



Budget Book **and** **Medium Term Financial Plan** **2020/21 – 2023/24**



Kent Fire &
Rescue Service

This Budget Book details the assumptions used by the Authority for developing the 2020/21 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 2020 and the Customer and Corporate Plan.

Contents

THE BUDGET STRATEGY 2020/21 - Foreword	1
BUILDING THE 2020/21 REVENUE BUDGET	2
Revenue Budget Changes 2019/20 to 2020/21	2
2020/21 Pressures Summary	3
2020/21 Savings Summary.....	4 & 5
2020/21 Functional and Subjective Budget Presentation.....	6 & 7
2020/21 Employee Pay Budget Analysis	8 & 9
2020/21 Pension Scheme Contributions Budget Analysis.....	10 & 11
FUNDING THE 2020/21 REVENUE BUDGET	12
Sources of Funding for 2020/21.....	12 & 13
Council Tax and Business Rate Income – Additional Information	14 & 15
Grant Funded Expenditure	16 & 17
REVENUE RESERVES SUMMARY	18 & 19
Revenue Budget Assumptions (Funding, Pressures and Savings)	20
Summary Revenue Budget Estimates	21
MEDIUM TERM INFRASTRUCTURE PLAN 2020/21 - 2023/24	22
Medium Term Infrastructure Plan	223
Infrastructure Plan Funding and Reserve Balances.....	24 & 25
WHAT DO YOU GET FOR YOUR MONEY?	26



Ann Millington
Chief Executive

THE BUDGET STRATEGY 2020/21 - 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 all potential cost pressures and possible savings alongside anticipated funding changes over the medium term.

Funding the Budget

On 4 September 2019 the Chancellor announced that there would be a one-year Spending Round for the 2020/21 financial year only, with a full spending review being undertaken in 2020, delaying major reforms to local government funding until 2021/22. Effectively this means that 2020/21 is a 'roll-forward' year, increasing last year's Government grant allocations by the Business rate multiplier (1.63%), resulting in an increase of £0.4m in Government funding for this Authority.

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 1.97%, resulting in an annual increase for a Band D property of £1.53 per year (or just under 3p per week) making the Band D Council Tax charge £79.29 for 2020/21. This will generate funding through Council Tax of £50.9m with an additional £0.5m coming from the Authority's share of net surpluses arising on Medway and District Councils' collection funds from previous years.

Funding beyond 2020/21- It is important to recognise that the Government still plans to carry out a Spending Review exercise in 2020/21 (which is hoped will cover a number of years) and set the total resources available for distribution to the public sector. Additionally, there will be a Fair Funding Review, which looks at how the resources are distributed to each public sector body and also a Business rate baseline review.

Example of Key Themes in the Budget Strategy

Focus on our customers

We will be maintaining a focus on our customers by continuously improving our practice and approach in all areas, including; prevention, protection and operational response.

Smarter working

Significant investment is planned in a number of corporate projects which include the following objectives; streamlining processes, improving equipment and workwear, embedding national operational guidance and implementing smarter systems that work with each other to improve information and efficiency.

Infrastructure investment

Several pumping appliances will be replaced in 2020/21 along with a significant number of response cars, specialist vehicles and service pool cars. There is also significant planned investment in IT systems and equipment and a continuation of the future station development programme, updating and upgrading fire stations.

BUILDING THE 2020/21 REVENUE BUDGET

Revenue Budget Changes 2019/20 to 2020/21

The Table below summarises the incremental adjustments made to the 2019/20 base revenue budget in order to determine the net revenue budget requirement for 2020/21:-

Building the 20/21 Revenue Budget		
	£'000	£'000
2019/20 Base Budget brought forward		70,751
Pay and Pensions Related Cost Pressures		
Pay Growth	3,812	
Other Pay Pressures including pension commitments	272	
Total Pay and Pensions Related Cost Pressures 2020/21	<u>4,084</u>	4,084
Non-Pay Cost Pressures		
Re-categorisation of S31 Small Business Rate Relief Grant	1,088	
Prices	425	
Other pressures	95	
Total Non-Pay Cost Pressures 2020/21	<u>1,608</u>	1,608
Savings		
Pay	-260	
Non-pay	-2,675	
Total Savings 2020/21	<u>-2,935</u>	-2,935
Change in General Reserve Movement 2020/21		750
Net Revenue Budget 2020/21		74,258

Change in General Reserve Movement (+£750k) – The 2019/20 net revenue budget was partly funded by a transfer from General Reserves of £550k. As this was a one-off transfer from reserves the budget is removed in 2020/21 giving rise to a budget pressure of £550k in 2020/21. The additional £200k is to budget for a transfer to General Reserves in 2020/21 to maintain the General Reserves at approximately 5% of the net revenue budget.

BUILDING THE 2020/21 REVENUE BUDGET

2020/21 Pressures Summary

The Authority uses an incremental approach to develop the budget, so the 2019/20 base revenue budget has been adjusted to reflect the pressures identified below:-

Pay and Pensions Related Costs Pressures	£'000
Pay Award 2%	1,113
The budget contains provision for a 2% pay award for all pay groups in 2020/21.	
Restructures	1,037
Section reviews have resulted in some restructuring to provide increased resilience and support e.g. Customer Engagement, Customer Safety, Business Safety and Property.	
Wholetime Overtime	800
Following the implementation of flexible rostering and the new station leader model at wholetime fire stations there has been an increase in the number of overtime payments. The budget has been increased to meet this increase in commitment.	
Wholetime Transferees	500
In addition to the budget already allocated for wholetime recruitment, the retirement profile is such that there will need to be a number transferees into the wholetime establishment in 2020/21 to fill vacancies, particularly on day crewed stations.	
Corporate Teams Increments	262
Staff on green book terms and conditions move up within their pay grade incrementally.	
Actuarial Valuations	135
As a result of the latest Local Government Pension Scheme (LGPS) valuation there is a 1% increase to employer contribution rates from April 2020. There will be an additional 1% increase in April 2021 and April 2022.	
Pension - ill health & injury liabilities	129
The budget provides for two new ill-health retirements in 2020/21 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 an exceptional discretion has been applied.	
Vacancy Rate Adjustment	100
Vacancy rates are adjusted each year based on the most up to date information.	
Apprenticeship Scheme levy	8
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	4,084
Non-pay Cost Pressures	£'000
Small Business Rate Section 31 Grant	1,088
This grant is now presented as a funding source rather than an income budget. This pressure is presentational only and is offset by increased funding.	
Prices	425
An inflationary increase has been awarded to those budgets that have contracts which commit the Authority to pay an uplifted amount for 2020/21. For areas of discretionary spend there is a corresponding saving (see page 4).	
Other Pressures	95
Upgrade of the KFRS website (£40k), increased insurance premiums (£37k) and increased costs of premises valuations (£18k).	
Total Non-pay Cost Pressures	1,608
<u>Total Pressures</u>	<u>5,692</u>

BUILDING THE 2019/20 REVENUE BUDGET

2020/21 Savings Summary

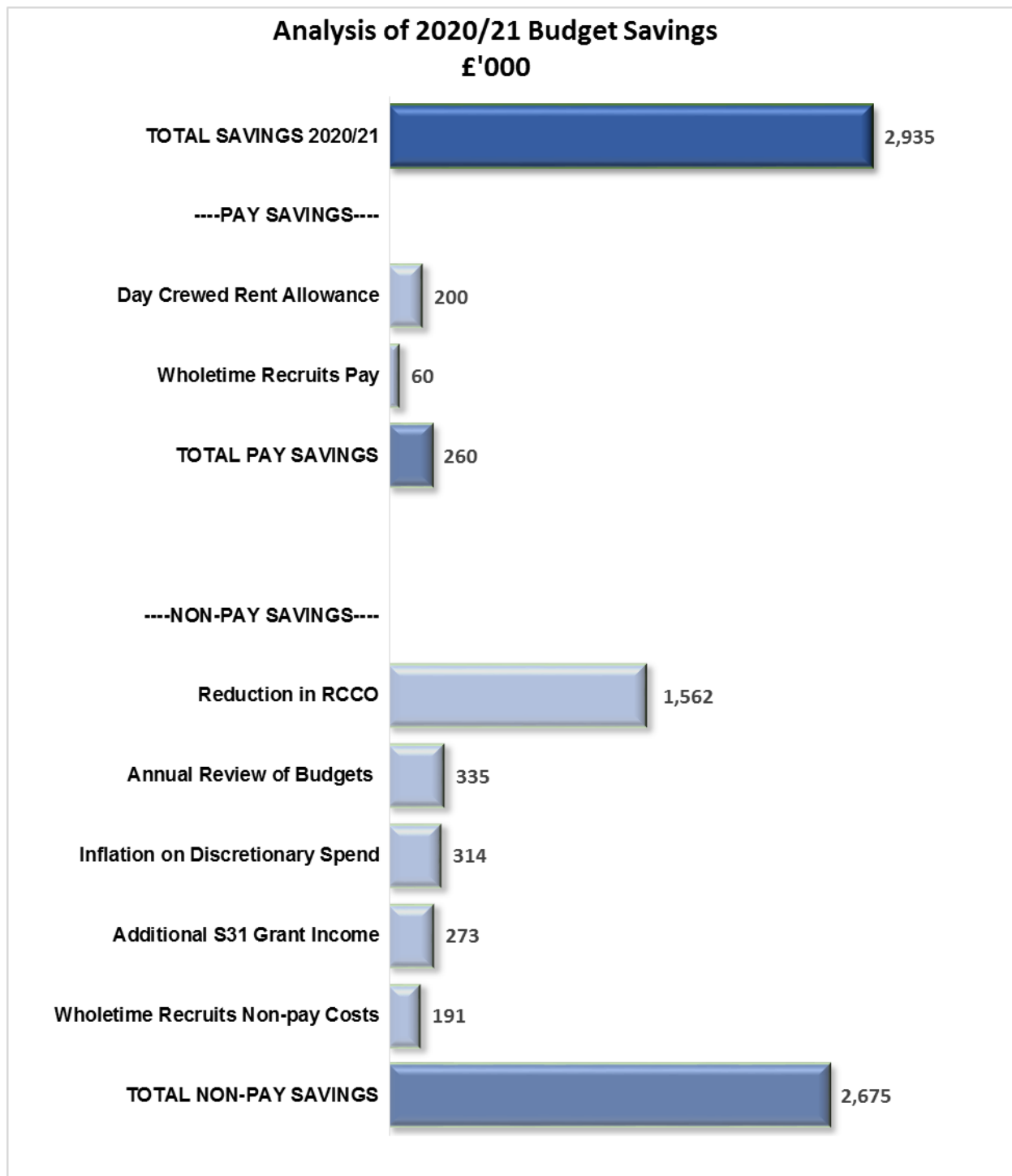
The Authority uses an incremental approach to develop the budget, so the 2019/20 base revenue budget has been adjusted to reflect the savings identified below:-

Pay Savings	£'000
Reduction of Day Crewed Rent Allowance Budget	-200
This saving reflects a reduction in the budget required to fund the day crewed rent allowance which is not paid to new recruits at day crewed fire stations, as it is being withdrawn in the long term.	
Wholetime Recruits Pay Saving	-60
This budget is adjusted each year based on the expected timing of wholetime recruit courses and the budget required to fund pay costs that fall in the financial year.	
Total Pay Savings	-260
Non-pay Savings	£'000
Reduction in Revenue Contributions to Capital (RCCO)	-1,562
Base contributions from revenue set aside each year to fund large infrastructure expenditure (Capital and Revenue) have been reduced to £3.8m to reflect the updated Infrastructure Plan.	
Annual Review of Budgets	-335
Following the annual review of budgets with Budget Managers additional savings have been identified from their day to day budgets for 2020/21.	
Inflation on Discretionary Spend	-314
Inflationary price increases on areas of discretionary spend, such as stationery, have been removed.	
Additional Section 31 Grant Income	-273
This budget has been increased to match expected income for 2020/21 and then removed (shown as a pressure) as the grant is presented as a funding source rather than income from 2020/21.	
Wholetime Recruits Non-pay Costs	-191
This budget is adjusted each year based on the expected timing of wholetime recruit courses and the budget required to fund non-pay costs that fall in the financial year.	
Total Non-pay Savings	-2,675
<u>Total Savings</u>	<u>-2,935</u>

BUILDING THE 2020/21 REVENUE BUDGET

2020/21 Savings Summary

The Chart below summarises the 2020/21 revenue base budget savings into pay and non-pay savings:-



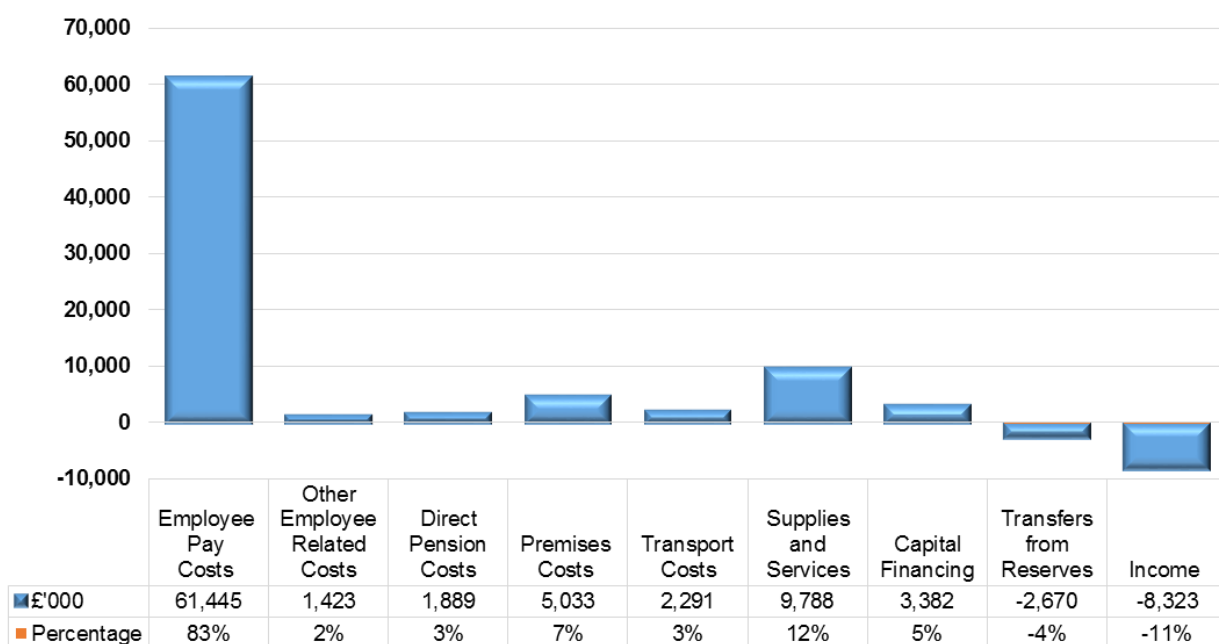
BUILDING THE 2020/21 REVENUE BUDGET

2020/21 Functional and Subjective Budget Presentation Subjective Analysis

The Table and Charts below summarise the total 2020/21 budget of £74,258k by Subjective and Functional heading:-

(All figures are £'000)	Operational Response	Customer Safety and Business Safety	Operational Resilience	Corporate Teams	Pensions, Financing and Other Costs	Total Net Budget
Employee Pay Costs	36,426	5,008	4,890	15,121	0	61,445
Other Employee Costs	8	0	18	1,397	0	1,423
Direct Pension Costs	0	0	0	0	1,889	1,889
Premises Costs	0	0	46	4,987	0	5,033
Transport Costs	9	8	11	2,263	0	2,291
Supplies and Services	369	363	1,509	7,436	111	9,788
Capital Financing	0	0	0	0	3,382	3,382
Reserve Transfers	0	-8	-164	-107	-2,391	-2,670
Income	-3,536	-16	-3,240	-1,295	-236	-8,323
et Budget 2019/20	33,276	5,355	3,070	29,802	2,755	74,258

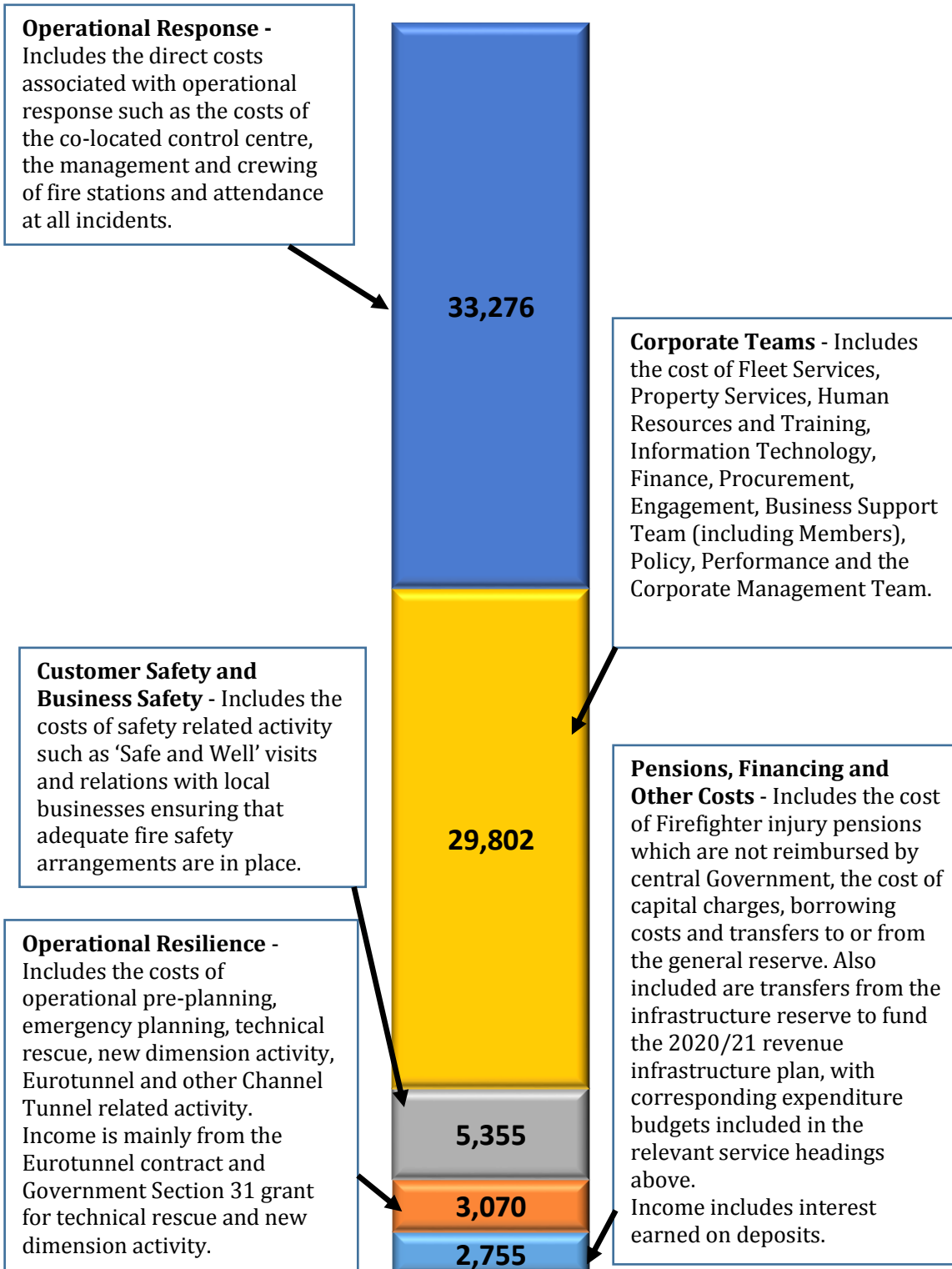
Subjective Presentation-
2020/21 Revenue Budget Expenditure and Income
£74,258k



BUILDING THE 2020/21 REVENUE BUDGET

Functional Analysis

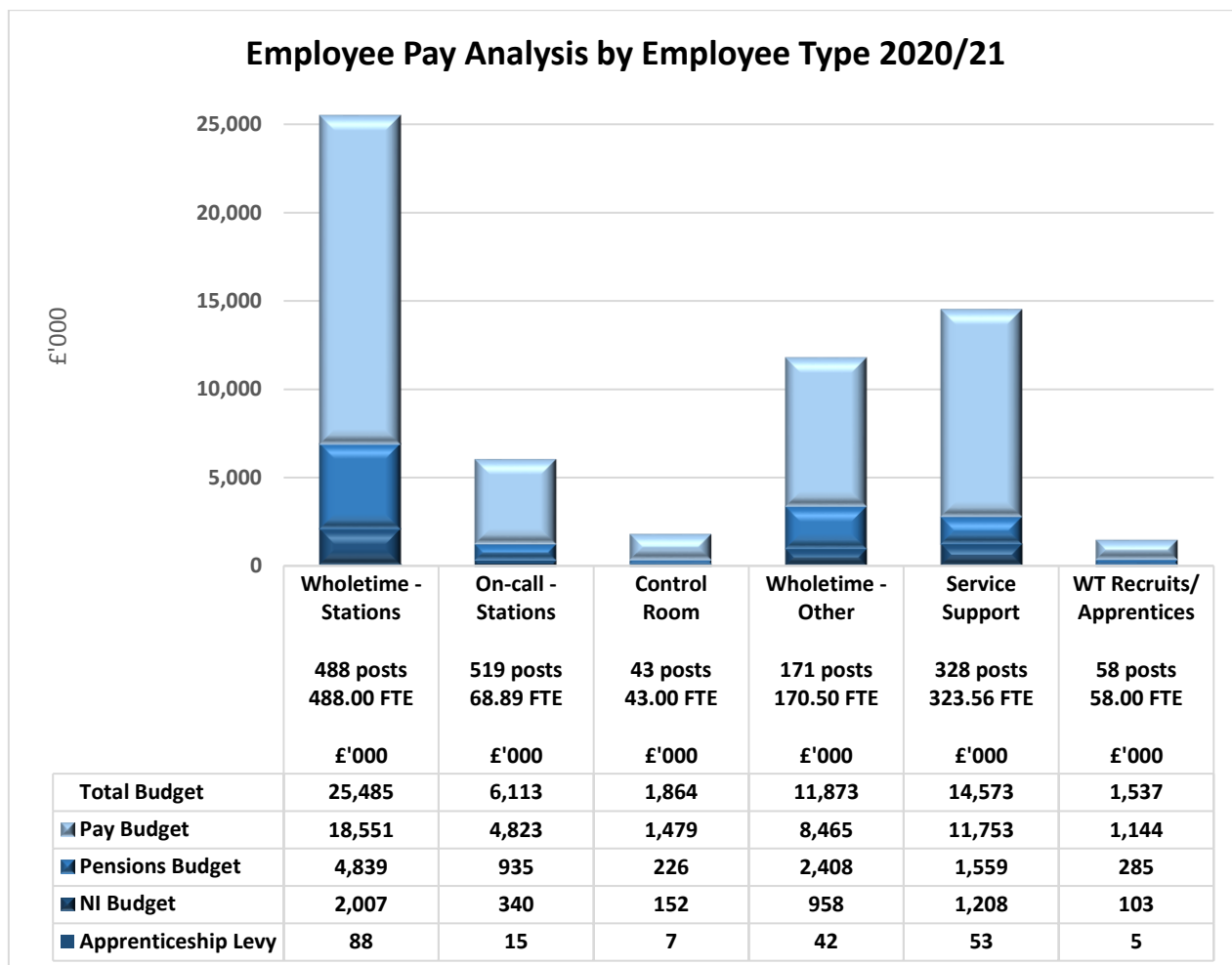
The Chart below summarises the 2020/21 budget of £74,258k by Function (in £000's) and provides details of the activity areas under each functional heading;



BUILDING THE 20/21 REVENUE BUDGET

2020/21 Employee Pay Budget Analysis

The Chart below shows the 2020/21 budget and full time equivalent (FTE) for each staff group split by pay, national insurance and employer pension contributions:-

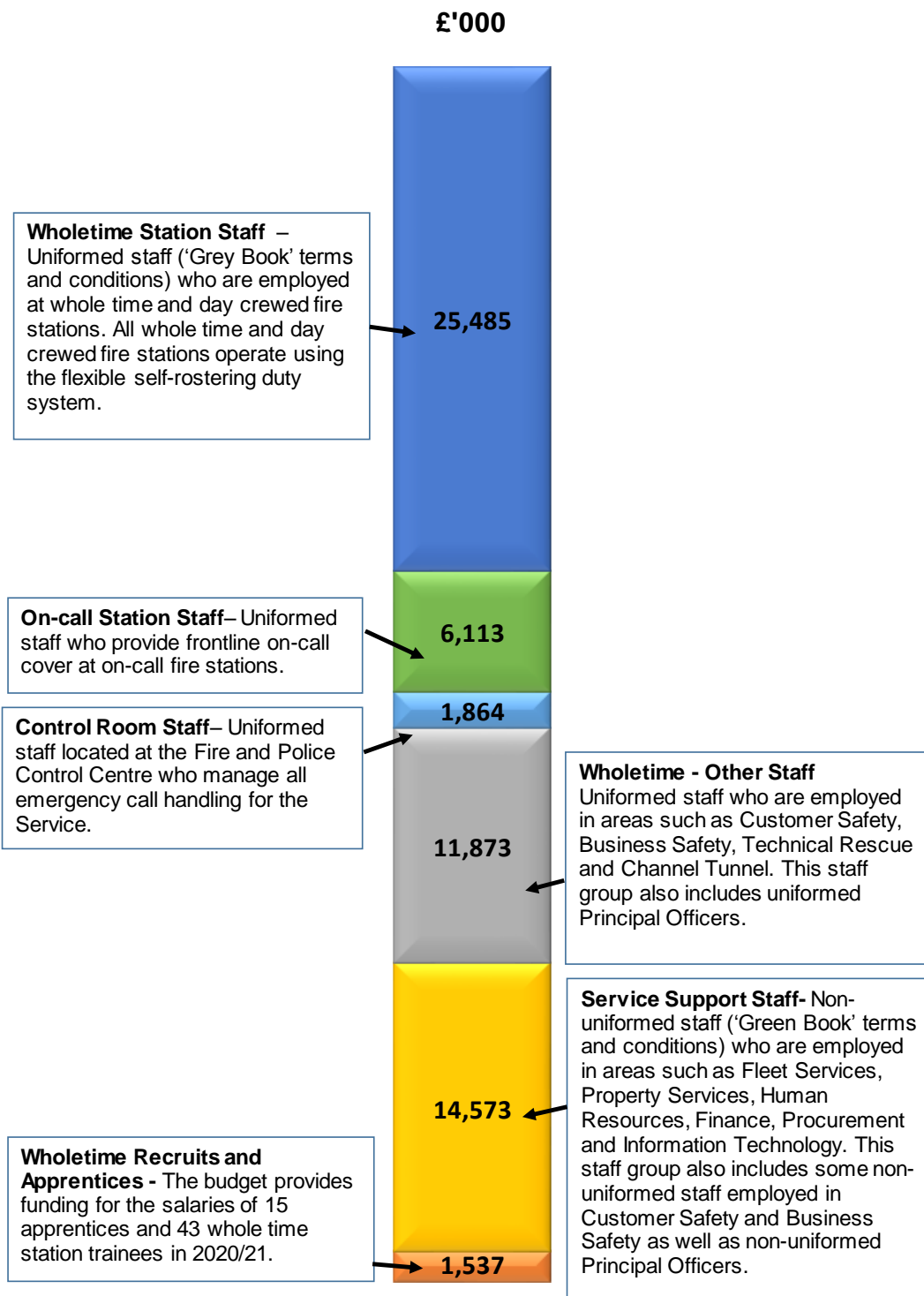


Pay Group	Operational Response		Customer Safety and Business Safety		Operational Resilience		Corporate Teams		Total	
	FTE	Budget £'000	FTE	Budget £'000	FTE	Budget £'000	FTE	Budget £'000	FTE	Budget £'000
WT Stations	488	25,485	0	0	0	0	0	0	488	25,485
On-call Stations	69	6,113	0	0	0	0	0	0	69	6,113
Control Room	43	1,864	0	0	0	0	0	0	43	1,864
WT – Other	26	2,796	22	1,248	70	4,318	53	3,511	171	11,873
Service Support	5	168	98	3,760	13	572	208	10,073	324	14,573
WT Recruits & Apprentices	0	0	0	0	0	0	58	1,537	58	1,537
Total Budget	631	36,426	120	5,008	83	4,890	319	15,121	1,153	61,445

BUILDING THE 2020/21 REVENUE BUDGET

2020/21 Employee Pay Budget Analysis

The budget includes provision for a pay award settlement of 2% across all pay groups in 2020/21. Approximately 83% of the net revenue budget relates to staffing costs (£61,445k). The budget allocated to each staff group and details of which personnel sit within each staff group is described below:-



BUILDING THE 2020/21 REVENUE BUDGET

2020/21 Pension Scheme Contributions Budget Analysis

Within the overall pay budget of £61,445k are employer pension contributions which total £10,252k. 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 currently five different 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.	6,913
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.	1,310
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.	1,889
2014 Local Government Pension Scheme (LGPS) - A Career Average Revalued Earnings (CARE) scheme for all green book (corporate staff) employees, Control room staff and non-operational grey book staff. All existing members were transitioned to this scheme on 1 April 2014.	1,833
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.	152
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

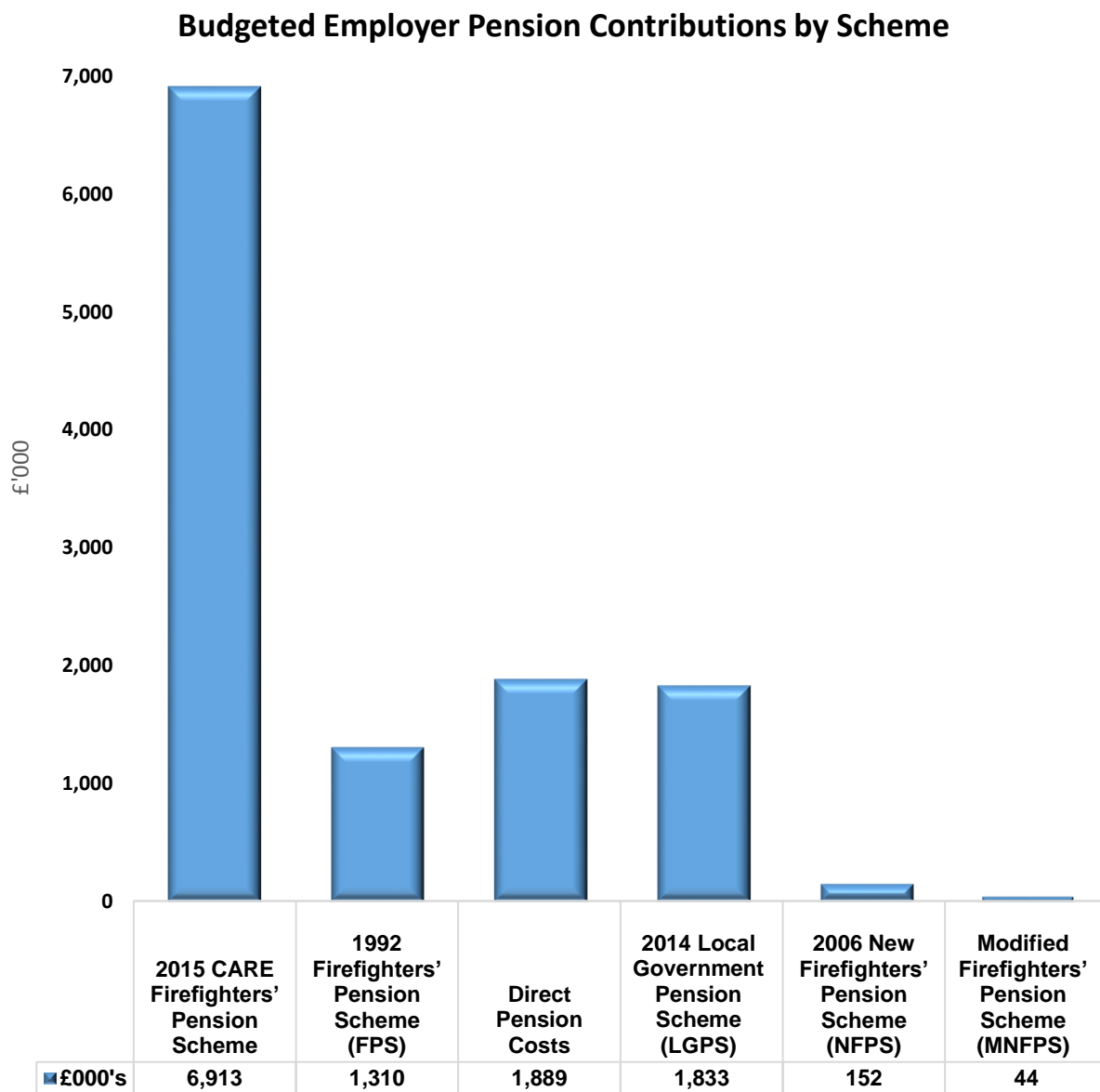
Age discrimination case – On 18 December 2019 an employment tribunal declared that transitional protections introduced by the Government in the 2015 CARE Firefighters' Pension Scheme constituted age discrimination and were therefore unlawful. It should be noted that the Authority was obliged by legislation to act in implementing the original transitional arrangements. It may be sometime before the final remedy of this tribunal is agreed and applied to employees.

BUILDING THE 2020/21 REVENUE BUDGET

2020/21 Pension Scheme Contributions Budget Analysis

Employer Pension Contributions

The Chart below shows the 2020/21 budgeted employer pension contributions for the five pension schemes that are currently in operation plus the budget for direct pension costs.



FUNDING THE 2020/21 REVENUE BUDGET

Sources of Funding the Net Revenue Budget for 2020/21

For 2020/21 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 2020/21 is £50,858k.

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 and the majority of Kent District Councils. This Authority's share of the amount to be collected from Medway Council and Kent District Councils for 2020/21 is £6,676k.

Collection Funds - Each year there can be either a surplus or a deficit on the Collection Funds if the amount collected for Council Tax and Business Rates differs from estimates used when setting budgets in prior years. For 2020/21 the Authority's share is a £412k surplus on Council Tax and a £136k surplus on Business Rates Collection Funds.

Revenue Support Grant - The Government continues to redistribute funding through the payment of Revenue Support Grant. The provisional finance settlement for 2020/21 confirmed an amount of £6,422k for this Authority.

Top-Up Grant - As the Authority's Business Rates Baseline is less than the Baseline Funding need, central Government will pay a Top-up Grant to the Authority. The provisional finance settlement for 2020/21 identified an allocation of £8,514k for this Authority.

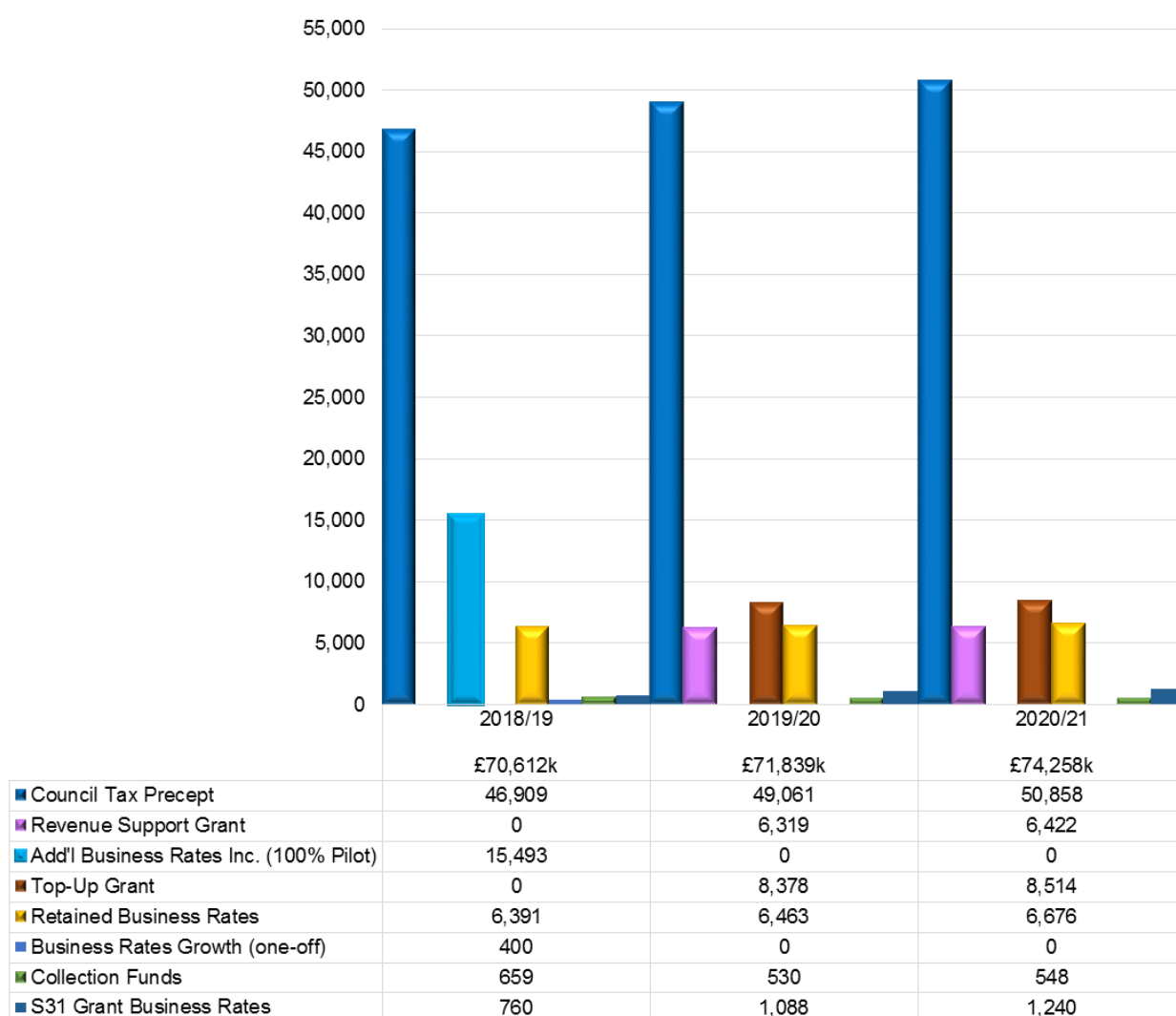
Section 31 Small Business Rate Relief Grant – The Authority will receive an amount of £1,240k in 2020/21.

FUNDING THE 2020/21 REVENUE BUDGET

Sources of Funding the Net Revenue Budget for 2020/21

The Chart below shows how the Authority's funding sources have changed between 2018/19 and 2020/21. 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 was not part of the 75% Business Rates Retention Pilot in 2019/20 funding reverted back to previous arrangements whereby the Authority receives RSG and Top-up Grant from central Government:-

Sources of Funding 2018/19 - 2020/21
£'000



Figures relating to 2018/19 and 2019/20 have been restated for comparison purposes to include the section 31 Small Business Rate Relief Grant which is presented as a source of funding from 2020/21.

FUNDING THE 2020/21 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 630,928 in 2019/20 to 641,423 in 2020/21, an increase of 1.66%.

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 3% for the years 2018/19 and 2019/20 however, this has been reduced to 2% for 2020/21. 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 recommended to levy a Council Tax increase, just below the 2% referendum limit, of 1.97% for 2020/21. This equates to an annual increase of £1.53 (just under 3 pence per week), increasing the Council Tax for a Band D property to £79.29.

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 2020/21 REVENUE BUDGET

Council Tax and Business Rate Income – Additional Information

The Table below shows a breakdown of the funding sources for the 2020/21 budget and the amount of this Authority's Council Tax charge by Council Tax band:-

	£'000	£'000
Net Budget Requirement 2020/21		74,258
Funding:		
Council Tax	50,858	
Retained Business Rates	6,676	
Revenue Support Grant	6,422	
Top-up Grant	8,514	
Surplus on Council Tax Collection Funds	412	
Surplus on Business Rate Collection Funds	136	
S31 Business Rates Grant	1,240	
Total Funds Available 2020/21		74,258
Council Tax Base		641,423
Tax rate for Band D property 2020/21		£79.29
Increase in Band D charges 2020/21		1.97%

	A	B	C	D
				
Proportion of Band D	6/9	7/9	8/9	9/9
Annual C-Tax 19/20	£51.84	£60.48	£69.12	£77.76
Annual C-Tax 20/21	£52.86	£61.67	£70.48	£79.29
				
Proportion of Band D	11/9	13/9	15/9	18/9
Annual C-Tax 19/20	£95.04	£112.32	£129.60	£155.52
Annual C-Tax 20/21	£96.91	£114.53	£132.15	£158.58

FUNDING THE 2020/21 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 2020/21:-

£'000

Pension Contributions Grant – In 2019/20 the Government provided each fire authority with a section 31 grant to cover 90% of the cost of increased employer contribution rates for all firefighter pension schemes. To date the amount of grant for 2020/21 has not yet been confirmed, so the MTFP is built on the basis that it will be set as the same basis as 2019/20.

3,536

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.

53

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 2021/22, but £53k of grant is estimated for 2020/21 to cover pay costs.

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.

612

National Resilience (formerly New Dimension) Grants - This grant covers 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 2020/21 so the budget has been built on the assumption that the same amount will be received as that expected for 2019/20.

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 2020/21 so the budget has been built on the assumption that the same amount will be received as that expected for 2019/20.

61

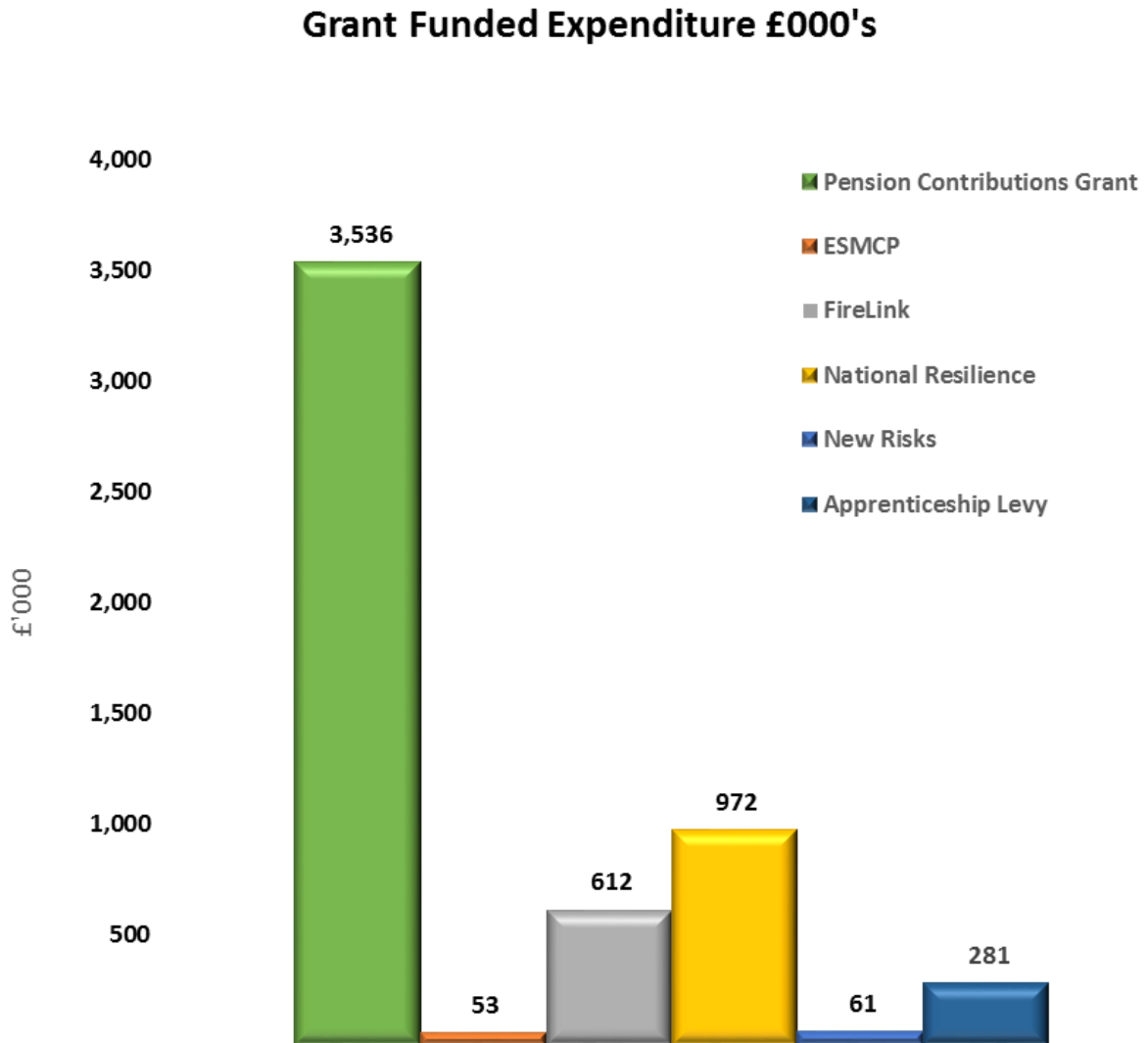
Apprenticeship Levy – As an employer with a pay bill over £3m the Authority is required to pay funds into the apprentice levy pot each year (see Page 8). Funds can be drawn down from the pot to recover training costs for apprentices and wholtime recruits. Due to timing differences, the amount paid in will likely be different to the amount drawn down from the pot in any given year.

281

FUNDING THE 2020/21 REVENUE BUDGET

Grant Funded Expenditure

The Chart below shows details of grant income expected to be received in 2020/21:-



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 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 around 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 investment in large IT 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 IT, station improvements and vehicle purchases over the medium term.
- **Insurance and Resource** - 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. This reserve is also available to fund any unbudgeted inflationary increases such as pay settlements in excess of the budgeted 2%.
- **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 2019/20 to 2023/24. Figures exclude any transfers to or from reserves for any 2019/20 over or underspend:-

General and Earmarked Reserves - Forecast Balances

(All figures are £'000)	31/03/20 Forecast Balance	31/03/21 Forecast Balance	31/03/22 Forecast Balance	31/03/23 Forecast Balance	31/03/24 Forecast Balance
General Reserve	3,510	3,710	3,710	3,710	3,740
Earmarked Reserves:					
Government Grants	429	341	231	121	11
Infrastructure	25,110	23,061	13,012	8,838	8,465
Insurance and Resource	1,266	1,266	1,266	1,266	1,266
Rolling Budgets	254	63	32	31	0
Service Transformation & Productivity	767	225	0	0	0
Total Earmarked Reserves	27,826	24,956	14,541	10,256	9,742
Total General and Earmarked Reserves	31,336	28,666	18,251	13,966	13,482
Capital Receipts Reserve	9,234	4,872	4,872	4,872	4,872
Total Reserves	40,570	33,538	23,123	18,838	18,354
Net Reduction in Total Reserves	(1,734)	(7,032)	(10,415)	(4,285)	(484)

MEDIUM TERM FINANCIAL PLAN 2020/21 – 2023/24

Revenue Budget Assumptions (Funding, Pressures and Savings)

The revenue budget for 2020/21 to 2023/24 is estimated using various assumptions, as much of the information required to set the medium term budget is not yet known. As detailed previously, the Government has only confirmed funding for 2020/21 and intends to conduct a complex spending review in 2020 which will impact on future funding. On that basis a prudent approach has been taken in estimating funding that may be received from central Government in future years. Details of the main assumptions used in estimating the revenue budgets for 2021/22 to 2023/24 are detailed below:-

Funding Assumptions at this point in time-

- A prudent estimate that Government funding will reduce by circa 5% in each financial year from 2021/22 to 2023/24.
- The Council Tax base will increase by 1% in each financial year from 2021/22 to 2023/24.
- Council Tax increases of just under 2% in each financial year from 2021/21 to 2023/24.
- There will be no surplus or deficit on the Collection funds in future years.
- Once further clarity is available on the outcome of the Governments spending review and employers future pension contribution levels, the scale of the savings that the Authority needs to make may change. 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	2021/22	2022/23	2023/24
2% pay award for all staff groups in each year	1,138	1,181	1,204
Corporate staff increments up to top of pay grade	279	246	209
Actuarial Valuations - LGPS	145	154	13
Ill health pensions (2 new ill health retirements each year)	-59	37	40
Approx. 3% for annual inflation each year	508	519	529
Pressures identified savings from spending plan review	575	27	25
Agreed establishment changes (Wholetime recruits)	0	247	0
Other Pressures	95	6	68
Total Pressures	2,681	2,417	2,088

Anticipated Budget Savings	2021/22	2022/23	2023/24
Identified savings from review of spending plans	-169	-107	-146
Price increases not given to areas of discretionary spend	-396	-405	-414
Wholetime recruits saving	-522	0	0
Other savings	-1,725	-1,459	-973
Total Savings	-2,812	-1,971	-1,533

MEDIUM TERM FINANCIAL PLAN 2020/21 – 2023/24

Summary Revenue Budget Estimates

The table below summarises the base budget changes in each of the financial years between 2020/21 and 2023/24. 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)	2020/21	2021/22	2022/23	2023/24
	Budget	Budget	Budget	Budget
Base Budget brought forward	70,751	74,258	73,927	74,373
Pay, Pensions, Prices and Pressures	5,692	2,681	2,417	2,088
Savings	-2,935	-2,812	-1,971	-1,533
General Reserves	750	-200	0	30
Net Budget	74,258	73,927	74,373	74,958
Net change	3,507	-331	446	585
Net change %	4.96%	-0.45%	0.60%	0.79%
Budget funded by				
Revenue Support Grant	6,422	7,341	6,973	6,625
Share of 50% Business Rate Retention	6,676	6,139	5,833	5,540
Top-Up Grant	8,514	8,089	7,684	7,300
Council Tax	50,858	52,358	53,883	55,493
Council Tax Collection Fund Surplus	412	0	0	0
Business Rates Collection Fund Surplus	136	0	0	0
*Section 31 Business Rates Grant	1,240	0	0	0
Total Funding	74,258	73,927	74,373	74,958

*Section 31 Business Rates Grant has been rolled into Revenue Support Grant figures from 2021/22

Analysis of Additional Council Tax Income	2020/21	2021/22	2022/23	2023/24
Council Tax Base	641,423	647,837	654,315	660,858
Council Tax Base Growth %	1.66%	1.00%	1.00%	1.00%
Council Tax Base Growth £	832	519	534	549
Council Tax Band D Precept	79.29	80.82	82.35	83.97
Council Tax Band D Precept Increase %	1.97%	1.93%	1.89%	1.97%
Council Tax Band D Precept Increase £	1.53	1.53	1.53	1.62
Council Tax Precept Increase £	965	981	991	1,060
Additional Income from Council Tax	1,797	1,500	1,525	1,609

MEDIUM TERM INFRASTRUCTURE PLAN 2020/21 - 2023/24

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 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 and Sheppey. These reviews are in their early stages, but indicative funding requirements have been incorporated into the Capital Plan over the medium term.

Vehicles - There is a comprehensive programme in place to replace the operational fleet of fire engines, specialist vehicles, pool cars and response cars. The fleet is reviewed on a regular basis to determine any change in the numbers and types of vehicles that may be needed to facilitate operational capability identified in the Corporate Plan. More recently, in 2019/20, we undertook our first acquisition of dual fuel vehicles and will continue to consider, where appropriate to do so, more eco-friendly products as they become available.

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 to replace old mobile data terminals in all fire engines and response vehicles as well as satnavs and tracking devices, which is due to complete in 2020/21.

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 Workforce Planning and asset management; 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 replacement desktop and mobile equipment.

Equipment – There are plans to upgrade breathing apparatus equipment in the near future.

MEDIUM TERM INFRASTRUCTURE PLAN 2020/21 – 2023/24

Medium Term Infrastructure Plan

The Tables below details the capital and revenue infrastructure spend provisionally planned between 2020/21 and 2023/24:-

Capital Infrastructure Programme

(All figures are £'000)	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	2020-24 Total
Future Station Development	350	3,950	3,400	2,250	9,950
Total Station Development	350	3,950	3,400	2,250	9,950
Roofing Works	90	240	160	332	822
Boilers	100	100	100	100	400
Bay Doors	50	50	50	50	200
Generator	60	0	55	20	135
Total Premises	300	390	365	502	1,557
Operational Response Project	175	0	0	290	465
Total Systems	175	0	0	290	465
Appliances (Pumps)	3,125	0	1,380	0	4,505
Rescue Appliances (Pumps)	1,000	2,500	0	0	3,500
Heavy Rescue Appliances (Pumps)	270	1,080	0	0	1,350
Light Fleet	2,935	633	0	40	3,608
Specialist Vehicles	509	1,149	1,196	253	3,107
Total Vehicles & Appliances	7,839	5,362	2,576	293	16,070
Total Capital Expenditure	8,664	9,702	6,341	3,335	28,042

** A ten-year capital programme is detailed in the Capital Strategy*

Revenue Infrastructure Programme

(All figures are £'000)	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	2020-24 Total
Premises	770	200	150	0	1,120
IT	2,833	2,121	1,475	430	6,859
Vehicles and Equipment	0	1,940	0	400	2,340
Total Revenue Expenditure	3,603	4,261	1,625	830	10,319
Total Revenue and Capital	12,267	13,963	7,966	4,165	38,361

MEDIUM TERM INFRASTRUCTURE PLAN 2020/21 – 2023/24

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 2020 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 £9,234k.

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 2020/21 – 2023/24

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 2020/21 to 2023/24.

Capital Infrastructure Plan Funding

<i>(All figures are £'000)</i>	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	2020-24 Total
Funded By					
Revenue Contributions - from Base Budget	2,592	2,592	2,592	2,592	10,368
Revenue Contributions – from Reserve	-252	7,110	3,749	743	11,350
Capital Receipts Applied	6,324	0	0	0	6,324
Total Funding	8,664	9,702	6,341	3,335	28,042

Revenue Infrastructure Plan Funding

<i>(All figures are £'000)</i>	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	2020-24 Total
Funded By					
Revenue Contributions - from Base Budget	1,200	1,200	1,200	1,200	4,800
Revenue Contributions – from Reserve	2,301	2,939	425	-370	5,295
ESMCP (ESN) Grant	52	122	0	0	174
One-off funding	50	0	0	0	50
Total Funding	3,603	4,261	1,625	830	10,319

Capital Receipts Reserve

<i>(All figures are £'000)</i>	Forecast 31.3.20	Forecast 31.3.21	Forecast 31.3.22	Forecast 31.3.23	Forecast 31.3.24
Balance at end of year	9,234	4,872	4,872	4,872	4,872

Infrastructure Reserve

<i>(All figures are £'000)</i>	2020/21	2021/22	2022/23	2023/24
Balance at start of year (1 April)	25,110	23,061	13,012	8,838
Capital reserve - plan movements	252	-7,110	-3,749	-743
Capital reserve transfer to revenue reserve	0	-1,500	-100	-180
Revenue reserve - plan movements	-2,301	-2,939	-425	370
Revenue reserve transfer from capital reserve	0	1,500	100	180
Balance at end of year (31 March)	23,061	13,012	8,838	8,465

What do you get for your money?

(2018/19 figures)

We went to **4,842** medical emergencies where our firefighters were closer than the nearest ambulance (which was mobilised at the same time)



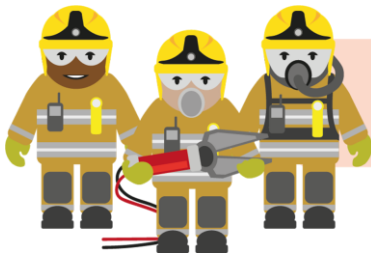
Thanks in part to the efforts of our home safety team, we attended just **508** house fires – the lowest number ever recorded...



...but **45%** of fires in the home still start in the kitchen



We reached **3.5m** people with our safety messages, news and updates on social media



We employ **1,054** firefighters including 38 trainees



We audited and provided safety advice to **1,775** businesses



34

We have **56** fire stations across the county, with 34 fire engines available during the day, and 51 at night



21,205 incidents attended last year – that's an increase of **18%** compared to three years ago



73,364 pupils given fire and road safety lessons

We completed **45** debriefs after incidents and made changes to what we do as a result

All this to protect you and your family for about the cost of a large carton of milk



£1.50 a week for a Band D property (2019/20 figure)