

Kent and Medway Fire and Rescue Authority

Budget Book

And

Medium Term Financial Plan

2021/22 – 2024/25

This Budget Book details the assumptions used by the Authority for developing the 2021/22 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 2020-2024, the Safety and Wellbeing Plan 2021-2024 Update and the Customer and Corporate Plan.

Contents

THE BUDGET STRATEGY 2021/22 - Foreword	1
BUILDING THE 2021/22 REVENUE BUDGET.....	2 - 13
Revenue Budget Changes 2020/21 to 2021/22	2 - 3
2021/22 Pressures Summary	4 - 5
2021/22 Savings Summary.....	6 - 7
2021/22 Functional and Subjective Budget Presentation.....	8 - 9
2021/22 Employee Pay Budget Analysis	10 - 11
2021/22 Pension Scheme Contributions Budget Analysis.....	12 - 13
FUNDING THE 2021/22 REVENUE BUDGET.....	14 - 20
Sources of Funding for 2021/22.....	14 - 16
Council Tax and Business Rate Income – Additional Information	17 - 18
Grant Funded Expenditure	19 - 20
REVENUE RESERVES SUMMARY	21 - 22
MEDIUM TERM FINANCIAL PLAN 2021/22 – 2024/25	23 - 25
Revenue Budget Assumptions (Funding, Pressures and Savings)	23 - 24
Summary Revenue Budget Estimates	24 - 25
MEDIUM TERM INFRASTRUCTURE PLAN 2021/22 - 2024/25	26 - 29
Medium Term Infrastructure Plan	26 - 27
Infrastructure Plan Funding and Reserve Balances	28 - 29
WHAT DO YOU GET FOR YOUR MONEY?	30



Ann Millington
Chief Executive

THE BUDGET STRATEGY 2021/22 - 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 2021/22 Budget

As expected, the Spending Review (SR) published on 25 November 2020 only set departmental budgets for 2021/22 and prioritised funding to support the Government's response to Covid-19 and the UK's recovery. Earlier in the year, the Government announced that a move to 75% Business Rates Retention and the implementation of the Fair Funding Review would be postponed until 2022/23 at the earliest, enabling local authorities to focus on meeting the public health challenges posed by the pandemic. The SR confirmed that, in order to provide further stability to the sector, the proposed reset of business rate baselines would not take place in 2021/22. This means that 2021/22 is a 'roll-forward' year, increasing last year's Revenue Support Grant allocation by the September 2020 Consumer Price Index 12-month inflation rate (0.553%).

The final finance settlement, published on 10 February 2021, was in line with expectations following announcements at the 2020 SR and the provisional settlement. Alongside the core provisional finance settlement the Government published details of the Covid-19 Support Package for 2021/22. For this Authority, the additional government support will fund 75% of irrecoverable losses relating to the collection of 2020/21 council tax and business rates as well as contributing towards the increased costs of providing local council tax support to a higher number of working-age claimants.

To ensure that 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 1.93%, 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 £80.82 for 2021/22.

Example of Key Themes in the Budget Strategy

Building Safety

Continued investment in Building Safety ensuring the Authority is well placed to meet the new National Fire Chiefs' Council Competency Framework for Fire Safety Inspectors adopted by all Fire and Rescue Services in England.

Integrated Learning and Assurance Model (ILAM)

Ensuring we have an effective and safe operational workforce that has been tested as competent and is licenced to respond to a variety of emergencies and situations that affect our customers. ILAM is designed to help individuals maintain and build confidence in their skills and an essential element of this continual professional development will be the expectation that staff will be members of the Institution of Fire Engineers.

Infrastructure Investment

Several pumping appliances will be replaced in 2021/22 along with a considerable number of response cars, specialist vehicles and pool cars. There is also significant investment planned in IT including operational response systems, the workforce planning system, the asset management system and a major upgrade to the Authority's external website.

BUILDING THE 2021/22 REVENUE BUDGET

Revenue Budget Changes 2020/21 to 2021/22

The Table below summarises the incremental adjustments made to the 2020/21 base revenue budget in order to determine the net revenue budget requirement for 2021/22:-

	£'000	£'000
2020/21 Base Budget Brought Forward		74,258
Pay and Pensions Related Cost Pressures (see page 4)		
Net pay growth	531	
Other pay pressures including pension commitments	137	
Total Pay and Pensions Related Cost Pressures 2021/22	<u>668</u>	668
Non-Pay Pressures (see page 5)		
Corporate projects – ongoing costs	404	
Investment returns	191	
Insurance premiums	128	
Inflationary price increases	126	
Other identified pressures	263	
Total Non-Pay Pressures 2021/22	<u>1,112</u>	1,112
Savings (see page 6)		
Non-pay savings	-989	
Total Savings 2021/22	<u>-989</u>	-989
Transfer to General Reserve - Base Budget Removed 2021/22		-200
Base Revenue Budget 2021/22		<u>74,849</u>
Reserve Adjustments (see page 3)		
Transfer from Earmarked Reserves - Local Tax Income Guarantee	-151	
Transfer from Earmarked Reserves - 20/21 Expanded Retail Reliefs	-3,175	
Transfer to General Reserve	50	
Total Reserve Adjustments 2021/22	<u>-3,276</u>	-3,276
Net Revenue Budget Requirement 2021/22		<u>71,573</u>

BUILDING THE 2021/22 REVENUE BUDGET

Revenue Budget Changes 2020/21 to 2021/22

An explanation detailing the reason for each of the reserve adjustments listed on the previous page is provided below:

Transfer from Earmarked Reserves – Local Tax Income Guarantee (£151k) – The Authority's share of Kent District's and Medway Council's irrecoverable losses on the collection of 2020/21 council tax is estimated at £605k. No estimate has been made in relation to irrecoverable losses on the collection of 2020/21 business rates as the Government has not yet published the methodology for the calculation. The Government has confirmed that these losses must be spread over three years in the Collection Fund. However, the Government's Covid-19 support package for 2021/22 included the Local Tax Income Guarantee Scheme which will meet the cost of 75% of these losses (estimated grant for council tax losses of £454k) and as such this will be paid to authorities in 2021/22, with the remaining loss being spread over 3 years. Therefore the estimated grant receipt (£454k) will be put into a reserve and released in 2021/22, 2022/23 and 2023/24 to match the reporting of the 2020/21 collection fund deficit in these years. As irrecoverable council tax losses are estimated and no estimate has been included for irrecoverable business rates losses the final grant receipt will differ to the budget therefore impacting on the revenue budget outturn for 2021/22. Actual losses cannot be confirmed until the 2020/21 outturns are finalised by the Kent District's and Medway Council. The Government expects to be in a position to make grant payments to precepting authorities in January 2022.

Transfer from Earmarked Reserves – 20/21 Expanded Retail Reliefs - Due to the Covid-19 pandemic the Government granted additional Business Rate reliefs after the National Non-Domestic Rates (NDR1) returns were completed and budgets had been set for 2020/21. As a consequence, an extraordinary large deficit is reported against the Business Rates collection fund in 2021/22 (£3.401m). The Government will reimburse authorities by paying a Section 31 grant to fully compensate for the lost income related this policy decision (£3.175m). The Section 31 grant is accounted for in 2020/21 and a corresponding amount put into reserves in 2020/21 to be released in 2021/22 to match the reporting of the collection fund deficit caused by the late notification of these additional reliefs.

Transfer to General Reserve – The amount to be transferred to the General Reserve in 2021/22 is £50k, increasing the balance of the reserve to £3.760m for 2021/22. This will ensure that the General Reserve balance is maintained at approximately 5% of the base revenue budget, as per the proposal detailed within the 2021/22 Reserves Strategy.

BUILDING THE 2021/22 REVENUE BUDGET

2021/22 Pressures Summary

The Authority uses an incremental approach to develop the budget, so the 2020/21 base revenue budget has been adjusted to reflect the pressures identified below:-

Pay and Pensions Related Costs Pressures	£'000
<p>Pay Awards</p> <p>A pay award of 2% was assumed for all staff groups for 2020/21 but as corporate staff received a 2.75% pay award the 2021/22 pay budget has been uplifted to reflect the additional cost of the extra 0.75%. As pay awards for operational staff are effective from July the 2021/22 pay budget has been increased to reflect a full year of costs at the July 2020 pay rates. The budget assumes that pay will be “paused” for 2021/22 reflecting the latest government policy on public sector pay, consequently no additional funding has been set aside to meet the cost of any pay awards in 2021/22.</p>	297
<p>Staff Increments</p> <p>Staff on green book terms and conditions move incrementally up the pay scale within their job grade.</p>	199
<p>Actuarial Valuations</p> <p>As a result of the most recent Local Government Pension Scheme (LGPS) valuation the employer contribution rate will increase by 1% each April until the outcome of the next scheme valuation is known, which is expected to be in 2023. Therefore, the LGPS employer contribution rate will increase to 14.5% for 2021/22.</p>	139
<p>Apprenticeship Scheme Levy</p> <p>The apprenticeship levy is calculated as a percentage of pay so the budget has been increased in line with the revised pay budget.</p>	16
<p>Pensions – Ill Health and Injury Liabilities</p> <p>The budget provides for 2 new ill health retirements in 2021/22, as well as an increase to cover the cost of an inflationary uplift to annual injury pensions already in payment. As the Authority’s contributions towards ill health retirements are paid into the Pension Fund over 3 years this budget could increase or decrease depending on the profile of ill health retirements over the previous 3 years. Additionally, a budget is allocated to fund a reimbursement to the Firefighters Pension Fund where an exceptional discretion has been applied.</p>	-18
<p>Other Net Pay Growth</p> <p>Other changes to pay budgets including new ways of working and vacancy rate adjustments based on the most up to date trends.</p>	35
Total Pay and Pension Related Cost Pressures	668

BUILDING THE 2021/22 REVENUE BUDGET

2021/22 Pressures Summary

Non-Pay Pressures	£'000
<p>Corporate Projects A number of corporate projects will be transitioning to business as usual in 2021/22 resulting in a requirement for ongoing base budget funding. Ongoing costs include software licences and system support and maintenance in relation to the Customer and Premises Risk Management Project, the Learning Management System and Mobile Data Terminals.</p>	404
<p>Investment Returns The Bank of England base rate has reduced from 0.75% to 0.10% since the start of the Covid-19 pandemic and as a result a significant reduction in investment returns is expected in 2021/22.</p>	191
<p>Insurance Premiums Insurance premiums are expected to increase, particularly in relation to property (where revised valuations have been provided to the insurers) and liability. There is also the full year impact of some additional cover taken out in 2020/21.</p>	128
<p>Prices An inflationary increase has been awarded to those budgets that have contracts which commit the Authority to pay an uplifted amount for 2021/22. For areas of discretionary spend there is a corresponding saving (see page 6).</p>	126
<p>Other Pressures Whole-time recruits are no longer trained as apprentices so there is a loss of income from the drawdown from the apprenticeship levy, partly offset by reduced costs. Other cost pressures have been identified for 2021/22 by Budget Managers in areas such as; operational equipment and maintenance, legal costs, staff training, computer software licences and support.</p>	263
Total Non-Pay Pressures	1,112
<u>Total Pressures</u>	<u>1,780</u>

BUILDING THE 2021/22 REVENUE BUDGET

2021/22 Savings Summary

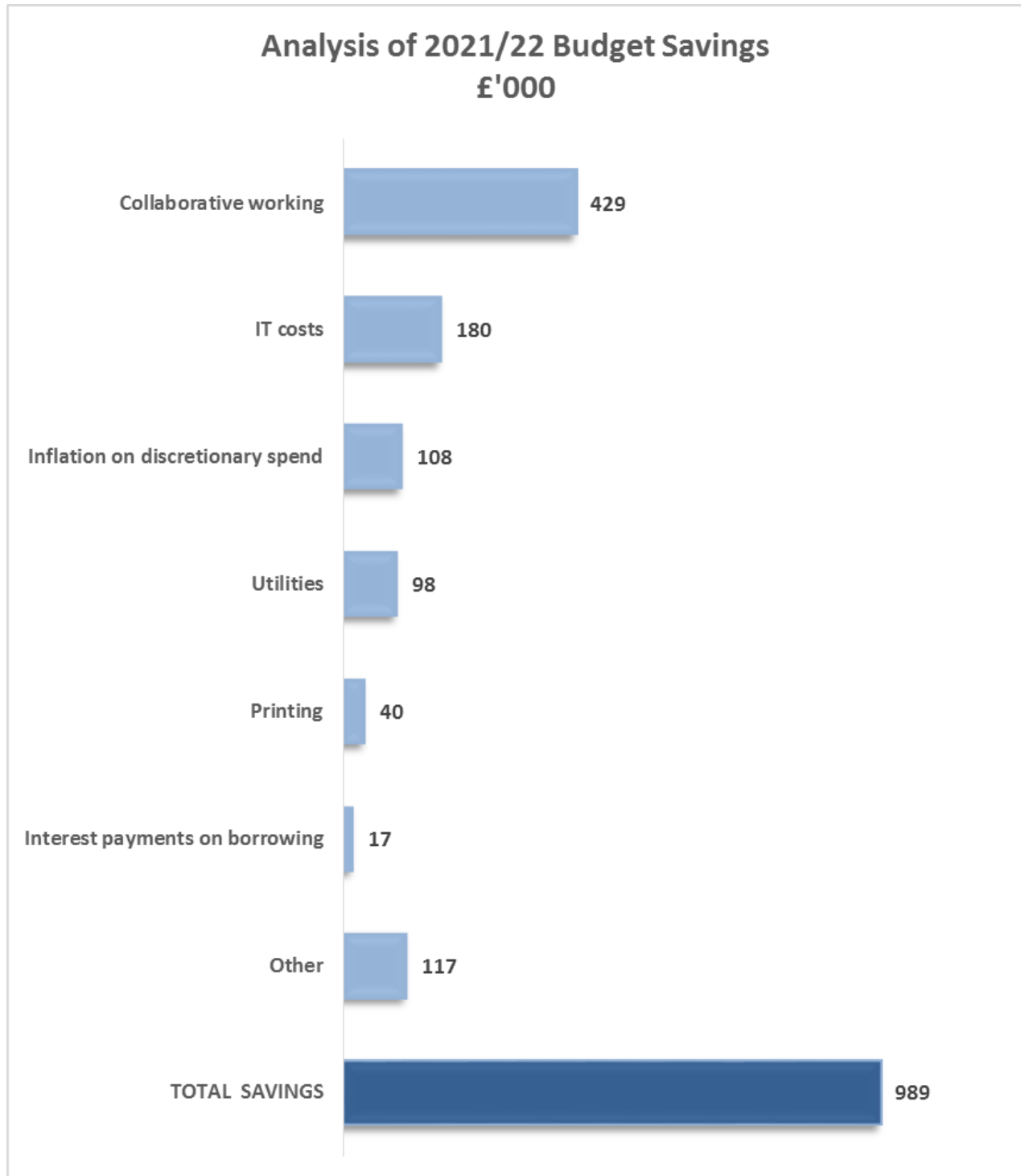
The Authority uses an incremental approach to develop the budget, so the 2021/22 base revenue budget has been adjusted to reflect the savings identified below:-

Non-pay Savings	£'000
Collaborative Working Underspends have historically been reported against this budget heading, so a saving has been taken reducing the budget for 2021/22.	-429
IT Savings Savings have been made within the IT budget due to a reduction in planned consultancy use and a lower share of the cost of the Kent Public Services Network (KPSN) as the cost is now shared between more public bodies.	-180
Inflation on Discretionary Spend Inflationary price increases on areas of discretionary spend, such as stationary, have been removed.	-108
Utilities Due to newly procured energy contracts, lower energy usage and the removal of Westwood Cross and Faversham houses from the property portfolio, savings have been identified against electricity, gas and council tax budgets for 2021/22.	-98
Printing New ways of working following the response to Covid-19 has meant that a saving can be taken against the printing budget.	-40
Interest Rates on Borrowing As historic loans are repaid the amount of revenue budget required to fund interest payments on borrowing, is reduced allowing a budget saving to be taken for 2021/22.	-17
Annual Review of Budgets Following the annual review of budgets with Budget Managers additional savings have been identified from their day to day revenue budgets.	-117
Total Non-pay Savings	-989
<u>Total Savings</u>	<u>-989</u>

BUILDING THE 2021/22 REVENUE BUDGET

2021/22 Savings Summary

The Chart below summarises the 2021/22 revenue base budget savings:-

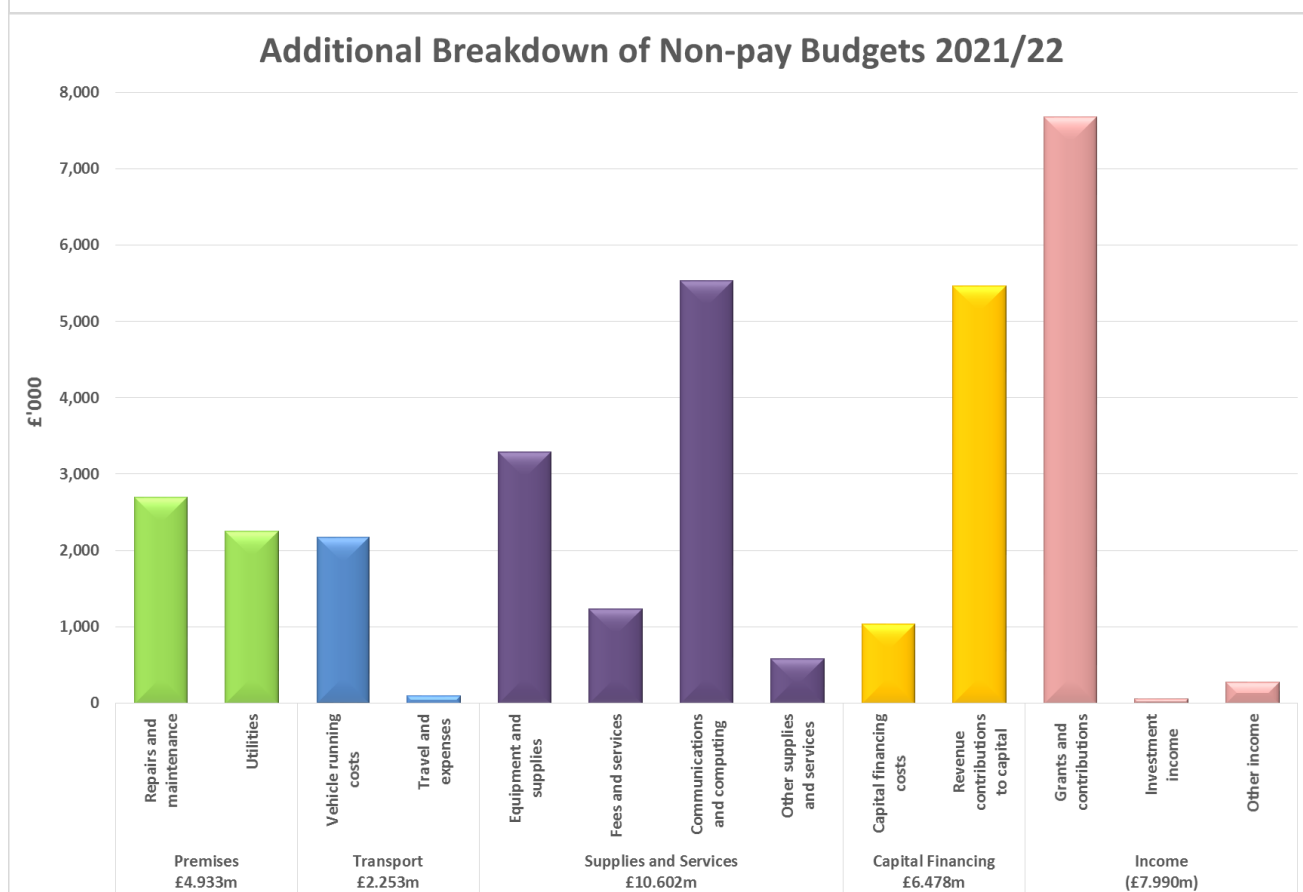


BUILDING THE 2021/22 REVENUE BUDGET

2021/22 Functional and Subjective Budget Presentation Subjective Analysis

The Table and Charts below summarise the total 2021/22 net revenue budget of £71.573m by Subjective and Functional heading:-

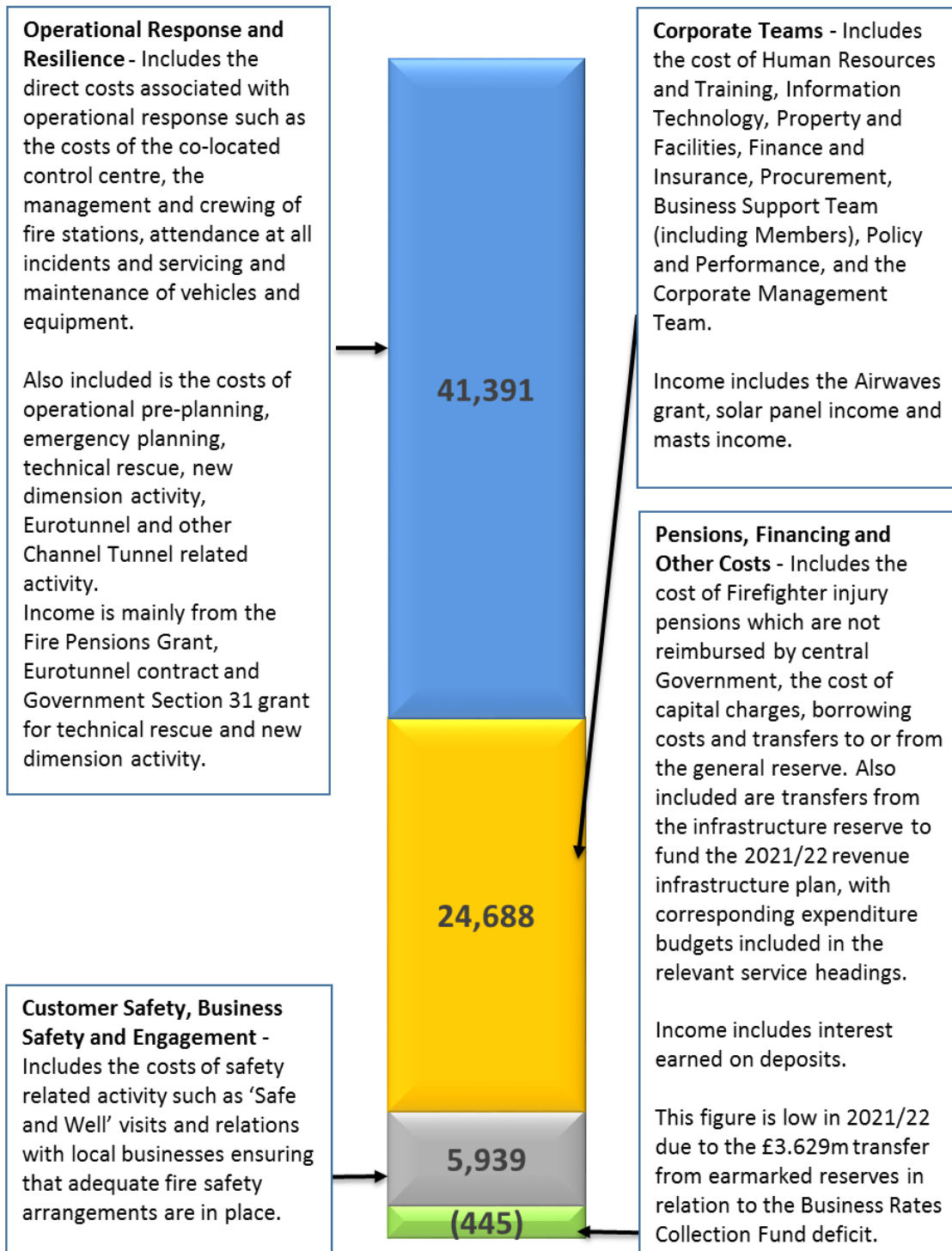
(All figures are £'000)	Operational Response and Resilience	Customer Safety, Business Safety and Engagement	Corporate Teams	Pensions, Financing and Other Costs	Total Net Budget
Employee Pay Costs	44,361	5,561	12,290	0	62,212
Other Employee Costs	29	116	1,384	0	1,529
Direct Pension Costs	0	0	0	1,871	1,871
Premises Costs	46	3	4,884	0	4,933
Transport Costs	1,866	12	375	0	2,253
Supplies and Services	2,172	520	7,797	113	10,602
Capital Financing	0	0	0	6,478	6,478
Reserve Transfers	-190	-266	-997	-8,862	-10,315
Income	-6,893	-7	-1,045	-45	-7,990
Net Budget 2021/22	41,391	5,939	24,688	-445	71,573



BUILDING THE 2021/22 REVENUE BUDGET

Functional Analysis

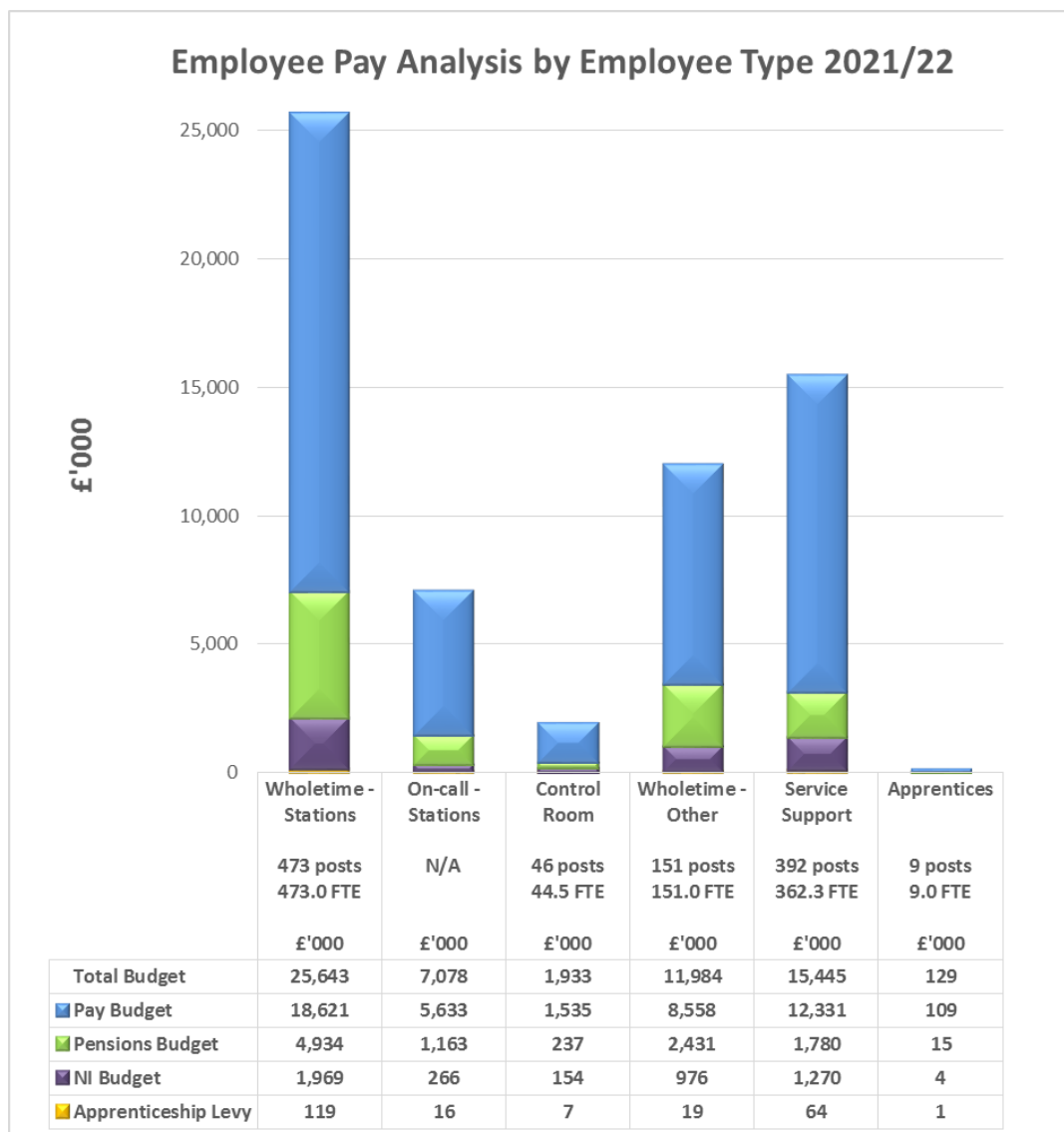
The Chart below summarises the 2021/22 budget of £71.573m by Function (in £'000's) and provides details of the activity areas under each functional heading;



BUILDING THE 21/22 REVENUE BUDGET

2021/22 Employee Pay Budget Analysis

The Chart below shows the 2021/22 budget and full time equivalent (FTE) for each staff group split by pay, national insurance and employer pension contributions:-

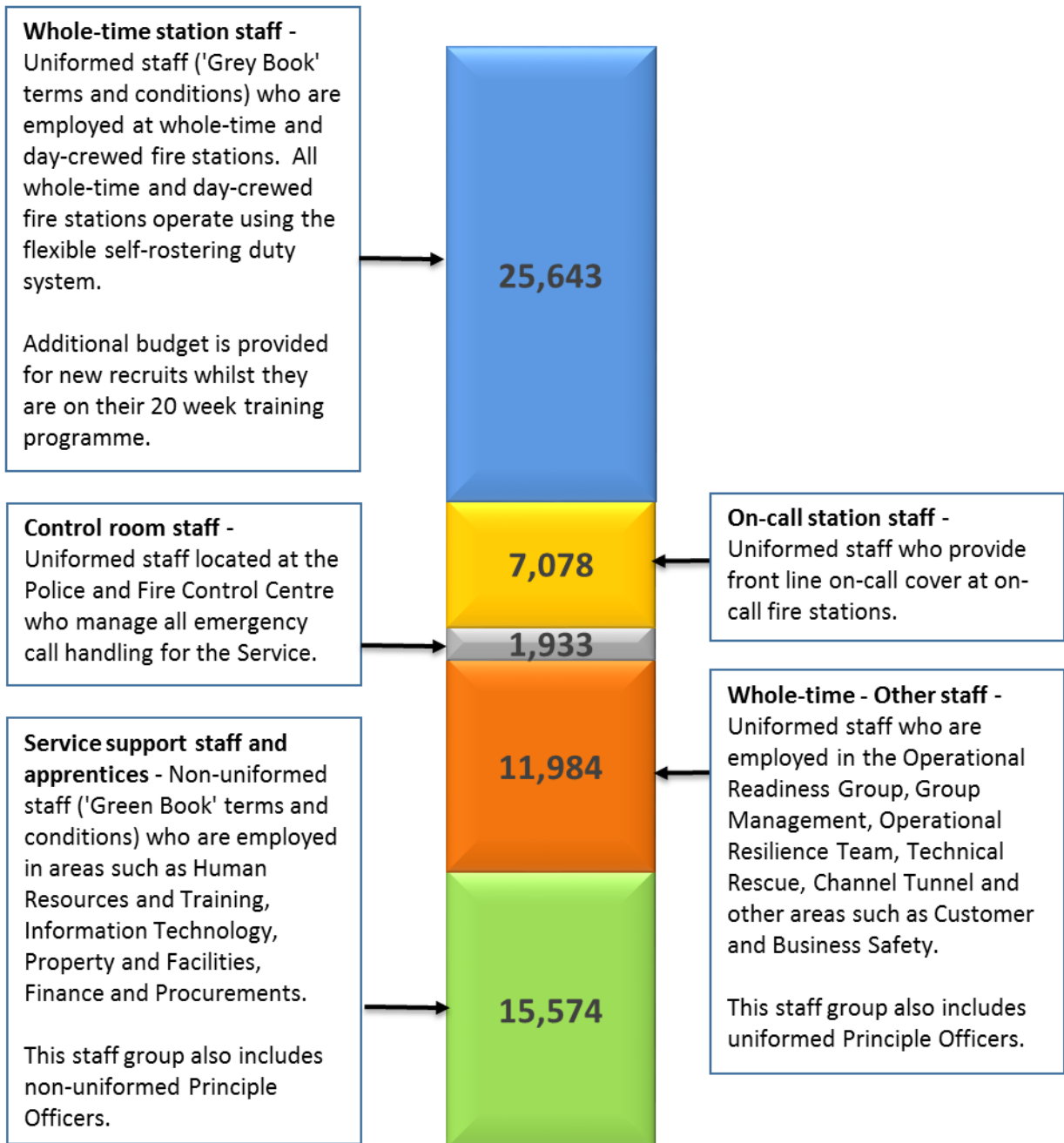


Pay Group	Operational Response and Resilience		Customer Safety, Business Safety and Engagement		Corporate Teams		Total Pay	
	FTE	Budget £'000	FTE	Budget £'000	FTE	Budget £'000	FTE	Budget £'000
WT - Stations	473.0	25,643	0.0	0	0.0	0	473.0	25,643
On-call Stations	N/A	7,078	0.0	0	0.0	0	N/A	7,078
Control Room	44.5	1,933	0.0	0	0.0	0	44.5	1,933
WT – Other	88.0	8,019	18.0	892	45.0	3,073	151.0	11,984
Service Support	50.3	1,688	124.1	4,669	187.9	9,088	362.3	15,445
Apprentices	0.0	0	0.0	0	9.0	129	9.0	129
Total Pay Budget	655.8	44,361	142.1	5,561	241.9	12,290	1,039.8	62,212

BUILDING THE 2021/22 REVENUE BUDGET

2021/22 Employee Pay Budget Analysis

The budget assumes that pay will be 'paused' for all pay groups in 2021/22. Approximately 86% of the net revenue budget relates to staffing costs (£62.212m). The budget allocated to each staff group and details of which personnel sit within each staff group is described below (in £'000's):-



BUILDING THE 2021/22 REVENUE BUDGET

2021/22 Pension Scheme Contributions Budget Analysis

Within the overall pay budget of £62.212m, employer pension contributions total £10.560m. Employer pension contributions are different to Direct Pension Costs (page 8) 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
<p>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.</p> <p>*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).</p>	7,369
<p>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.</p>	993
<p>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.</p>	85
<p>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.</p>	54
<p>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.</p>	1,871
<p>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.</p>	2,059

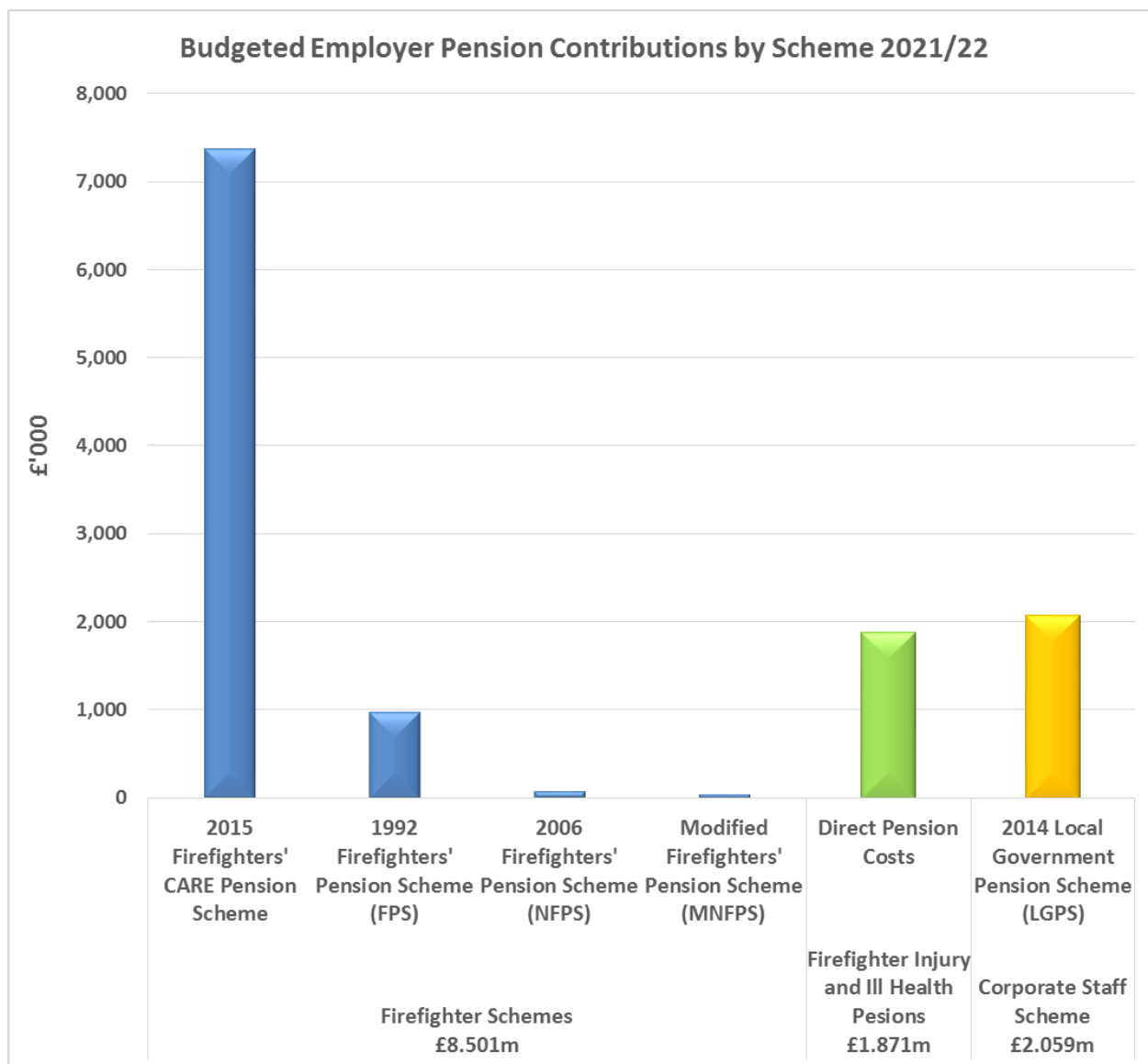
***Age discrimination case update** – The Government's consultation on the proposed remedy closed on 11 October 2020. The Government is currently considering consultation responses and expects to publish their response in the early part of 2021. The proposed remedy period within the consultation runs from 1st April 2015 to 31st March 2022. Current assumptions are that any adjustments in employer contributions will be captured as part of the next scheme valuation and reflected in the future employer contribution rates going forward.

BUILDING THE 2021/22 REVENUE BUDGET

2021/22 Pension Scheme Contributions Budget Analysis

Employer Pension Contributions

The Chart below shows the 2021/22 budgeted employer pension contributions for the five pension schemes that are currently in operation plus the budget for direct pension costs.



FUNDING THE 2021/22 REVENUE BUDGET

Sources of Funding the Net Revenue Budget for 2021/22

For 2021/22 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, Top-up Grant, Small Business Rates Section 31 Grant and the Covid-19 Support Package, each of which are described below:-

Council Tax Precept - Around 71% of the Authority's funding 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 2021/22 is £51.397m.

Covid-19 Support Package (Local Council Tax Support) - The Government's Covid-19 support package for 2021/22 included the LCTS grant which is intended to support local authorities for the increased cost of providing local council tax support to a higher number of working-age claimants due to the pandemic. If the council tax base had increased in line with the average increase between 2016/17 and 2020/21 (1.85%) as the Government's calculation for Core Spending Power (CSP) assumes, the Authority would have seen council tax receipts increase by £940k (excluding any increase in the Band D charge) in 2021/22. However, the actual change in the council tax base shows a reduction of 0.85% meaning council tax receipts will actually be £435k lower than in 2020/21 (excluding any increase in the Band D charge). The LCTS grant is confirmed at £956k, which equates to around 70% of the difference between the assumption used in CSP (+£940k) and the actual change to the council tax base (-£435k).

Revenue Support Grant - The Government continues to redistribute funding through the payment of Revenue Support Grant. The final finance settlement for 2021/22 allocated an amount of £6.457m 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 final finance settlement for 2021/22 provided an allocation of £8.514m for this Authority.

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 2021/22 is £6.596m.

FUNDING THE 2021/22 REVENUE BUDGET

Sources of Funding the Net Revenue Budget for 2021/22

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 2021/22 the Authority's share is a £238k deficit on Council Tax and a £3.401m deficit on Business Rates Collection Funds. The reported deficit is extraordinarily high in 2021/22, mainly due to the additional retail reliefs granted by the Government after the 2020/21 budget was set and a significant increase in working-age local council tax support claimants. The Authority will be fully compensated for the additional retail reliefs granted after the 2020/21 budget was set by way of a Section 31 grant paid by the Government (£3.175m). The balance of any irrecoverable collection fund losses (after the 75% grant has been received from the Government) must be spread over 3 years, so only one-third of the irrecoverable amount relating to 2020/21 will be reported in 2021/22 with the remaining two-thirds reported in 2022/23 and 2023/24 respectively.

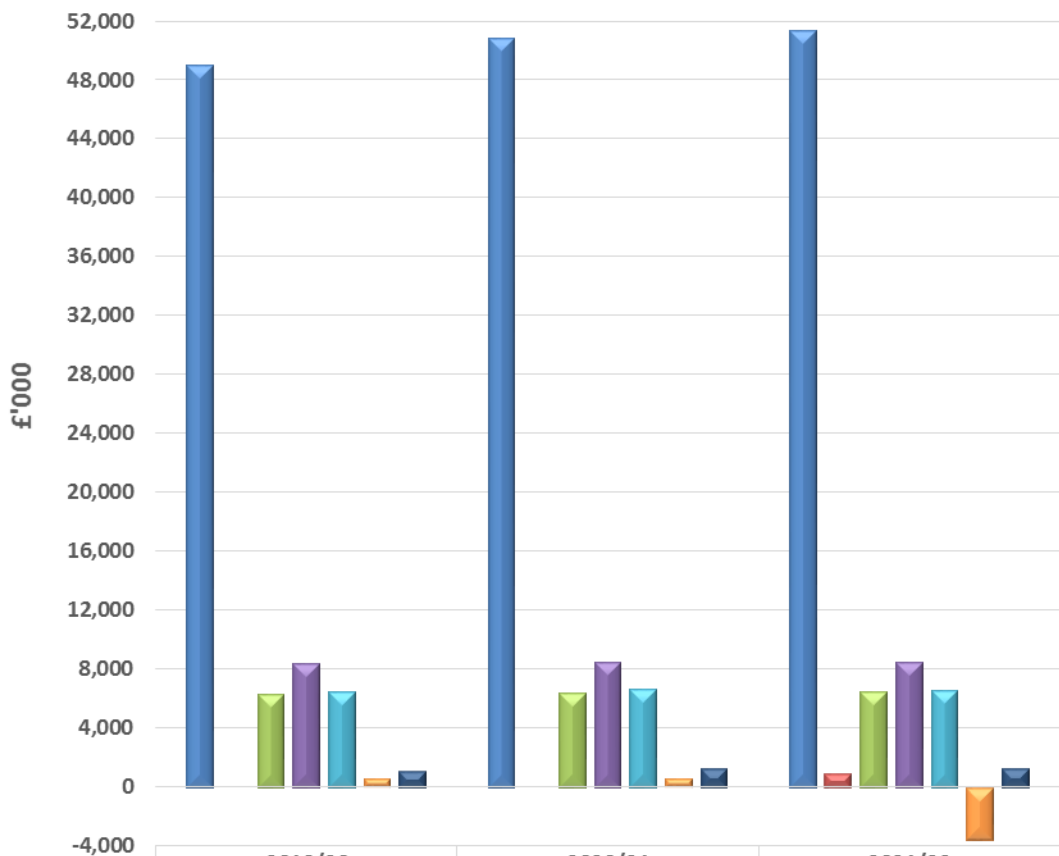
Section 31 Business Rates Relief Grant - This grant will compensate the Authority for lost income as a result of the Government placing a cap on business rate multiplier increases and for the change to uprating the multiplier by the Consumer Price Index instead of the Retail Price Index from 2018-19. The Authority will receive an amount of £1.292m in 2021/22.

FUNDING THE 2021/22 REVENUE BUDGET

Sources of Funding the Net Revenue Budget for 2021/22

The Chart below shows how the Authority's funding sources have changed between 2019/20 and 2021/22:-

Sources of Funding 2019/20 to 2021/22



	2019/20	2020/21	2021/22
Council Tax Precept	49,061	50,858	51,397
Local Council Tax Support Grant	0	0	956
Revenue Support Grant	6,319	6,422	6,457
Top-up Grant	8,378	8,514	8,514
Retained Business Rates	6,463	6,676	6,596
Collection Funds	530	548	-3,639
S31 Grant Business Rates	1,088	1,240	1,292
Total	£71,839k	£74,258k	£72,027k

FUNDING THE 2021/22 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. Due to Covid-19, the Council Tax base reduced from 641,423 in 2020/21 to 635,941 in 2021/22, a reduction of 0.85%.

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 applies to this Authority has remained at 2% for 2021/22. 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 1.93% for 2021/22. 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 £80.82.

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 (billing authorities), on behalf of all the different precepting authorities.

FUNDING THE 2021/22 REVENUE BUDGET

Council Tax and Business Rate Income – Additional Information

The Table below shows a breakdown of the funding sources for the 2021/22 budget and the amount of this Authority's Council Tax charge by Council Tax band:-

	£'000	£'000
Net Budget Requirement 2021/22		71,573
Funding:		
Council Tax	51,397	
Local Council Tax Support Grant	956	
Revenue Support Grant	6,457	
Top-up Grant	8,514	
Retained Business Rates	6,596	
Deficit on Council Tax Collection Funds	-238	
Deficit on Business Rate Collection Funds	-3,401	
Section 31 Business Rates Relief Grant	1,292	
Total Funds Available 2021/22		71,573
Council Tax Base 2021/22		635,941
Tax rate for Band D property 2021/22		£80.82
Increase in Band D charges 2021/22		1.93%



FUNDING THE 2021/22 REVENUE BUDGET

Grant Funded Expenditure

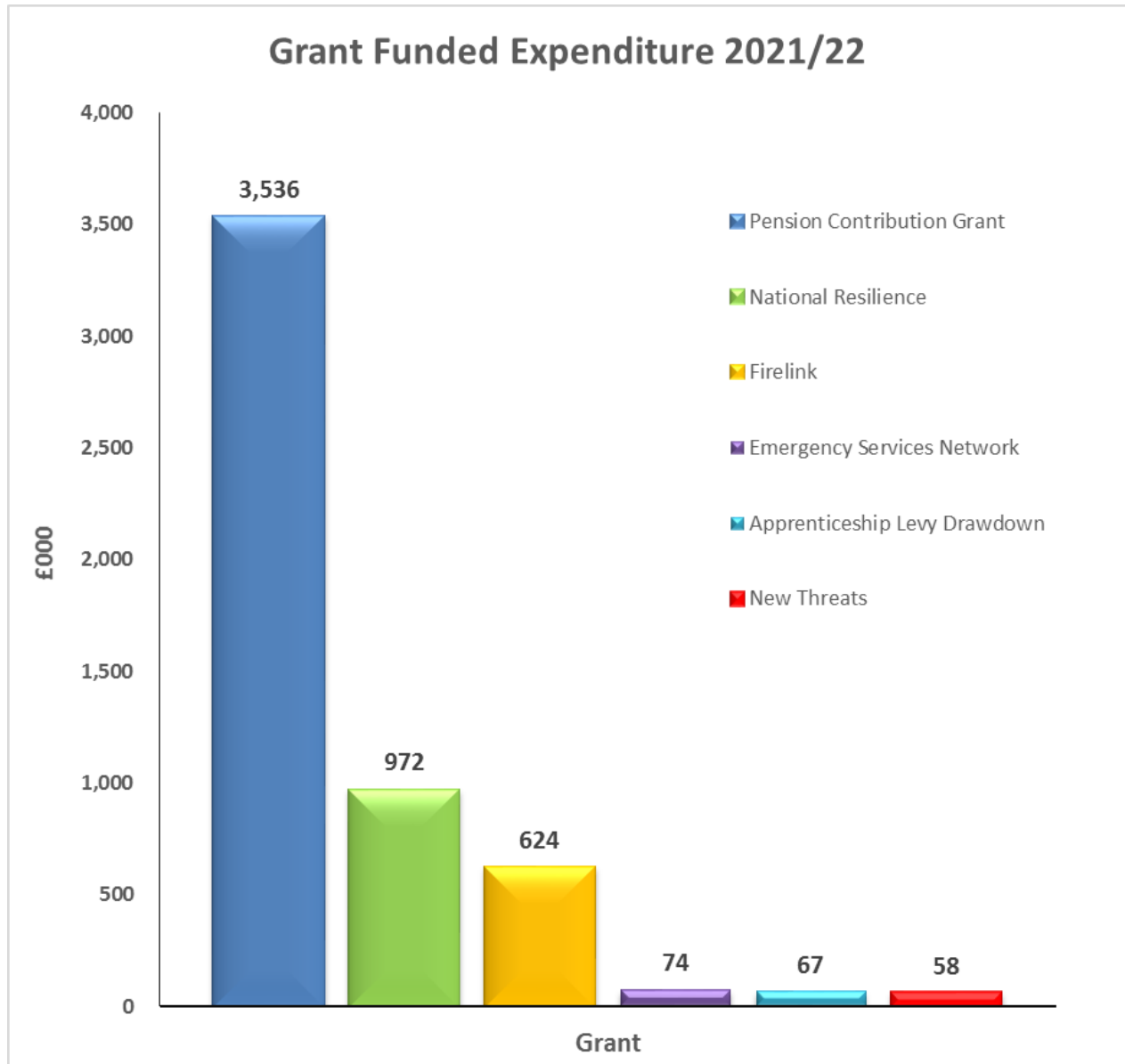
In addition to the non-specific Government grants that form part of the Authority's overall funding (pages 14 and 15), a proportion of the Authority's annual expenditure is offset by other Government grant income. These grants are usually provided for specific purposes and will therefore be matched to specific grant-related expenditure. Grant funds may be carried forward within Earmarked Reserves if they are not spent in the year in which they are allocated. Detailed below are the estimated grants for 2021/22:-

	£'000
<p>Pension Contributions Grant – The Government has confirmed that this grant will continue to be paid in 2021/22, at the same amount as 2020/21. From 2022/23 this grant will be incorporated into baseline funding allocated through the local government finance settlement, removing the uncertainty surrounding the future of the grant payment. The grant is provided by Government to cover approximately 85% of the increase in costs resulting from the significantly higher employer pension contribution rates following the most recent fire pension scheme valuation.</p>	3,536
<p>National Resilience (formerly New Dimension) Grants - This grant covers various resilience activities including the costs of the Technical Rescue team and associated training facility and Chemical, Biological, Radiological and Nuclear Explosive training. The amount of grant has not been confirmed for 2021/22 so the budget has been built on the assumption that the same amount will be received as in 2020/21.</p>	972
<p>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 and is expected to increase with inflation for 2021/22.</p>	624
<p>Emergency Services Mobile Communication Programme (ESMCP) - This is a National programme to provide the new 4G Emergency Services Network (ESN) to replace the Airwave service currently used by Police, Fire and Rescue and Ambulance services for critical communications. Access to ESN will be via ESN Prime, devices that include critical push to talk, messaging and video.</p> <p>The Government provides funding for this project, but it is not yet clear whether this will be sufficient to cover all costs. Most of the project expenditure is now expected to be incurred in 2022/23, but a grant receipt is expected for 2021/22 to cover pay costs.</p>	74
<p>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 10). Funds can be drawn down to recover training costs for apprentices. Due to timing differences, the amount paid in will be different to the amount drawn down in any given year.</p>	67
<p>New Threats - 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 2021/22 so the budget has been built on the assumption that the same amount will be received as in 2020/21.</p>	58

FUNDING THE 2021/22 REVENUE BUDGET

Grant Funded Expenditure

The Chart below shows details of grant income expected to be received in 2021/22:-



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.

Within the 2021/22 Reserve Strategy, it is proposed that the level of General Reserve is set at around 5% of the Authority's base revenue budget. The appropriateness of this level is 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 reflects funding for a significant programme of investment in these areas 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 in-year inflationary increases such cost increases due to Brexit.
- **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 2020/21 to 2024/25. Figures exclude any transfer to reserves that may be required at year end as a result of the forecast underspend on the 2020/21 revenue budget:-

General and Earmarked Reserves - Forecast Balances	31/03/21 Forecast Balance	31/03/22 Forecast Balance	31/03/23 Forecast Balance	31/03/24 Forecast Balance	31/03/25 Forecast Balance
(All figures are £'000)					
General Reserve	3,710	3,760	3,890	3,960	4,040
Earmarked Reserves:					
Government Grants	5,256	762	151	0	0
Infrastructure	25,651	20,490	11,371	9,763	4,981
Insurance and Resource	1,748	1,748	1,748	1,748	1,748
Rolling Budgets	329	43	0	0	0
Service Transformation & Productivity	804	380	274	235	200
Total Earmarked Reserves	33,788	23,423	13,544	11,746	6,929
Total General and Earmarked Reserves	37,498	27,183	17,434	15,706	10,969
Capital Receipts Reserve	7,863	5,805	5,805	5,805	6,004
Total Reserves	45,361	32,988	23,239	21,511	16,973
Net Change in Total Reserves	2,718	(12,373)	(9,749)	(1,728)	(4,538)

Breakdown of forecast Government Grant balance as at 31.03.2021:-

Grant:	£'000
New Threats	191
Grenfell Infrastructure Grant	96
Building Risk Review Grant	32
Protection Uplift Grant	330
Emergency Services Mobile Communications Programme	97
New Dimensions	117
Covid-19	764
Small Business Rates Section 31 grant – 2020/21	3,175
Local Tax Income Guarantee Scheme Grant	454
Total Government Grants	5,256

MEDIUM TERM FINANCIAL PLAN 2021/22 – 2024/25

Revenue Budget Assumptions (Funding, Pressures and Savings)

The revenue budget funding for 2021/22 to 2024/25 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 2021/22 and intends to conduct another Spending Review in 2021 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 2022/23 to 2024/25 are detailed below:-

Funding assumptions at this point in time:-

- A prudent estimate that Government funding will remain cash flat over the period 2022/23 to 2024/25.
- From 2022/23 the Fire Pensions Grant will be incorporated into baseline funding allocated through the local government finance settlement (already confirmed by Government).
- The Council Tax base will further reduce by 0.43% in 2022/23, with no change in 2023/24 and an increase of 0.50% in 2024/25, based on a cautious assumption that there will be a steady recovery to the Council Tax base as the impact of the pandemic reduces over time.
- Council Tax increases of just under 2% in each financial year from 2022/23 to 2024/25.
- Apart from the deficit related to 2020/21 (of which an element is to be spread over the 3 years 2021/22 to 2023/24) there will be no surplus or deficit on the Collection Funds in later years.
- The funding announced as part of the Government's Covid-19 Support Package is one-off funding for 2021/22 only.
- Once further clarity is available on the outcome of the next Spending Review and employer's future pension contribution levels, the scale of the savings that the Authority needs to make may change.

Anticipated Budget Pressures:

(All figures are £'000)	2022/23 Budget	2023/24 Budget	2024/25 Budget
2% pay award for all staff groups in each year	1,177	1,205	1,232
Corporate staff increments	190	170	150
Bank holiday pay adjustment	45	0	-91
Actuarial valuation - LGPS	142	436	0
Actuarial valuation - FPS	0	0	896
Ill health pensions (2 new ill health retirements each year)	112	-73	38
Annual inflation each year	191	257	278
Pressures identified from spending plan review	409	0	23
Other pressures	6	7	7
Total Pressures	2,272	2,002	2,533

MEDIUM TERM FINANCIAL PLAN 2021/22 – 2024/25

Anticipated Budget Savings:

(All figures are £'000)	2022/23 Budget	2023/24 Budget	2024/25 Budget
Savings identified from spending plan review	-191	-376	-31
Price increases not given to areas of discretionary spend	-84	-181	-199
Temporary posts removed from budget	-317	-73	0
Other savings	-2,007	-286	-661
Total Savings	-2,599	-916	-891

Summary Revenue Budget Estimates

The Table below summarises the base budget changes in each of the financial years between 2021/22 and 2024/25. 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)	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
Base Budget brought forward	74,258	74,849	78,058	79,144
Pay, Pensions, Prices and Pressures	1,780	2,272	2,002	2,533
Savings	-989	-2,599	-916	-891
*Fire Pensions Grant in Funding from 2022/23	0	3,536	0	0
General Reserve – Base Budget Removed	-200	0	0	0
Base Budget carried forward	74,849	78,058	79,144	80,786
Transfer to/from Earmarked Reserves - Local Tax Income Guarantee Scheme	-151	-151	-151	0
Transfer from Earmarked Reserves - 2020/21 Expanded Retail Reliefs	-3,175	0	0	0
Transfer to General Reserve	50	130	70	80
Net Revenue Budget	71,573	78,037	79,063	80,866
Net change £	-2,685	6,464	1,026	1,803
Net change %	-3.62%	9.03%	1.31%	2.28%
Budget funded by:-				
Council Tax	51,397	52,147	53,173	54,470
Local Council Tax Support Grant	956	0	0	0
*Revenue Support Grant	6,457	9,994	9,994	9,994
Top-Up Grant	8,514	8,514	8,514	8,514
Retained Business Rates	6,596	6,596	6,596	6,596
Council Tax Collection Fund	-238	-371	-371	0
Business Rates Collection Fund	-3,401	-135	-135	0
Section 31 Business Rates Grant	1,292	1,292	1,292	1,292
Total Funding	71,573	78,037	79,063	80,866

*Fire Pensions Grant has been rolled into Revenue Support Grant funding from 2022/23

MEDIUM TERM FINANCIAL PLAN 2021/22 – 2024/25

Analysis of Change in Council Tax Income:-

	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Council Tax Base	635,941	633,238	633,238	636,405
Council Tax Base Growth %	-0.85%	-0.43%	0.00%	0.50%
Council Tax Base Growth £'000	-435	-218	0	266
Council Tax Band D Precept £	80.82	82.35	83.97	85.59
Council Tax Band D Precept Increase %	1.93%	1.89%	1.97%	1.93%
Council Tax Band D Precept Increase £	1.53	1.53	1.62	1.62
Council Tax Precept Increase £'000	973	968	1,026	1,031
Additional Income from Council Tax £'000	538	750	1,026	1,297

MEDIUM TERM INFRASTRUCTURE PLAN 2021/22 - 2024/25

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 consists of in excess of 80 buildings which it aims to maintain in a good condition. Periodically, however, enhancements and improvements to the buildings 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 reviews are underway to determine property use across the estate. These reviews are in their early stages, but indicative funding requirements have been incorporated into the capital programme, to ensure that any redevelopments could be afforded. Redevelopment of the Ashford site, including the Live Fire facilities, is underway and it is expected that this major work will be completed in early 2023.

Vehicle replacements - There is a comprehensive long-term programme in place for the replacement of the operational fleet of fire engines, specialist vehicles, pool 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. In 2019/20 the Service undertook its first acquisition of dual fuel vehicles and will continue to consider, where appropriate to do so, more eco-friendly products as they become available.

Mobile Data Terminals - This is an operational response I.T project to install data terminals in all fire engines and response vehicles as well as Satnavs and tracking devices and is due to be completed during 2021/22.

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 – The Plan contains proposals to upgrade intruder alarms across the whole estate and to carry out remedial works at a number of fire stations.

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 various items of operational equipment and the vehicle CCTV/Telematics in the near future.

MEDIUM TERM INFRASTRUCTURE PLAN 2021/22 – 2024/25

Medium Term Infrastructure Plan

The Tables below details the capital and revenue infrastructure spend provisionally planned between 2021/22 and 2024/25:-

Capital Infrastructure Programme					
(All figures are £'000)	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	2021-25 Total
Future Station Development	3,595	3,082	3,133	4,000	13,810
Total Station Development	3,595	3,082	3,133	4,000	13,810
Roofing Works	50	100	100	100	350
Boilers	12	158	200	200	570
Drill Towers	0	90	0	0	90
Generator	12	38	20	20	90
Total Premises	74	386	320	320	1,100
Operational Response Project	514	100	290	0	904
Total Systems	514	100	290	0	904
Appliances (Pumps)	678	1,717	0	0	2,395
Rescue Appliances (Pumps)	1,750	1,750	0	2,000	5,500
Heavy Rescue Appliances (Pumps)	675	675	0	1,080	2,430
Light Fleet	2,777	0	40	0	2,817
Specialist Vehicles	343	2,228	259	45	2,875
Total Vehicles & Appliances	6,223	6,370	299	3,125	16,017
Total Capital Expenditure	10,406	9,938	4,042	7,445	31,831
<i>* A ten-year capital programme is detailed in the Capital Strategy</i>					
Revenue Infrastructure Programme					
(All figures are £'000)	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	2021-25 Total
Premises	710	520	152	68	1,450
IT	2,806	2,527	806	1,046	7,185
Vehicles and Equipment	58	0	400	15	473
Total Revenue Expenditure	3,574	3,047	1,358	1,129	9,108
Total Revenue and Capital	13,980	12,985	5,400	8,574	40,939

MEDIUM TERM INFRASTRUCTURE PLAN 2021/22 – 2024/25

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 2021 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 £7.863m.

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 2021/22 – 2024/25

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 2021/22 to 2024/25.

Capital Infrastructure Plan Funding

(All figures are £'000)	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	2021-25 Total
Funded By					
Revenue Contributions - from Base Budget	2,592	2,592	2,592	2,592	10,368
Revenue Contributions – from Reserve	2,861	7,346	1,450	4,853	16,510
Capital Receipts Applied	4,953	0	0	0	4,953
Total Funding	10,406	9,938	4,042	7,445	31,831

Revenue Infrastructure Plan Funding

(All figures are £'000)	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	2021-25 Total
Funded By					
Revenue Contributions - from Base Budget	1,200	1,200	1,200	1,200	4,800
Revenue Contributions – from Reserve	2,300	1,773	158	-71	4,160
ESMCP (ESN) Grant	74	74	0	0	148
Total Funding	3,574	3,047	1,358	1,129	9,108

Capital Receipts Reserve

(All figures are £'000)	Forecast 31.3.21	Forecast 31.3.22	Forecast 31.3.23	Forecast 31.3.24	Forecast 31.3.25
Balance at end of year	7,863	5,805	5,805	5,805	6,004

Infrastructure Reserve

(All figures are £'000)	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
Balance at start of year (1 April)	25,651	20,490	11,371	9,763
Infrastructure reserve – capital movements	-2,861	-7,346	-1,450	-4,853
Infrastructure reserve - revenue movements	-2,300	-1,773	-158	71
Balance at end of year (31 March)	20,490	11,371	9,763	4,981

What do you get for your money?

(2020/21 figures)



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



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

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 (2020/21 figure)

Always there for our customers



Our 999 operators answered **38,255** emergency 999 calls – that's an increase of **5%** compared to three years ago



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



20,513 incidents attended last year – that's an increase of **2%** compared to three years ago

Incidents and activity



Thanks in part to the efforts of our home safety team, we attended just **525** house fires

...but **46%** of fires in the home still start in the kitchen



We went to **4,496** medical emergencies where our firefighters were closer than the nearest ambulance (which was mobilised at the same time)



Crews with specialist first aid and rescue equipment went to **964** road crashes...



...and a vast range of other activity including grass fires, floods, industrial fires and severe weather

Helping you stay safe



We carried out **20,304** visits to homes which are focused on higher-risk people last year



87,692 pupils given fire and road safety lessons



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



Our Covid-19 safety messaging reached approximately **14.1m** people



80,000 people saw our first ever on-line safety open day on Facebook



We supported the delivery of over **20,000** meals to the shielded elderly on behalf of Age UK