band D property of £2.25 per year (or just over 4p per week) making the Band D Council Tax charge £77.76 for 2019/20.

Funding Changes 2018/19 to 2019/20 – The bid to be part of the 75% Business Rates Retention Pilot in 2019/20 was unfortunately unsuccessful. Authorities selected as pilots do not receive Revenue Support Grant (RSG) or Top-up Grant from central Government, but instead receive an additional share of the Business Rates income collected locally. For 2019/20 funding has reverted back to the previous arrangements whereby the Authority will receive Revenue Support Grant (£6.3m) and Top-up Grant (£8.4m) from central Government as well as a share of locally retained Business Rates (£6.5m).

Example of Key Themes in the Budget Strategy

Partnership Working

The Authority has a number of arrangements in place already but opportunities for further collaboration and partnership working will continue to be explored wherever possible. Collaboration with our blue light partners continues to strengthen, particularly with South East Coast Ambulance Service (SECamb) by continuing to respond to red one calls and our Police colleagues.

Recruitment and Retention

There is a need to have a highly skilled and motivated workforce with the ability to develop ways of working that are able to respond to service needs. The budget provides provision for excellent learning, training and education to ensure that a high quality service is provided to all of our customers.

Investment in Infrastructure

Significant investment in premises, IT, vehicles and equipment is detailed in the budget. There are plans for future station developments and reviews underway to determine other potential property improvements. The IT programme includes investment in key back office systems, operational systems, cloud migration and desktop and mobile equipment. There are detailed plans in place for the replacement of vehicles and operational equipment as they reach the end of their economic life.

BUILDING THE 2019/20 REVENUE BUDGET

Revenue Budget Changes 2018/19 to 2019/20

The Table below summarises the incremental adjustments made to the 2018/19 base revenue budget in order to determine the net revenue budget requirement for 2019/20:-

Building the 19/20 Revenue Budget

	£'000	£'000
2018/19 Base Budget brought forward		69,853
Pay and Pensions Related Cost Pressures		
Pay Growth	1,545	
Other Pay Pressures	486	
Other Pay and Pension Related Commitments	493	
Total Pay and Pensions Related Cost Pressures 2019/20		2,524
Non-Pay Cost Pressures		
Prices	539	
Other pressures	686	
Total Non-Pay Cost Pressures 2019/20		1,225
Savings		
Pay	-1,572	
Non-pay	-729	
Total Savings 2019/20		-2,301
General Reserve Adjustment 2019/20		-550
Net Revenue Budget 2019/20		70,751

General Reserve (-£550k) – To maintain the General Reserve at approximately 5% of the net revenue budget £550k has been released from the General Reserve in 2019/20.

BUILDING THE 2019/20 REVENUE BUDGET

2019/20 Pressures Summary

The Authority uses an incremental approach to develop the budget, so the 2018/19 base revenue budget has been adjusted to reflect the pressures identified below:-

Pay and Pensions Related Costs Pressures	£'000
Pay Award 2%	797
The budget contains provision for a 2% pay award across all pay groups in 2019/20. An adjustment has been made to reflect the 1% settlement for Grey Book staff for 2017/18 (an estimated 2% was previously built into the base).	
Restructures	497
Section reviews have resulted in some restructuring to provide increased resilience and support in certain areas e.g. Operational Planning, IT, HR and Property.	
Wholetime Firefighter Recruits	486
Due to the number of expected retirements, the budget has been increased to fund additional wholetime recruit courses during 2019/20.	
Support Staff Increments	210
Support staff move up within a pay grade until they reach the top of their pay grade.	
Bank Holiday Pay	42
More bank holidays fall in 2019/20 leading to a higher budget requirement for bank holiday payments to operational staff.	
Actuarial Valuations	335
As a result of the latest firefighter pension scheme valuation there will be a significant increase to employer contribution rates from April 2019. Approximately 90% of this additional cost will be funded by Government grant in 2019/20, therefore the budget must contain provision for the remaining 10% cost that falls to the Authority.	
Pension- ill health & injury liabilities	152
The budget provides for two new ill-health retirements in 2019/20 as well as an increase to cover the cost of an inflationary uplift on annual pensions. Additionally, funds have been set aside to reimburse the pension fund where a discretion has been applied.	
Apprenticeship Scheme levy	5
This levy is calculated as a percentage of pay so has been increased in line with the revised pay budget.	
Total Pay and Pension Related Cost Pressures	2,524
Non-pay Cost Pressures	£'000
Prices	540
An inflationary increase has been awarded to those budgets that have contracts which commit the Authority to pay an uplifted amount for 2019/20. For areas of discretionary spend there is a corresponding saving (see page 4).	
IT Pressure	180
New Microsoft licence pricing for 2019/20 results in additional costs for the Authority.	
Other	505
Roll out of Hepatitis B vaccinations (£83k), vehicle maintenance and servicing schedule (£72k), insurance premiums due to additional cover (£66k), Protective Personal Equipment for new recruits (£56k), recruitment campaigns (£40k), and other identified cost pressures (£188k).	
Total Non-pay Cost Pressures	1,225
<u>Total Pressures</u>	<u>3,749</u>

BUILDING THE 2019/20 REVENUE BUDGET

2019/20 Savings Summary

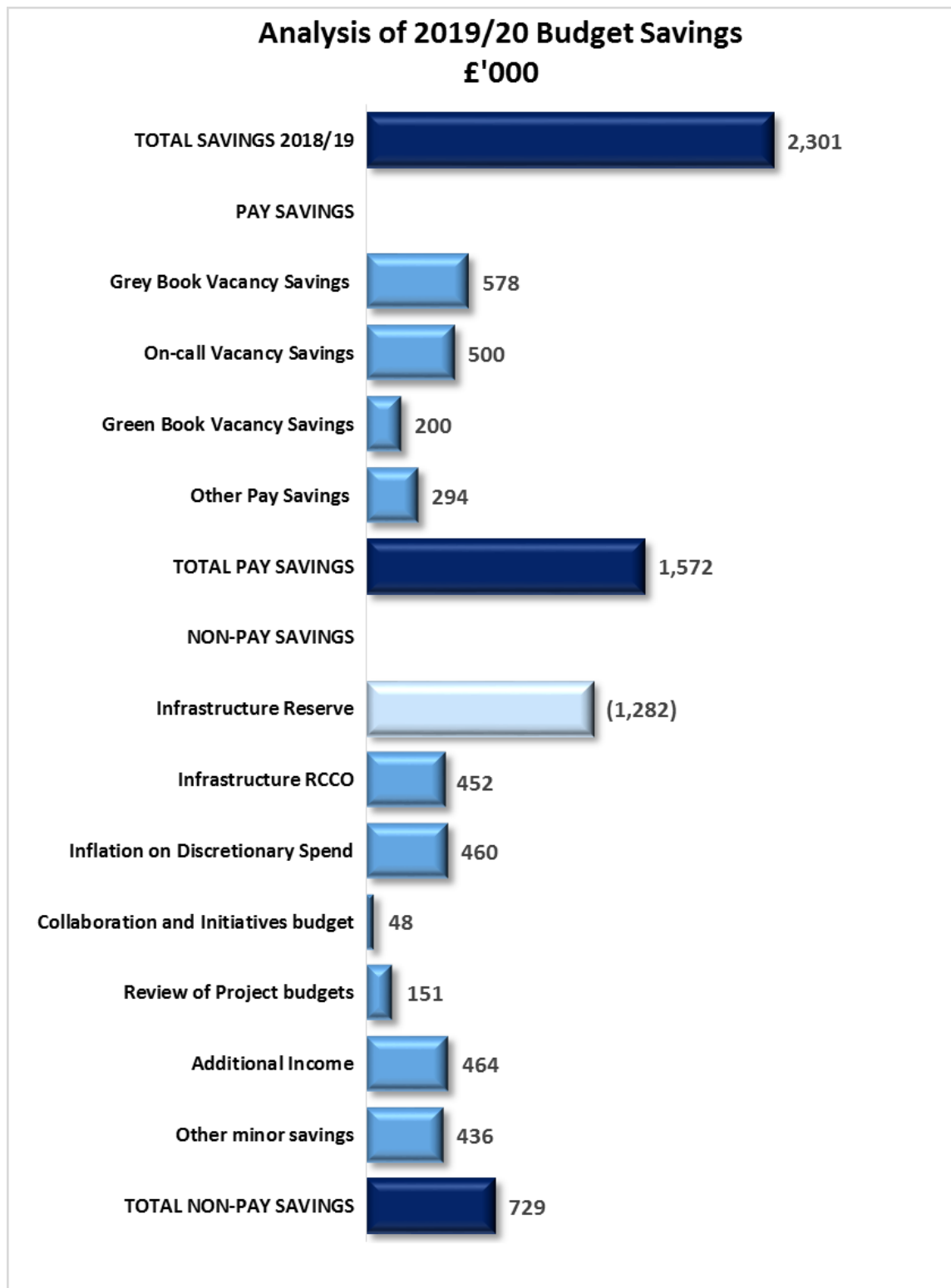
The Authority uses an incremental approach to develop the budget, so the 2018/19 base revenue budget has been adjusted to reflect the savings identified below:-

Pay Savings	£'000
Grey Book Vacancy Saving	-578
The recruit pay budget has been increased for the cost of employing additional wholtime recruits in 2019/20, giving rise to a saving from the pay differential between starters and leavers.	
On-call Vacancy Saving	-500
Recruitment is progressing at on-call fire stations but vacancies currently remain high so a vacancy saving has been identified against the on-call pay budget.	
Green Book Vacancy Saving	-200
A saving is now included against the green book pay budget. This is based on underspends generated as a result of green book turnover in recent years.	
Other Pay Savings	-294
This includes: £95k for the removal of the AD Finance post, £120k for the removal of some allowances, £60k for firefighters transitioning to the 2015 pension scheme and £19k from converting a post from Grey book to Green book.	
Total Pay Savings	-1,572
Non-pay Savings	£'000
Infrastructure Reserve	1,282
One-off saving to balance the 2018/19 budget has been reversed in 2019/20.	
Infrastructure RCCO (Revenue Contributions Capital Outlay)	-452
Base contributions from revenue to fund capital expenditure has reduced to £4.15m.	
Inflation on Discretionary Spend	-460
Inflationary price increases on areas of discretionary spend, such as stationery, have been removed.	
Collaboration and Initiatives budget	-48
An income budget has been included for the Authority's share of the Kent Business Rate pooling arrangements.	
Review of Project budgets	-151
Savings from one-off budgets allocated to projects agreed for 2018/19, which have now closed.	
Investment Income	-111
Interest receipts are anticipated to be higher due to an increase in interest rates paid, alongside progressing other options in the expanded investment strategy.	
Additional Section 31 Grant Income	-353
Increased Small Business Rate Relief Grant income is expected in 2019/20.	
Other minor savings	-436
Following an annual review of budgets with Budget Managers additional savings have been identified for 2019/20.	
Total Non-pay Savings	-729
<u>Total Savings</u>	<u>-2,301</u>

BUILDING THE 2019/20 REVENUE BUDGET

2019/20 Savings Summary

The Chart below summarises the 2019/20 revenue base budget savings into pay and non-pay savings:-

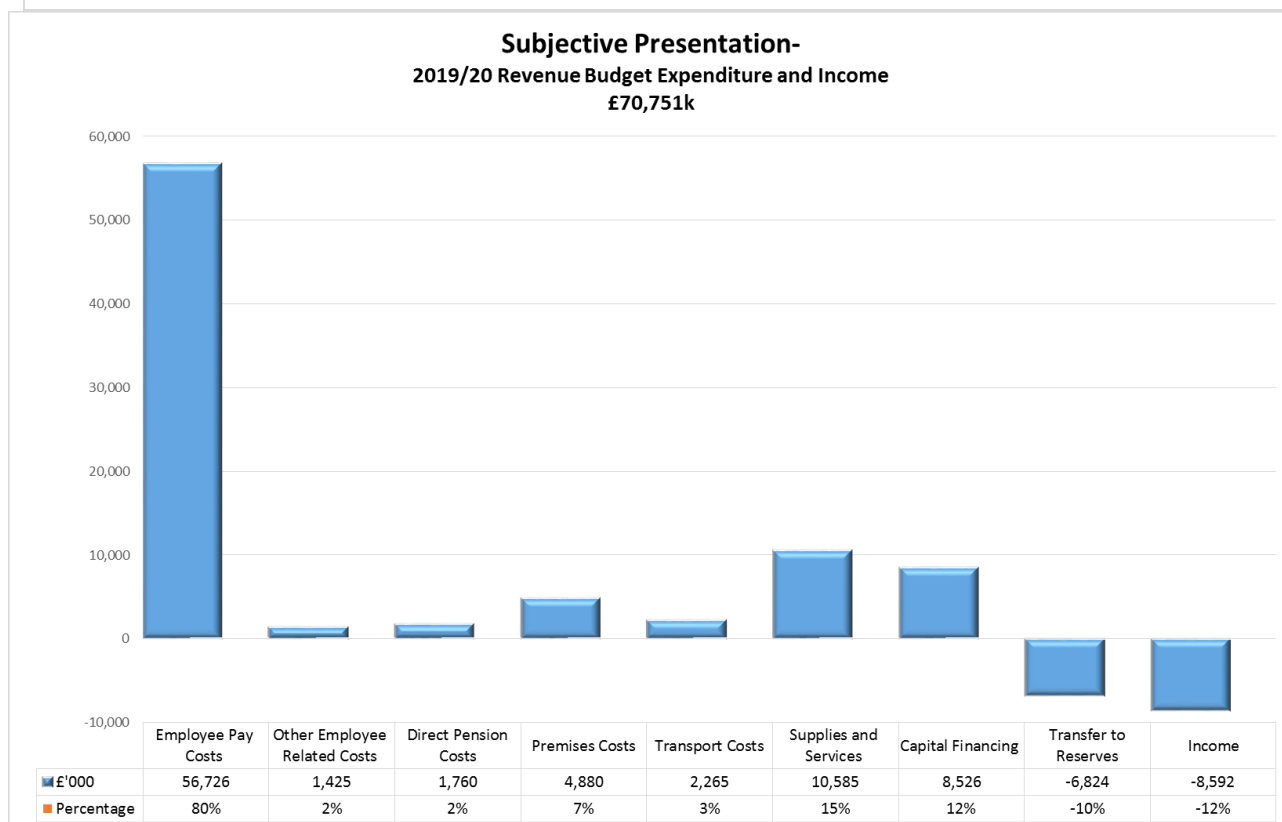


BUILDING THE 2019/20 REVENUE BUDGET

2019/20 Functional and Subjective Budget Presentation Subjective Analysis

The Table and Charts below summarise the total 2019/20 budget of £70,751k by Subjective and Functional heading:-

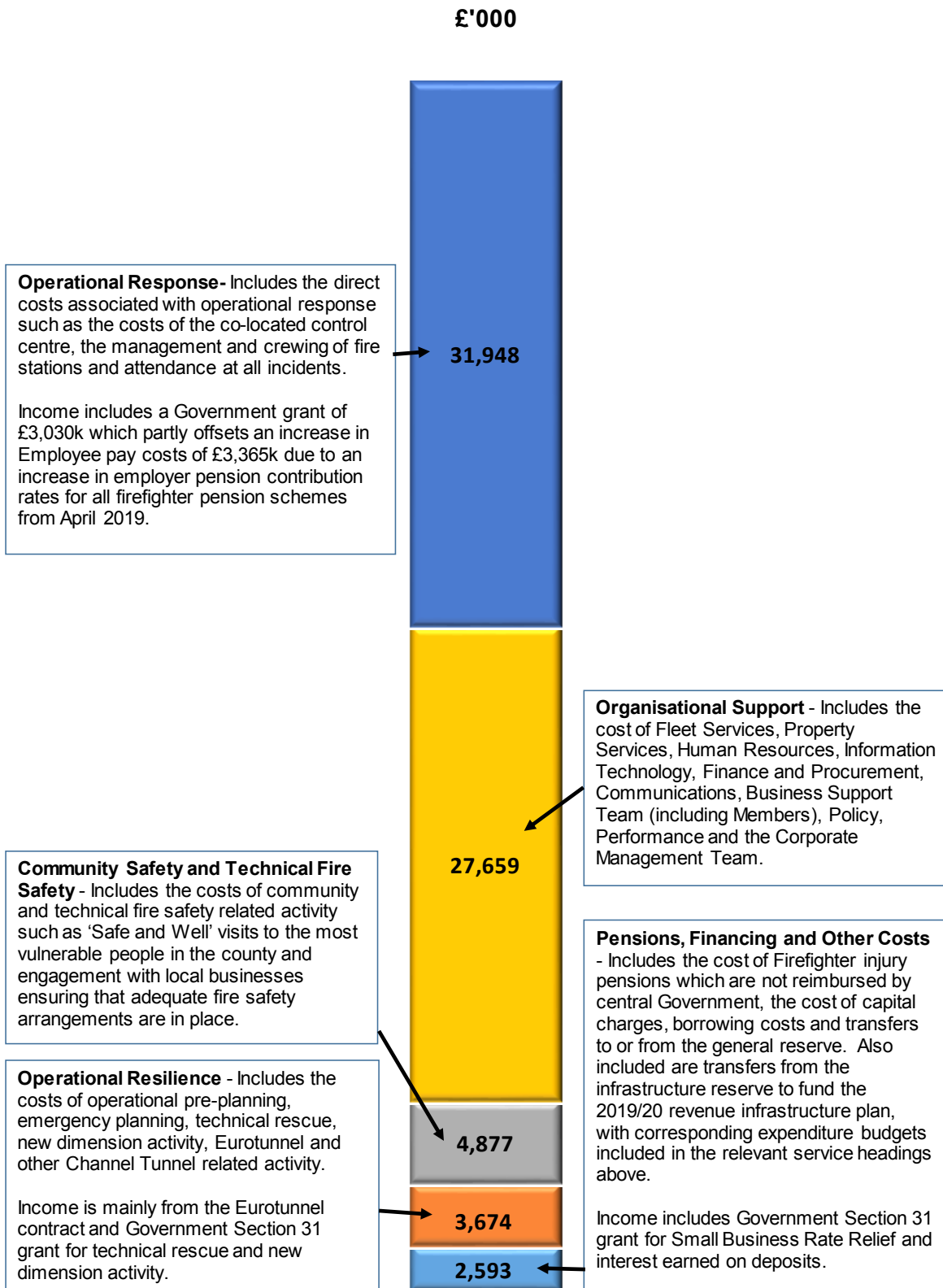
(All figures are £'000)	Operational Response	Community Safety and Technical Fire Safety	Operational Resilience	Organisational Support	Pensions, Financing and Other Costs	Total Net Budget
Employee Pay Costs	34,543	4,527	4,415	13,241	0	56,726
Other Employee Costs	8	0	47	1,370	0	1,425
Direct Pension Costs	0	0	0	0	1,760	1,760
Premises Costs	0	0	40	4,840	0	4,880
Transport Costs	9	19	11	2,226	0	2,265
Supplies and Services	433	340	2,380	7,318	114	10,585
Capital Financing	0	0	0	0	8,526	8,526
Reserve Transfers	0	0	-68	0	-6,756	-6,824
Income	-3,045	-9	-3,151	-1,336	-1,051	-8,592
Net Budget 2019/20	31,948	4,877	3,674	27,659	2,593	70,751



BUILDING THE 2019/20 REVENUE BUDGET

Functional Analysis

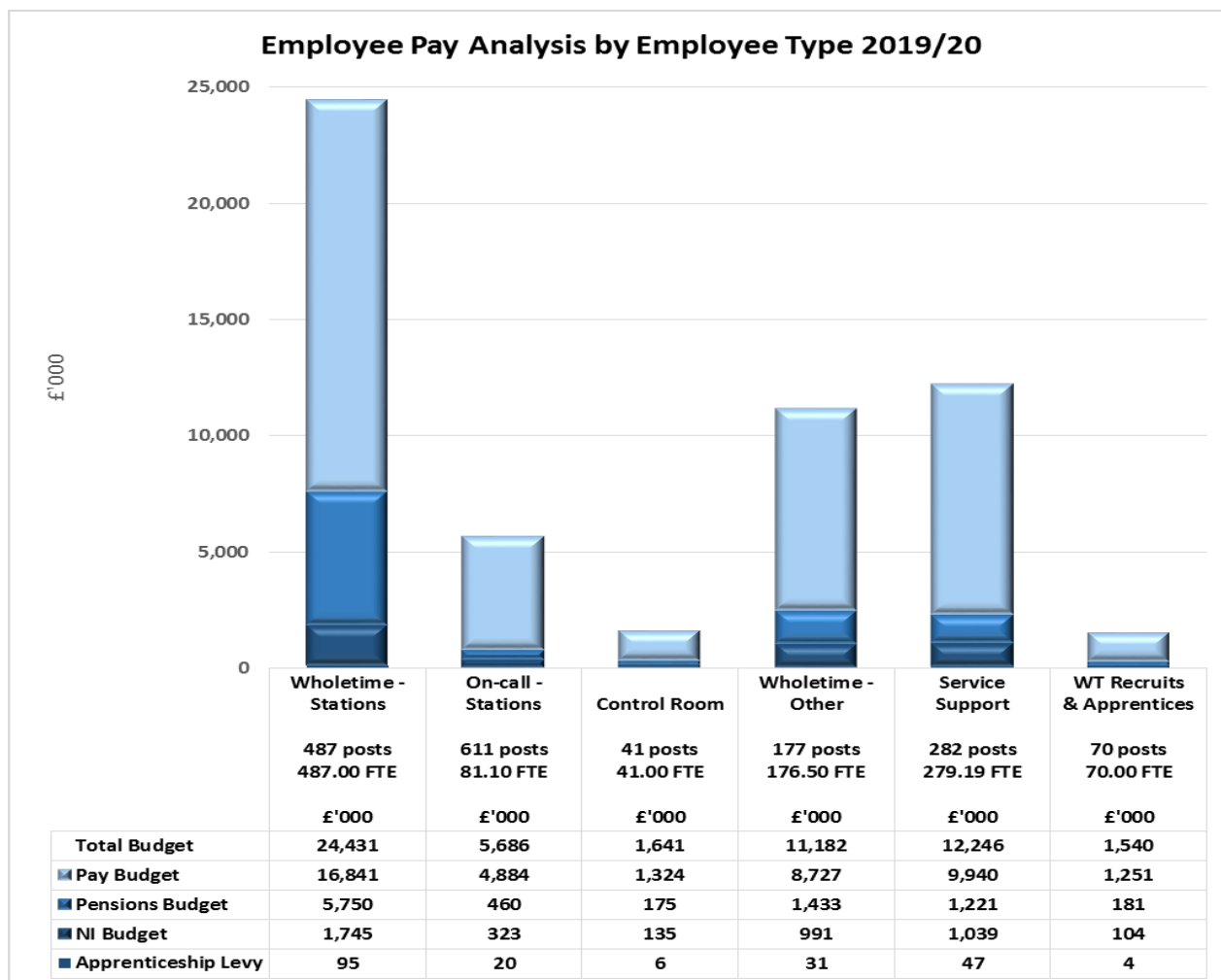
The Chart below summarises the 2019/20 budget of £70,751k by Function (in £000's) and provides details of the activity areas under each functional heading;



BUILDING THE 2019/20 REVENUE BUDGET

2019/20 Employee Pay Budget Analysis

The Chart below shows the 2019/20 budget and full time equivalent (FTE) for each staff group split by pay, national insurance and employer pension contributions:-

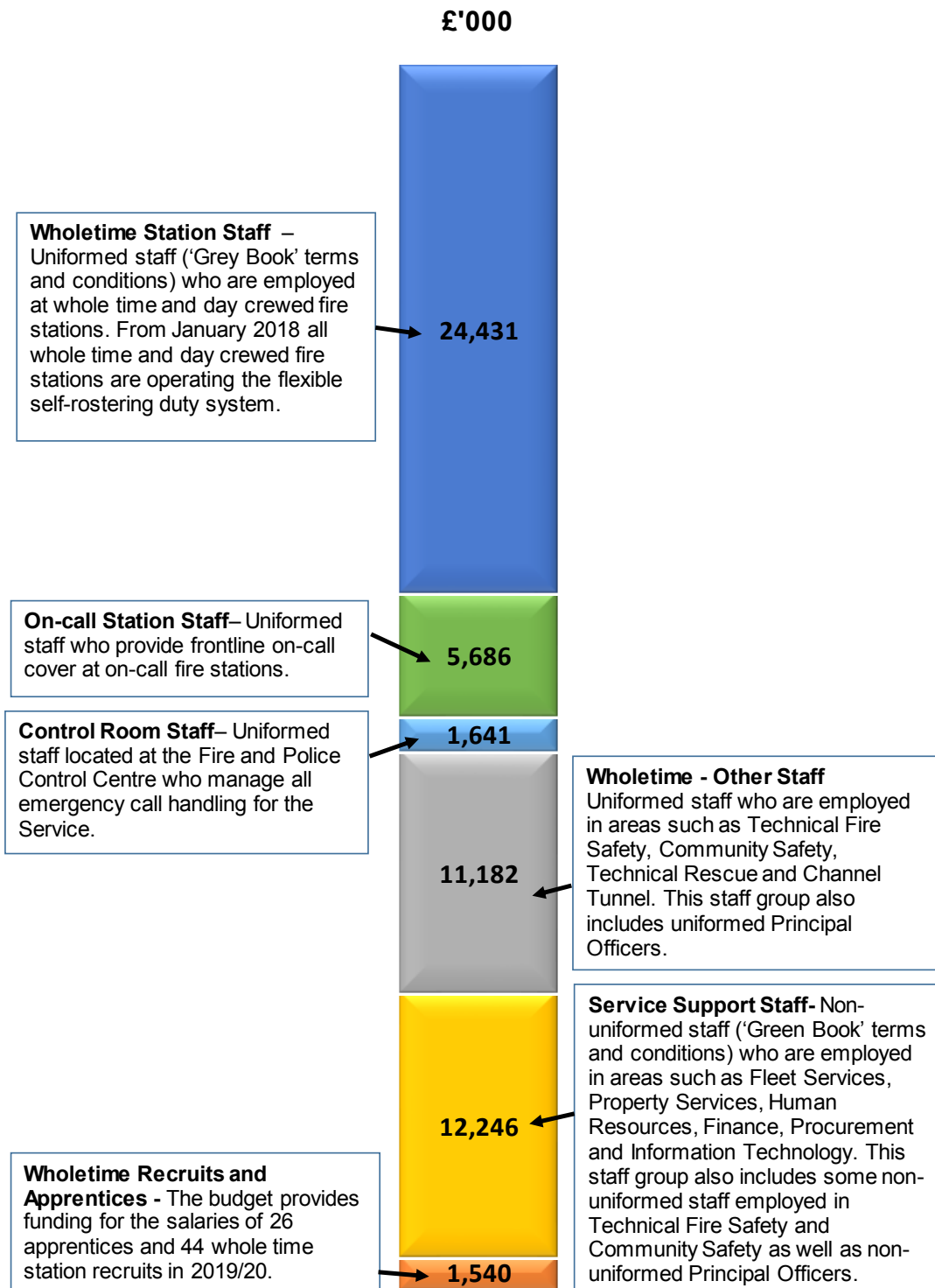


Pay Group	Operational Response		Community Safety and Technical Fire Safety		Operational Resilience		Organisational Support		Total	
	FTE	Budget	FTE	Budget	FTE	Budget	FTE	Budget	FTE	Budget
WT Stations	487	24,431	0	0	0	0	0	0	487	24,431
On-call Stations	81	5,686	0	0	0	0	0	0	81	5,686
Control Room	41	1,641	0	0	0	0	0	0	41	1,641
WT – Other	27	2,623	29	1,614	69	3,862	52	3,083	177	11,182
Service Support	5	162	80	2,913	14	553	180	8,618	279	12,246
WT Recruits & Apprentices	0	0	0	0	0	0	70	1,540	70	1,540
Total Budget	641	34,543	109	4,527	83	4,415	302	13,241	1,135	56,726

BUILDING THE 2019/20 REVENUE BUDGET

2019/20 Employee Pay Budget Analysis

The budget includes provision for a pay award settlement of 2% across all pay groups in 2019/20. Approximately 80% of the net revenue budget relates to staffing costs (£56,726k). The budget allocated to each staff group and details of which personnel sit within each staff group is described below:-



BUILDING THE 2019/20 REVENUE BUDGET

2019/20 Pension Scheme Contributions Budget Analysis

Within the overall pay budget of £56,726k are employer pension contributions which total £9,220k. As a result of the most recent firefighter pension scheme valuation, the budget for employer pension contributions includes an increase of £3,365k due to an uplift in employer contribution rates from April 2019. The impact of the uplift on individual scheme rates has not yet been confirmed (so this is excluded from the figures below) but the estimated increase in costs is partly offset by Government grant funding (shown in the income heading in the functional analysis on page 6) of £3,030k for 2019/20. Employer pension contributions are different to Direct Pension Costs (page 6) as they mainly relate to the cost of Firefighter injury and ill health pensions which are not funded by central Government so are a cost to the Authority.

As well as the direct pension costs, there are a number of pension schemes in operation, each of which is described below:-

	£'000
2015 CARE Firefighters' Pension Scheme - A Career Average Revalued Earnings (CARE) Pension Scheme for firefighter's. From April 2015 new firefighter recruits only have access to membership of this pension scheme.	3,051
Members of the 1992 and 2006 Firefighter Pension Schemes were transferred into this scheme in April 2015, unless the member had full protection (within ten years of Normal Pension Age as at 1 April 2012) or tapered protection (between 10 and 14 years to their Normal Pension Age as at 1 April 2012).	
1992 Firefighters' Pension Scheme (FPS) - A final salary scheme open to regular firefighters until April 2006. Unless subject to full or transitional protection, all scheme members transferred to the 2015 CARE Firefighters' Pension Scheme in April 2015.	1,216
Direct Pension Costs - This budget includes all injury and certain ill-health pension costs that are not funded by central Government but must be met by the Authority.	1,760
2014 Local Government Pension Scheme (LGPS) - A Career Average Revalued Earnings (CARE) scheme for all green book (support staff) employees, Control room staff and non-operational grey book staff. All existing members were transitioned to this scheme on 1 April 2014.	1,480
2006 New Firefighters' Pension Scheme (NFPS) - A final salary scheme introduced in April 2006 and open to regular firefighters until April 2015. Unless subject to full or transitional protection, all scheme members transferred to the 2015 CARE Firefighters' Pension Scheme in April 2015.	64
Modified Firefighters' Pension Scheme (MNFPS) - A final salary scheme offered to those employed as retained firefighters between 1 July 2000 and 5 April 2006, as they were not given the opportunity to join the 1992 Firefighters' Pension Scheme at that time.	44

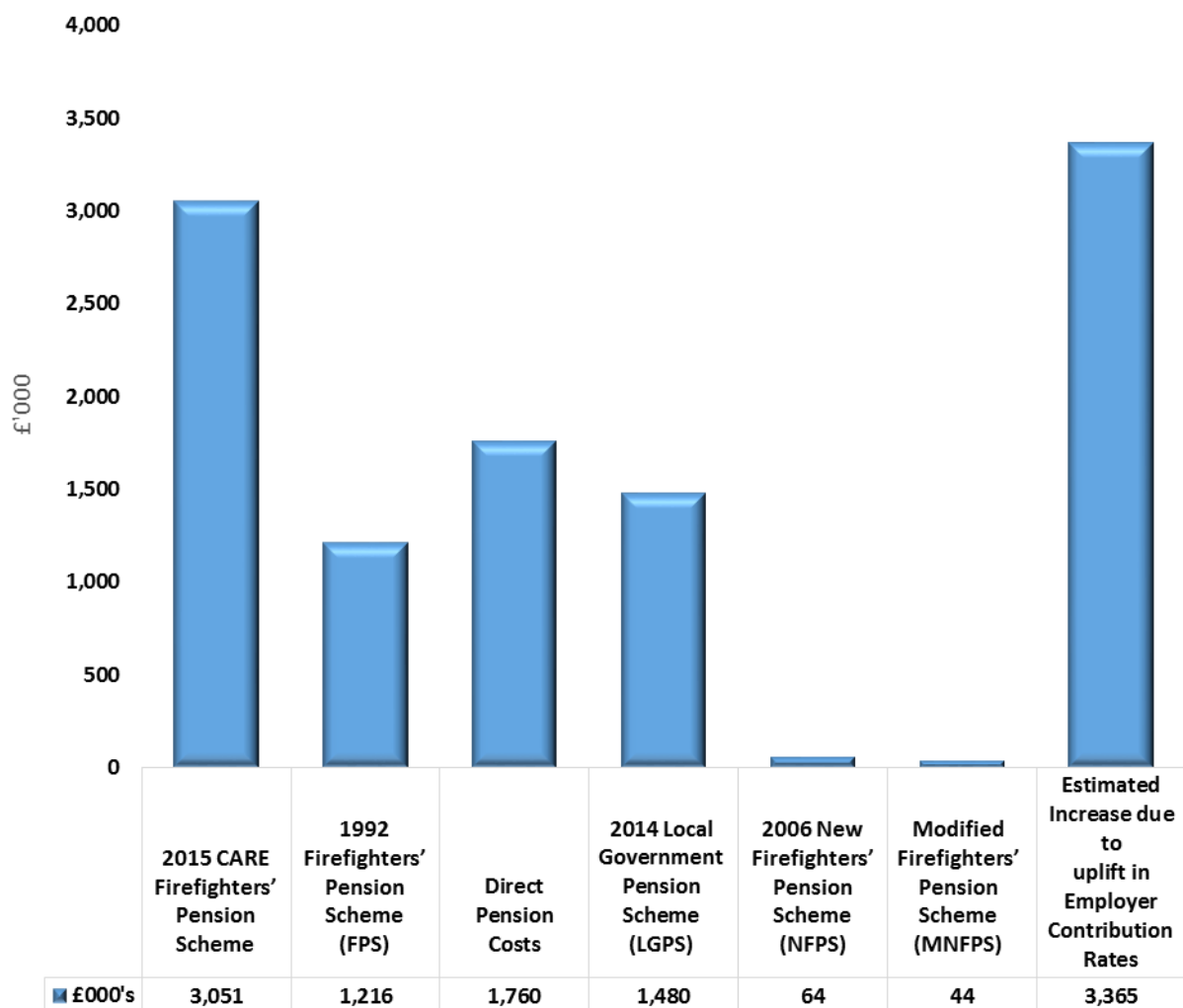
BUILDING THE 2019/20 REVENUE BUDGET

2019/20 Pension Scheme Contributions Budget Analysis

Employer Pension Contributions

The Chart below shows the 2019/20 budgeted employer pension contributions for the five pension schemes that are currently in operation plus the budget for direct pension costs. It also shows the budget that has been included for the estimated increase in employer contribution rates for each of the Firefighter pensions schemes from April 2019, although the actual impact on each scheme is not yet confirmed:-

Budgeted Employer Pension Contributions by Scheme



FUNDING THE 2019/20 REVENUE BUDGET

Sources of Funding for 2019/20

For 2019/20 the Authority will receive funding from Council Tax, Business Rates, Collection Funds (prior years Council Tax and Business Rates surplus' or deficits), Revenue Support Grant and Top-up Grant, each of which are described below:-

Council Tax Precept - Around 70% of the Authority's funding now comes from Council Tax. The level of Council Tax raised is affected by the level of Council Tax discounts given by billing authorities (Medway Council and the Kent District Councils) to Council Taxpayers on low incomes and the level of exemptions granted. The level of discount allowed can also have an impact on collection rates. The amount to be collected from Medway Council and Kent District Councils for 2019/20 is £49,061k.

Business Rates - 50% of the income from Business Rates is paid to the Government with the remaining 50% being retained locally, from which fire and rescue authorities (FRAs) receive a 2% local share. Authorities that collect more than the amount specified by the Government will pay a levy to the Government and those that collect less may receive a safety net payment. This Authority is part of a pooling arrangement with Kent County Council, Medway Council and the majority of Kent District Councils. The amount to be collected from Medway Council and Kent District Councils for 2019/20 is expected to be £6,463k.

Collection Funds - Each year there can be either a surplus or a deficit on the Collection Funds for Council Tax and Business Rates. For 2019/20 the Authority's share is a £542k surplus on Council Tax and a £12k deficit on Business Rates Collection Funds.

Revenue Support Grant - The Government continues to redistribute funding through the payment of Revenue Support Grant although the amount is reducing each year. The finance settlement for 2019/20 confirmed an amount of £6,319k for this Authority. This is the final year of the previously agreed four year settlement offered by the Government.

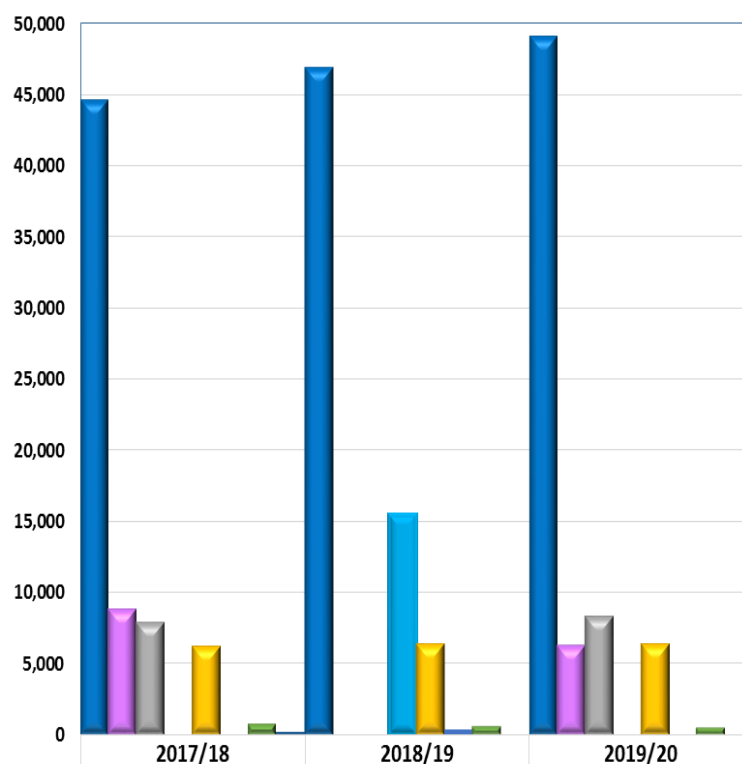
Top-Up Grant - As the Authority's Business Rates Baseline is less than the Baseline Funding Level, central Government will pay a Top-up Grant to the Authority. The finance settlement for 2019/20 confirmed an amount of £8,378k.

FUNDING THE 2019/20 REVENUE BUDGET

Sources of Funding for 2019/20

The Chart below shows how the Authority's funding sources have changed between 2017/18 and 2019/20. The Authority was part of the 100% Business Rates Retention Pilot in 2018/19 which meant that no Revenue Support Grant (RSG) or Top-up Grant was received from central Government. As the Authority will not be part of the 75% Business Rates Retention Pilot in 2019/20 funding will revert back to previous arrangements whereby the Authority will receive RSG and Top-up Grant from central Government:-

Sources of Funding 2017/18 - 2019/20
£'000



	2017/18	2018/19	2019/20
■ Council Tax Precept	44,616	46,909	49,061
■ Revenue Support Grant	8,864	0	6,319
■ Top-Up Grant	7,910	0	8,378
■ Add'l Business Rates Inc. (100% Pilot)	0	15,493	0
■ Business Rates	6,257	6,391	6,463
■ Business Rates Growth (one-off)	0	400	0
■ Collection Funds	813	659	530
■ Transitional Grant	178	0	0

FUNDING THE 2019/20 REVENUE BUDGET

Council Tax and Business Rate Income – Additional Information

Council Tax Base - The Authority's tax base is the sum of the tax bases of the 12 Kent District Councils and Medway Council (billing authorities), and is expressed as the number of equivalent Band D properties. The Council Tax base has increased from 621,225 in 2018/19 to 630,928 in 2019/20, an increase of 1.56%.

Council Tax Referendum Limits - In recent years the Government has set a cap on the amount by which a local authority can increase its Council Tax each year. The cap which applied to this Authority was previously 2%, however for the 2018/19 and 2019/20 financial year this cap has been increased to 3%. A Fire Authority may increase its Council Tax above this level, but can only do so after an agreement is reached through a public referendum across the county.

Council Tax Increase - The Authority is being recommended to levy a Council Tax increase, just below the 3% referendum limit, of 2.98% for 2019/20. This equates to an annual increase of £2.25 (just over 4 pence per week), increasing the Council Tax for a Band D property to £77.76.

Collection Funds - Each year Council Tax and retained Business Rate income is calculated based on assumed levels of collection rates by the billing authorities. This means that, at the end of each year, an adjustment has to be made to reflect the actual collection rates. This can lead to a surplus or deficit on the fund which is accounted for within the calculation of the net revenue budget requirement.

Household Council Tax - To arrive at the annual Council Tax charge that is made to each household, the Authority's Council Tax charge is added on to the charges set by Kent County Council or Medway Council, plus the charges set by the relevant District Council, Kent Police and if applicable the Parish or Town Council charge. The total is then collected by the District Councils and Medway Council, on behalf of all the different precepting authorities.

FUNDING THE 2019/20 REVENUE BUDGET

Council Tax and Business Rate Income – Additional Information

The Table below shows a breakdown of the funding sources for the 2019/20 budget and the amount of this Authority's Council Tax charge by Council Tax band:-

	£'000	£'000
Net Budget Requirement 2019/20		70,751
Funding:		
Council Tax	49,061	
Retained Business Rates	6,463	
Revenue Support Grant	6,319	
Top-up Grant	8,378	
Surplus on Council Tax Collection Funds	542	
Deficit on Business Rate Collection Funds	-12	
Total Funds Available 2019/20		70,751
Council Tax Base		630,244
Tax rate for Band D property 2019/20		£77.76
Increase in Band D charges 2019/20		2.98%



FUNDING THE 2019/20 REVENUE BUDGET

Grant Funded Expenditure

A proportion of the Authority's annual expenditure is funded from Government or other grants. These grants are usually provided to progress specific initiatives, so spending plans are adjusted to reflect the additional expenditure that will be met from these grants. Grant funds may be carried forward within Earmarked Reserves if they are not spent in the year in which they are allocated. Grant income is matched against the relevant grant-related expenditure.

Detailed below are the estimated grants for 2019/20:-

£'000

Pension Contributions Grant - As a result of the latest firefighter pension scheme valuation, employer contribution rates are to increase significantly from April 2019. This increase is driven principally by a reduction in the discount rate used to set the contribution rates. For 2019/20 only the Government has confirmed that funding will be provided to the Fire Sector to cover all but £10m of the national additional cost.

3,030

Business Rate Initiative - This grant compensates the Authority for its share of lost business rate income resulting from the Government's initiative to cap the increase in business rates for small businesses to 2% in earlier years, as well as the other reliefs granted to specific types of businesses.

815

Emergency Services Mobile Communication Programme (ESMCP) - This programme will provide the next generation communication system (Emergency Services Network) for the Police, Fire and Rescue and Ambulance services.

100

The Government will provide funding for this project, but it is not yet clear whether this will be sufficient to cover all costs. Most of the expenditure on the project is now expected to be incurred in 2020/21, but £100k of grant is estimated for 2019/20.

FireLink - This grant covers the difference between the annual charge for the FireLink managed service radio scheme and the legacy costs of the now decommissioned radio scheme.

602

National Resilience (formerly New Dimension) Grants - The grants cover various resilience activities including the costs of the Technical Rescue team and associated training facility; Chemical, Biological, Radiological and Nuclear Explosive (CBRN(E)) training; and Enhanced Logistics Support. The amount of grant has not been confirmed for 2019/20 so the budget has been built on the assumption that the same amount will be received as that expected for 2018/19.

972

Responding to New Risks - This grant is paid to Authority's that maintain a specialist capability to respond to new risks. The amount of grant has not been confirmed for 2019/20 so the budget has been built on the assumption that the same amount will be received as that expected for 2018/19.

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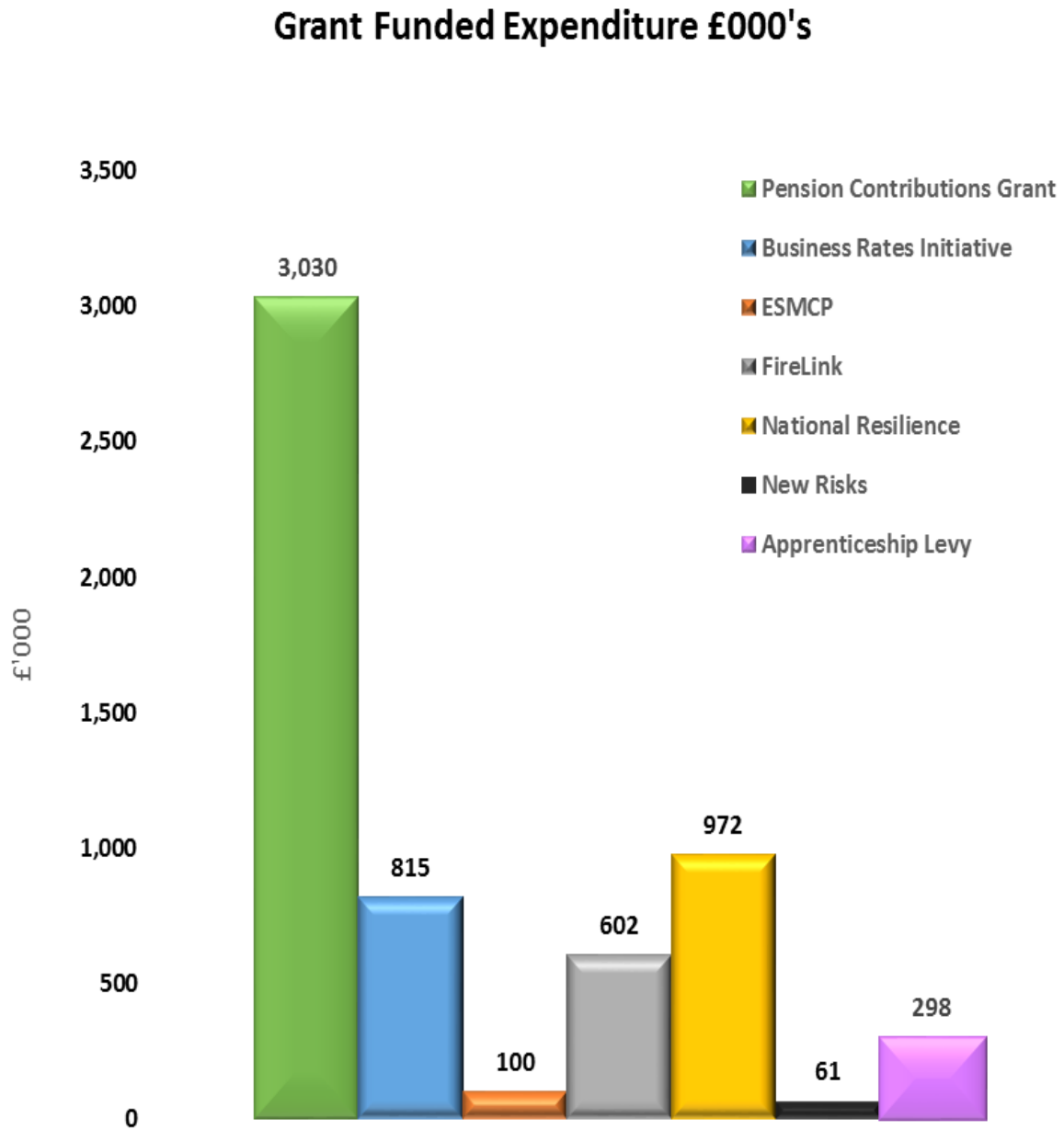
Apprenticeship Levy – Training cost for apprentices and wholetime recruits can be funded by drawing down funds from the apprenticeship levy pot.

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FUNDING THE 2019/20 REVENUE BUDGET

Grant Funded Expenditure

The Chart below shows details of grant income expected to be received in 2019/20:-



REVENUE RESERVES SUMMARY

Details of the Authority's General Reserve and each of the Earmarked Reserves are given below:-

General Reserve - Provides a contingency to cushion the impact of unexpected events or exceptional costs, and in extreme circumstances would be used to provide a working cash balance to cushion the impact of uneven cash flows, and help avoid unnecessary temporary borrowing. For example, the General Reserve could be used to fund any potential unforeseen loss on the Authority's share of Kent District's and Medway Council's Business Rate collection funds.

The level of general reserves is set at approximately 5% of the Authority's net revenue budget, with the appropriateness of this level assessed on an annual basis, through a detailed risk assessment.

Earmarked Reserves - Sums specifically set aside not only provide funds to meet future known or predicted expenditure or liabilities, but also support the transformation of the service to ensure it is fit for the future. Earmarked reserves are typically used to smooth the impact on the revenue budget (and Council Tax) of expenditure that would otherwise cause significant fluctuations in the annual budget requirement, such as expenditure on the replacement of vehicles and equipment or large scale build projects. Earmarked reserves are also of use where there may be plans to introduce a policy change or a service improvement which initially requires a one-off increase in expenditure for which additional resources are required, or where there is a future budget liability or pressure which is known, but for which the timing of payments or change in funding is uncertain. The purpose of each reserve is clearly defined, with regular reviews to ensure continued relevance and adequacy.

- **Government Grants** - Used to carry forward the balance of any unspent Government grants to the following financial year.
- **Infrastructure** - Used to fund both revenue and capital investment in infrastructure assets (premises, environmental improvements, IT and communications equipment, as well as vehicles and operational equipment) and includes a significant programme of investment in station-builds and improvements alongside vehicle purchases over the medium term.
- **Insurance** - Used to smooth the impact of insurance claims volatility between financial years. Also provides an additional resource, should it be needed, to meet excessive costs in any one year, arising from the Insurance Mutual Company arrangements.
- **Rolling Budget** - Used to fund committed expenditure where the goods or services will not be received or delivered until the following financial year.
- **Service Transformation and Productivity** - Used as a one-off funding resource to help pump-prime new initiatives or improvements to the Service, which may arise in-year or be planned for future years. It will also be used to help support collaborative initiatives with other blue light services and partner agencies.

REVENUE RESERVES SUMMARY

The Table below shows the forecast closing revenue reserve balances along with the estimated closing capital receipts balances for the years 2018/19 to 2022/23. Figures exclude any transfers to or from reserves resulting from the 2018/19 outturn:-

General and Earmarked Reserves Forecast Balances (all figures are in £'000)	31/03/19 Forecast Balance	31/03/20 Forecast Balance	31/03/21 Forecast Balance	31/03/22 Forecast Balance	31/03/23 Forecast Balance
General Reserve	4,060	3,510	3,530	3,560	3,590
Earmarked Reserves:					
Government Grants	536	290	203	118	33
Infrastructure	24,363	18,270	12,026	598	37
Insurance	500	500	500	500	500
Rolling Budget	621	399	399	399	399
Service Transformation & Productivity	755	103	68	33	0
Total Earmarked Reserves	26,755	19,562	13,196	1,648	969
Total General and Earmarked Reserves	30,835	23,072	16,726	5,208	4,559
Capital Receipts Reserve	9,231	11,789	11,789	11,789	11,789
Total Reserves	40,066	34,861	28,515	16,997	16,348
Net reduction in Total Reserves	(1,493)	(5,205)	(6,436)	(11,518)	(649)

MEDIUM TERM FINANCIAL PLAN 2019/20 – 2022/23

Revenue Budget Assumptions (Funding, Pressures and Savings)

The revenue budget for 2019/20 to 2022/23 is estimated using various assumptions, as much of the information required to set the budget is not yet known. As detailed previously, the Government has confirmed funding to 2019/20 which has therefore been used for planning but funding from 2020/21 is based on estimates. There are a number of Government reviews being undertaken in 2019, namely the Fair Funding Review, Spending Review and preparation for the full roll out of the 75% Business Rate Retention scheme. These are complex reviews and they may have a significant impact on future years funding. However, details of the main assumptions used in estimating the revenue budgets for 2020/21 to 2022/23 are detailed below:-

Funding Assumptions at this point in time-

- A prudent estimate that Government funding will reduce by 5% in each financial year from 2020/21 to 2022/23.
- The Council Tax base will increase by 1% in each financial year from 2020/21 to 2022/23.
- Council Tax increases of just under 2% in each financial year from 2020/21 to 2022/23.
- There will be no surplus or deficit on the Collection funds in future years.
- Once further clarity is available on the outcome of the Government reviews and employers future pension contribution levels, this will determine the scale of the savings that the Authority needs to make. However, options are in place to achieve those savings detailed below, should they materialise.

Budget Pressures and Savings –

(All figures are £'000)

Anticipated Budget Pressures	2020/21	2021/22	2022/23
2% pay award for all staff groups in each year	1,031	1,137	1,137
Service support staff increments up to top of pay grade	204	181	139
Wholetime recruits pressure / Wholetime vacancy saving adj.	70	289	0
Ill health pensions (2 new ill health retirements each year)	89	-21	32
Approx. 3% for annual inflation each year	551	563	576
Other Pressures	343	108	71
Total Pressures	2,288	2,257	1,955
Anticipated Budget Savings	2020/21	2021/22	2022/23
Transition of Firefighter Pension Scheme	-60	-45	-45
Saving on interest payments as no new borrowing taken out	-35	-24	-11
Section identified savings from spending plan review	-109	-131	-3
Price increases not given to areas of discretionary spend	-470	-481	-491
Wholetime recruits saving (less recruits required in later years)	0	-533	-528
Other Savings	-2,300	-560	-310
Total Savings	-2,974	-1,774	-1,388

MEDIUM TERM FINANCIAL PLAN 2019/20 – 2022/23

Summary Revenue Budget Estimates

The Table below summarises the base budget changes in each of the financial years between 2019/20 and 2022/23. Also shown is a breakdown of funding sources and additional information with regards to increases in Council Tax receipts for the same years:-

(All figures are £'000)	2019/20	2020/21	2021/22	2022/23
	Budget	Budget	Budget	Budget
Base Budget brought forward	69,853	70,751	70,635	71,128
Pay, Pensions, Prices and Pressures	3,749	2,288	2,257	1,955
Savings - Permanent	-2,301	-2,974	-1,774	-1,388
General Reserves	-550	570	10	0
Net Budget	70,751	70,635	71,128	71,695
Net change	898	-116	493	567
Net change %	1.29%	-0.17%	0.70%	0.80%
Budget funded by				
Revenue Support Grant	6,319	5,030	3,790	2,596
Share of 50% Business Rate Retention	6,463	6,534	6,607	6,680
Top-Up Grant	8,378	8,545	8,715	8,889
Council Tax	49,061	50,526	52,016	53,530
Council Tax Collection Fund Surplus	542	0	0	0
Business Rates Collection Fund Deficit	-12	0	0	0
Total Funding	70,751	70,635	71,128	71,695
Analysis of Additional Council Tax Income				
Council Tax Base	630,928	637,237	643,610	650,046
Council Tax Base Growth %	1.56%	1.00%	1.00%	1.00%
Council Tax Base Growth £	701	500	514	529
Council Tax Band D Precept	77.76	79.29	80.82	82.35
Council Tax Band D Precept Increase %	2.98%	1.97%	1.93%	1.89%
Council Tax Band D Precept Increase £	2.25	1.53	1.53	1.53
Council Tax Precept Increase £	1,398	964	974	984
Additional Income from Council Tax	2,099	1,464	1,488	1,513

MEDIUM TERM INFRASTRUCTURE PLAN 2019/20 - 2022/23

Medium Term Infrastructure Plan

Capital Expenditure Plan

The Capital Plan has been developed in line with the proposals detailed in the Customer and Corporate Plan, to support and maintain the key assets and infrastructure across the organisation. The main areas contained within the Plan are detailed below:-

Building works - The capital budget has, over the last few years, funded the building of three new fire stations and the Road Safety Experience. The Authority's property portfolio is maintained in a good condition and enhancements and improvements are undertaken wherever it is appropriate and necessary to do so, not least to ensure that the Service and its operational bases remain fit for the future. Currently a number of major reviews are underway to determine potential property improvements at Ashford, Swanley, Training Centre and Headquarters. These reviews are in their early stages, but indicative funding requirements have been incorporated in the capital plan, to ensure that the redevelopments could be afforded.

Vehicles - There is a comprehensive programme in place to replace the operational fleet of fire engines, specialist vehicles, pool cars and response cars. A fleet review has been undertaken to determine any change in the numbers and types of vehicles that may be needed to facilitate operational capability identified in the Customer and Corporate Plan 2018.

Premises - There is an annual programme of maintenance work on the Authority's premises to ensure that the estate continues to remain in a good state of repair. Generally maintenance work on premises is treated as revenue expenditure, but there are some items which are more appropriately classified as capital expenditure, such as roof replacements and boilers.

IT Systems - Information systems will continue to be enhanced which will help to ensure that processes are as streamlined and cost-effective as possible. There is also an operational response IT project underway to replace old mobile data terminals in all fire engines.

Revenue Expenditure Plan

One-off expenditure in relation to premises, IT and operational equipment that does not meet the criteria for capitalisation is funded from the Infrastructure Revenue Plan.

Premises – This contains proposals to upgrade intruder alarms across the whole estate.

IT - There is significant investment planned for IT as detailed in the IT investment programme. This includes; expenditure on key back office systems such as Finance, HR and Workforce Planning; expenditure on responsive operational systems such as ESN, Command and Control and Fireground Radios; expenditure on systems that underpin the pro-active work of the organisation such as Operational Response and Road Safety; plus expenditure on underlying core IT infrastructure such as Cloud migration and replacement desktop and mobile equipment.

Equipment – Over the next few years there are plans to purchase new combi tools for all appliances, upgrade breathing apparatus and enhance CCTV and telematics.

MEDIUM TERM INFRASTRUCTURE PLAN 2019/20 – 2022/23

Medium Term Infrastructure Plan

The Tables below details the capital and revenue infrastructure spend provisionally planned between 2019/20 and 2022/23:-

Capital Infrastructure Programme

	2019/20	2020/21	2021/22	2022/23	2019-23*
(All figures are £'000)	Budget	Budget	Budget	Budget	Total
Ramsgate Fire Station	247	0	0	0	247
Future Stations	375	0	0	0	375
Future Station Development	200	3,500	8,800	3,500	16,000
Total Station Development	822	3,500	8,800	3,500	16,622
Roofing Works	224	90	240	160	714
Boilers	250	100	100	100	550
Bay Doors	50	50	50	50	200
Generator	30	60	0	55	145
Total Premises	554	300	390	365	1,609
Operational Response Project	1,200	0	0	0	1,200
Total Systems	1,200	0	0	0	1,200
Appliances (Pumps)	2,070	2,070	0	920	5,060
Rescue Appliances (Pumps)	0	1,500	2,000	0	3,500
Heavy Rescue Appliances (Pumps)	0	0	1,350	0	1,350
Light Fleet	2427	914	0	0	3,341
Specialist Vehicles	376	623	1,282	880	3,161
Total Vehicles & Appliances	4,873	5,107	4,632	1,800	16,412
Total Capital Expenditure	7,449	8,907	13,822	5,665	35,843
* A ten-year capital programme is detailed in the Capital Strategy					

Revenue Infrastructure Programme

(All figures are £'000)	2019/20	2020/21	2021/22	2022/23	2019-23
Premises	500	250	200	150	1,100
IT	3,297	2,625	820	100	6,842
Vehicles and Equipment	300	0	1,940	0	2,240
Total Revenue Expenditure	4,097	2,875	2,960	250	10,182
Total Revenue and Capital	11,546	11,782	16,782	5,915	46,025

MEDIUM TERM INFRASTRUCTURE PLAN 2019/20 – 2022/23

Infrastructure Plan Funding and Reserve Balances

The Infrastructure Plan is funded from various sources, each described below:-

Revenue Contributions / Reserves - The base revenue budget has a level of funding which may be used to support the funding of both the revenue and capital infrastructure plans. The Authority also has revenue resources set aside in the Infrastructure Reserve which can be used to fund revenue and capital investment in infrastructure assets to ensure continuous development and improvement across the organisation.

Capital Receipts - The use of capital receipts from the disposal of assets is governed by Regulations and can only be used to fund capital expenditure and repay debt. Where properties are identified as surplus to operational requirements, Members approval is sought for their disposal. Cash receipts which are generated from the asset disposal and which are in excess of £10k, must be used to support new capital investment or offset future debt or transitional costs. They cannot be used to fund day to day revenue expenditure. As at 31 March 2019 there are forecast to be unapplied capital receipts arising from the disposal of a number of the Authority's assets, including redundant fire stations, land and unoccupied housing of £9,231k.

Prudential Borrowing - The Authority can use prudential borrowing to fund capital expenditure provided that such borrowing is affordable, prudent and sustainable over the medium term. A range of calculations (prudential indicators) are completed as part of the annual budget setting process to evidence this. These make sure that the cost of paying for interest charges and the repayment of principal is taken into account when developing the Medium Term Financial Plan.

MEDIUM TERM INFRASTRUCTURE PLAN 2019/20 – 2022/23

Infrastructure Plan Funding and Reserve Balances

The Tables below show the funding sources for the capital plan plus anticipated balances on the capital receipts and infrastructure reserves for 2019/20 to 2022/23.

Capital Infrastructure Plan Funding	2019/20	2020/21	2021/22	2022/23	2019-23
<i>(All figures are £'000)</i>	Budget	Budget	Budget	Budget	Total
Funded By					
Revenue Contributions - from Base Budget	4,154	4,154	4,154	4,154	16,616
Revenue Contributions – from Reserve	3,295	4,753	9,668	1,511	19,227
Total Funding	7,449	8,907	13,822	5,665	35,843

Revenue Infrastructure Plan Funding	2019/20	2020/21	2021/22	2022/23	2019-23
<i>(All figures are £'000)</i>	Budget	Budget	Budget	Budget	Total
Funded By					
Revenue Contributions - from Base Budget	1,200	1,200	1,200	1,200	4,800
Revenue Contributions – from Reserve	2,797	1,491	1,760	-950	5,098
ESMCP (ESN) Grant	100	184	0	0	284
Total Funding	4,097	2,875	2,960	250	10,182

Capital Receipts Reserve	31.3.19	31.3.20	31.3.21	31.3.22	31.3.23
<i>(All figures are £'000)</i>					
Balance at end of year	9,231	11,789	11,789	11,789	11,789

Infrastructure Reserve	2019/20	2020/21	2021/22	2022/23
<i>(All figures are £'000)</i>	Balance	Balance	Balance	Balance
Balance at start of year	24,363	18,270	12,026	598
Capital reserve movements	-3,295	-4,753	-9,668	-1,511
Revenue reserve movements	-2,797	-1,491	-1,760	950
Balance at end of year	18,270	12,026	598	37

WHAT DO YOU GET FOR YOUR MONEY?

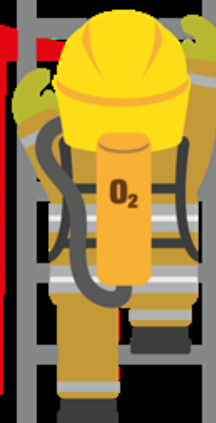
What do you get for your money?

(2017/18 figures)

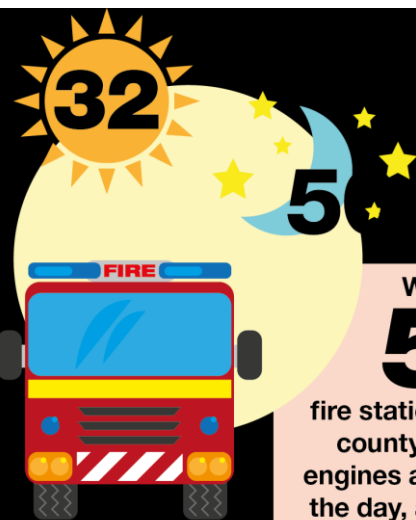
We went to
4,805
medical emergencies where our firefighters were closer than the nearest ambulance (which was mobilised at the same time)



20,169
incidents attended last year – that's an increase of
49%
compared to three years ago



We provided advice and reassurance to
7,000
local people in high-rise flats



We have
56
fire stations across the county, with 32 fire engines available during the day, and 50 at night

We have specialist teams for water, mud and cliff rescue, chemical incidents, animal rescue, explosions and terrorism

97,973
pupils given fire and road safety lessons

We carried out
17,687
visits to vulnerable people

Our 999 operators answered
36,473
emergency 999 calls – that's an increase of
29%
compared to three years ago



Crews with specialist first aid and rescue equipment went to
1,046
road crashes...

