



**Kent** Fire &  
Rescue Service

**Appendix 1  
to Item No: B2**

**Budget Book  
and  
Medium Term Financial Plan  
2013/14 to 2015/16**

<b>CONTENTS</b>	<b>Page</b>
<b>The Budget Strategy 2013/14</b>	<b>3</b>
<b>Building the Revenue Budget 2013/14</b>	
- Cost drivers and savings	4 & 5
- Functional and Employee analysis	6 & 7
<b>Funding the Revenue Budget 2013/14</b>	
- Government Funding	8 & 9
- Council Tax	10 & 11
- Council Tax Freeze Grants	12 & 13
- Revenue Grant Funded Expenditure	14 & 15
<b>Reserves</b>	<b>16 &amp; 17</b>
<b>Infrastructure Plan 2013/14</b>	
- Expenditure	18 & 19
- Funding	20 & 21
<b>Medium Term Financial Plan 2013-16</b>	
- Revenue Assumptions	22
- 3 Year Revenue Plan	23
- Infrastructure Plan	24 & 25

## **THE BUDGET STRATEGY 2013/14**

The Government's primary focus continues to be the economy and the reduction of the significant national debt. It is now evident that the deficit is not reducing at the anticipated rate, there is insufficient growth in the economy and consumer spending remains stagnant. The Government is now realigning the approach that it needs to adopt in order to accelerate the deficit reduction programme.

The Comprehensive Spending Review (CSR) in 2010 had already announced that fire and rescue authorities (FRAs) should expect to see average cuts of 25% to their formula grant funding over the period 2011/12 to 2014/15, with the majority of these cuts being back-loaded to the last two years. This Authority has faced formula grant funding cuts of 3% in the first two years, and now in 2013/14 is facing a formula grant cut of 9.2% (or 8.8% if the Council Tax freeze grant relating to 2011/12 is included).

However, the Chancellor, in his Autumn Statement on 5 December 2012, announced that spending cuts across the public sector should be expected until at least the end of the 2017/18 financial year. Furthermore, for the 2014/15 financial year there would be an additional funding cut of 2% across the public sector, above that previously forecast in CSR 2010, helping contribute to reducing the national deficit.

Given the wider context surrounding public finances it is clear that the Authority will face challenging times for the foreseeable future. Despite the difficulties this presents, the Authority remains committed to a budget strategy which follows the key principles of being:

- Service-led through the Integrated Risk Management Plan (IRMP)
- Business-focused, recognising the financial environment
- Sustainable over the medium term to avoid drastic change to levels of service provision.

## **BUILDING THE REVENUE BUDGET 2013/14**

**Cost drivers and savings** - The Authority uses an incremental approach to the development of the revenue budget. The existing 2012/13 base revenue budget has been adjusted to reflect the impact of pay and price increases, additional growth needed for new developments, proposed savings and financial efficiencies.

**Pay** - The budgets for staff costs are adjusted each year to reflect estimates for inflationary pay increases, the movement of staff through grades (increments), changes to employer national insurance and pension contributions and assumptions about the impact of staff turnover. The main area for salary growth results from the application of estimates for nationally set pay awards. The budget for 2013/14 has increased by £530k and includes provision for a 1% pay increase across all pay groups and the cost of increments. In his Autumn Statement on 5 December 2012, the Chancellor announced that public sector pay awards would continue to be restricted and that these should average no more than 1% in 2013/14.

**Prices** - A figure of 3% has been allowed for unavoidable and contractual price increases unless there are known inflationary pressures to be applied. For areas of discretionary spend an increase is calculated, but instead of increasing the budgets the sum is taken as a saving and any pressures are managed through existing budgets or efficiencies.

**Pensions** - The number of new ill health retirements has been significantly lower than estimated over the last two years which has resulted in a saving by the Authority, but this has in part been offset by an increase in injury pension payments of 2.5% in 2013/14, resulting in a net saving of £106k.

**Growth** - No new growth has been added in 2013/14. However, £800k has been added to the base budget in order to allow for future uncertainties in the levels of funding available from Council Tax and Business Rates.

**Savings** - The majority of the savings have been made by reducing the base budget funding for infrastructure projects. Other savings come from a variety of headings which avoid impacting on front-line services such as savings in professional fees, posts no longer required and reduced borrowing costs.

## BUILDING THE REVENUE BUDGET 2013/14

	<b>Total £'000</b>
<b>Base Budget 2012/13</b>	<b>73,418</b>
Pay Growth	530
Prices Growth	711
Pensions	-106
Pressures	800
Savings	-5,285
Council Tax Freeze grant – re 12/13	1,306
Council Tax Freeze grant – re 13/14	-438
<b>Net Budget 2013/14</b>	<b>70,936</b>

## BUILDING THE REVENUE BUDGET 2013/14

### Functional and Employee Analysis

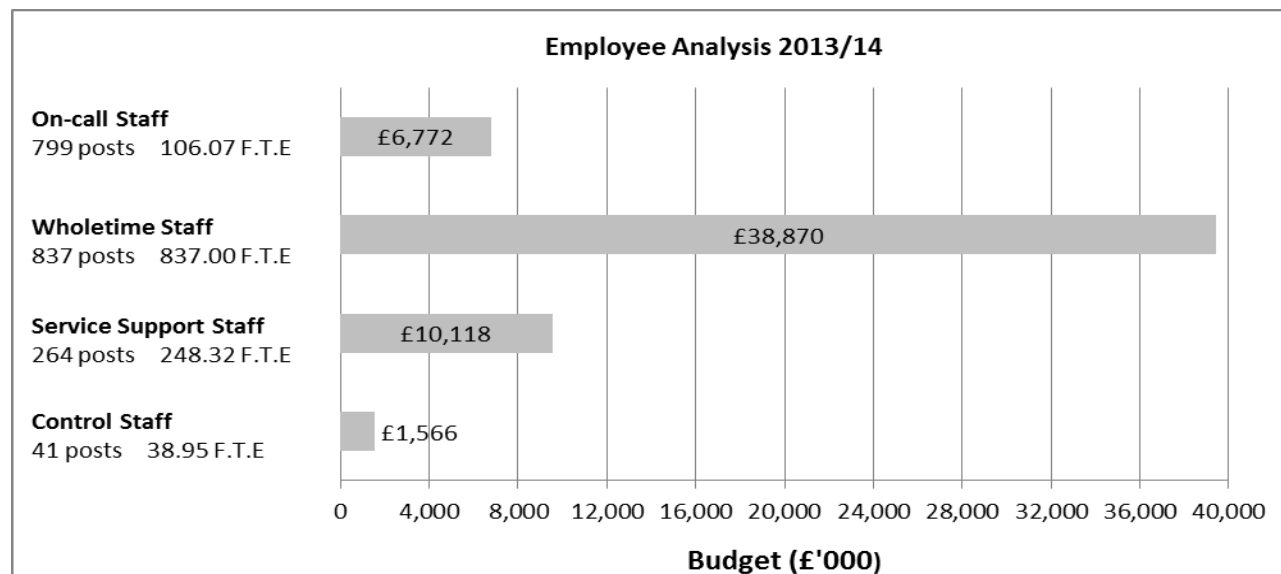
**Service Delivery** - This Directorate includes the costs of crewing and running the fire stations, attending incidents, community safety and technical fire safety.

**Operational Policy and Resilience** - This Directorate includes the cost of the training centre, co-located control centre, emergency planning, the Urban Search and Rescue Team and national resilience.

**HR, Media and Executive Support** - This Directorate includes the costs of human resources, media and communications, Members and committee services and the corporate management team.

**Finance and Corporate Services** - This Directorate includes the costs of property services, procurement, engineering, finance, insurance and information services.

**Pensions, Financing and Other Costs** - On a day to day basis these costs are reflected in the Finance and Corporate Services area. However, they have been presented separately in the table opposite to aid clarity to the budgets. Included here are the costs of the firefighters pension scheme which are not paid for by the Government, capital charges, borrowing costs, investment income and transfers to/from the earmarked reserves.



## THE REVENUE BUDGET 2013/14

	<b>Service Delivery</b>	<b>Operational Policy and Resilience</b>	<b>HR, Media and Executive Support</b>	<b>Finance and Corporate Services</b>	<b>Pensions, Financing and Other Costs</b>	<b>Total Net Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Employee Costs	39,858	10,417	3,618	3,433	0	<b>57,326</b>
Pension Costs	0	0	0	0	1,524	<b>1,524</b>
Premises Costs	27	88	8	4,179	0	<b>4,302</b>
Transport Costs	162	193	6	2,363	0	<b>2,724</b>
Supplies and Services	968	2,549	757	3,952	310	<b>8,536</b>
Capital Financing	0	580	0	0	7,682	<b>8,262</b>
Transfers to/from Reserves	-338	-1,039	-10	148	-5,142	<b>-6,381</b>
Income	-5	-4,074	-9	-617	-652	<b>-5,357</b>
<b>Net Budget 2013/14</b>	<b>40,672</b>	<b>8,714</b>	<b>4,370</b>	<b>13,458</b>	<b>3,722</b>	<b>70,936</b>

## **FUNDING THE REVENUE BUDGET 2013/14**

**Government Funding** - The introduction of the Localism Act 2011 initiated many changes to local government, not least the proposal to give greater autonomy and financial freedoms at a more local level. As such the Local Government Resource Review detailed proposals to make local authorities less dependent on central government funding by allowing them to retain a proportion of business rates. The start of these funding changes begins in April 2013, coinciding with the cessation of the Council Tax Benefit system, replaced by local schemes, as well as a cut of 10% in government expenditure to support such schemes. In addition, there is a one-off transitional grant payable to District Councils who ensure that claimants currently on 100% support will pay no more than 8.5% of their Council Tax liability. The Authority's share of this grant for those Districts who are expected to take up the grant is £121k. This will be payable to authorities in 2012/13. All in all, a significant period of change in local authority funding will apply from April 2013. As a result, the Authority will in future be funded by a combination of Council Tax, Business Rates and various Government Grants, which for 2013/14 totals £70,936k. The funding elements are explained below:

**Council Tax** - The Council Tax precept remains the primary source of income for the Authority but changes to the benefit system will reduce the Council Tax base which, in turn, has reduced the amount that it is expected will be collected from Council Tax by 12%. Low-income households previously in receipt of benefits will receive financial support in a different way, and some will now be required to contribute directly towards their Council Tax. However, there is the potential for this to also impact on collection rates.

**Collection Fund Surplus**- Each year there can be either a surplus or a deficit on the Collection Fund. For 2013/14 there is a surplus of £124k, but further details in terms of how this is calculated are shown on page 10.

**Revenue Support Grant** – As in previous years, the Government will continue to redistribute some funding on a formula basis.

**Business Rates** - From April 2013 billing authorities will no longer pay all business rates they collect to the Government. Instead only 50% of the amount collected will be paid to the Government, with the remaining 50% being distributed locally. FRAs will receive 2% of this local share.

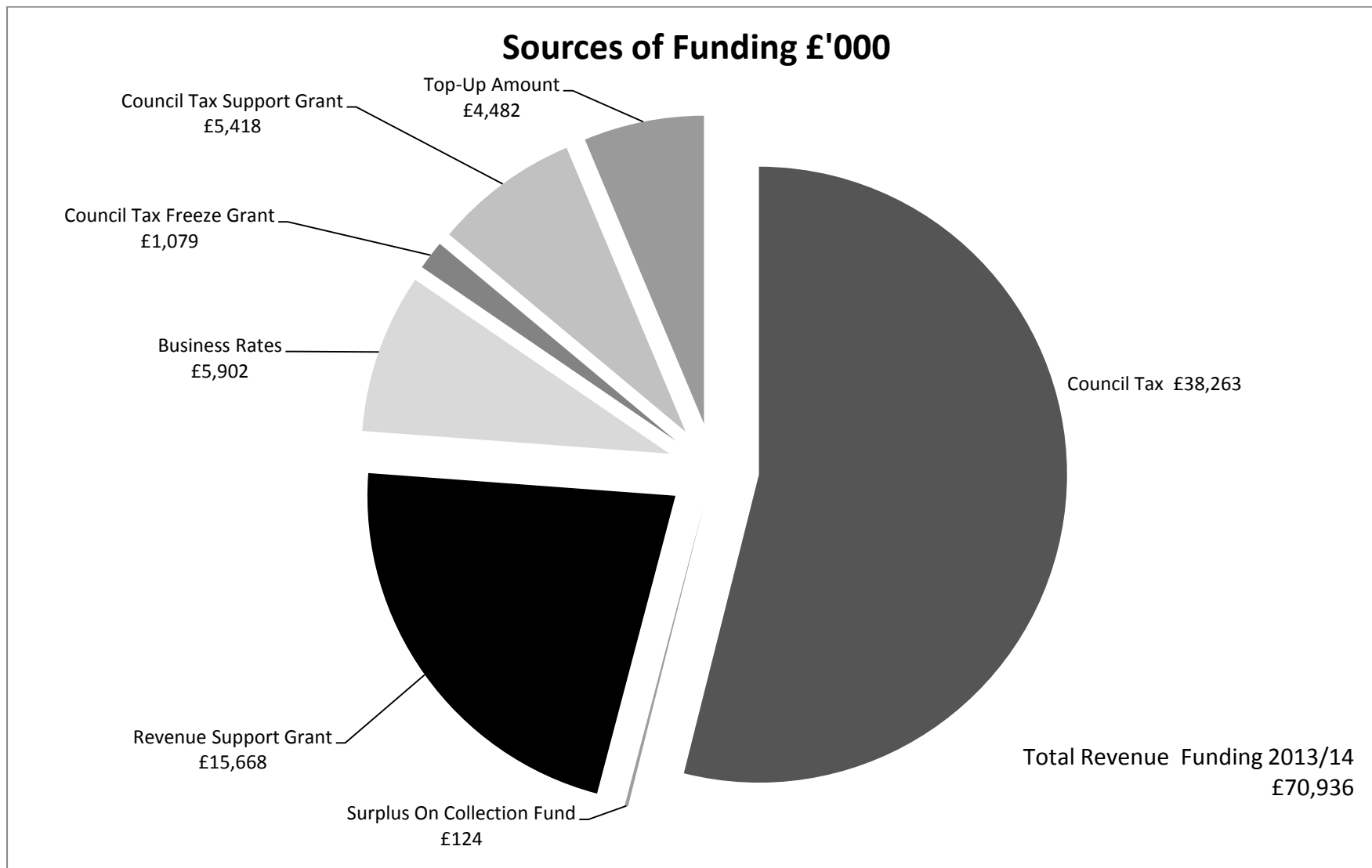
**Council Tax Freeze Grant** - This is the third year of a four year grant paid to those authorities who froze their Council Tax in 2011/12.

**Council Tax Support Grant** - This is paid to both billing and precepting authorities in recognition of the impact of the reduction to the Council Tax base caused by the changes to the benefit system. For this Authority the grant for 2013/14 is expected to be £5,418k.

**Top-Up Amount** - As the Authority's share of business rates collected locally will be less than the amount previously paid as formula grant, an additional top-up grant of £4,482k will be paid by the Government to this Authority.



**FUNDING THE REVENUE BUDGET 2013/14**



## **Council Tax**

**Council Tax for 2013/14** – this is calculated by dividing the amount needed to fund the Authority's net budget by the tax base.

**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. From April 2013 Council Tax Benefits are to be localised and will become Council Tax Support, offered in future as a Council Tax discount. This change will reduce the tax base for the billing authorities by the amount of discount or Council Tax Support awarded. The tax base has fallen from 640,092 in 2012/13 to 563,108 in 2013/14, a fall of 12%.

**Collection Fund Surplus (or Deficits)** - Each year Council Tax is calculated based on assumed levels of collection rates by the collecting 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 budget requirement. The Authority has been advised that its share of the net surplus on collection funds from the Kent and Medway authorities is £124k.

**Collection Rates** - The changes to the benefits system mean that some households with low income will, for the first time, be required to contribute directly towards the cost of their Council Tax, which may affect collection rates. In future the business rate retention scheme will also require an end of year adjustment for actual collection rates. It is likely therefore that the level of surplus/deficits on collection funds may become more volatile than has previously been the case.

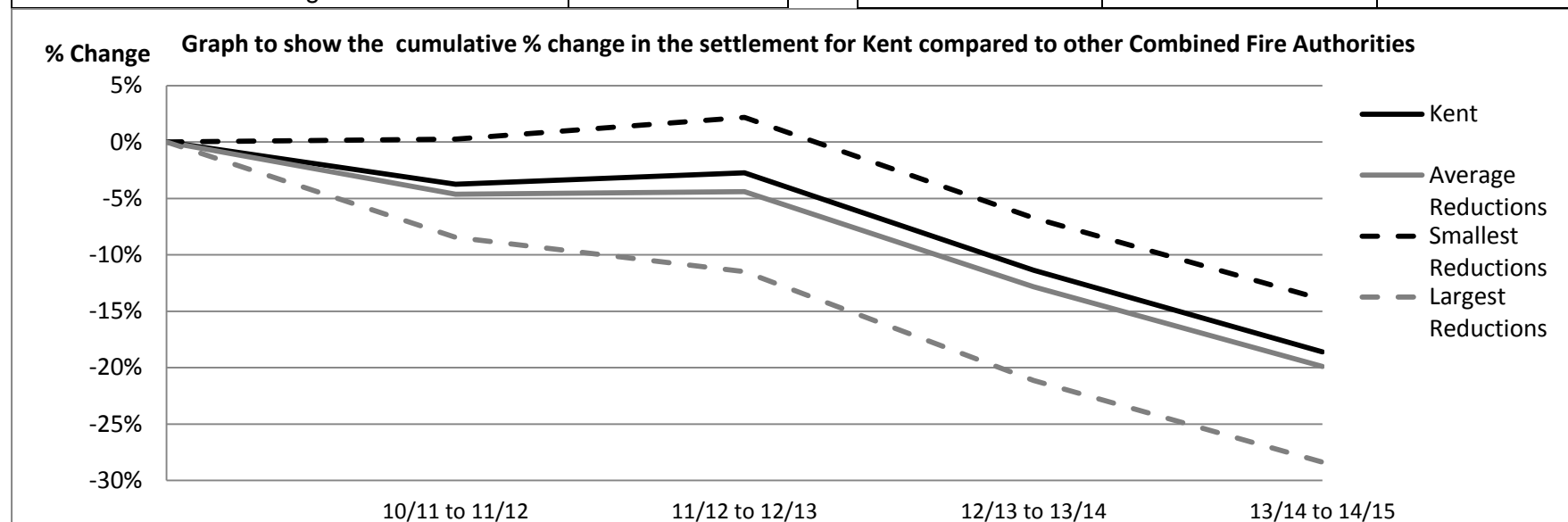
**Council Tax Bands** - The Council Tax to be levied by this Authority for 2013/14 is proposed to remain at the same level as that for 2012/13. This equates to £67.95 for a Band D property.

**Household Council Tax** - To arrive at the annual Council Tax charge that is made to each household, this 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, plus Kent Police Authority and any Parish or Town Council. The total is then collected by the District Councils and Medway Council, on behalf of all the different precepting authorities.

### This Authority's Council Tax for 2013/14

	£'000
<b>Net Budget Requirement 2013/14</b>	<b>70,936</b>
Financed from:	
Revenue Support Grant	15,668
Baseline Funding	10,384
Council Tax Freeze Grant	1,079
Surplus on collection fund	124
Council Tax Support Grant	5,418
<b>Precept Required from Council Tax</b>	<b>38,263</b>
<b>Total Funds available</b>	<b>70,936</b>
Tax rate for Band D property 2013/14	£67.95
Increase in Band D charges	0.00%

Council tax Band	Annual Council tax	Proportion of Band D
<b>A</b>	£45.30	6/9
<b>B</b>	£52.85	7/9
<b>C</b>	£60.40	8/9
<b>D</b>	£67.95	1
<b>E</b>	£83.05	11/9
<b>F</b>	£98.15	13/9
<b>G</b>	£113.25	15/9
<b>H</b>	£135.90	18/9



## **Council Tax Freeze Grants**

**Council Tax Freeze Grant for 2011/12** - As part of CSR 2010 and the provisional grant settlement for the 2011/12 financial year, the Government confirmed that it would support those local authorities who chose to freeze their council tax for 2011/12 at the same level as the previous year. In doing so, authorities would be entitled to receive a grant equivalent to a 2.5% increase in its basic amount multiplied by their tax base for 2011/12. In addition, this grant would be payable at the same cash level in each of the subsequent three years. The Authority decided to freeze its Council Tax for 2011/12 and therefore accepted the 2.5% grant, which equated to £1,079k.

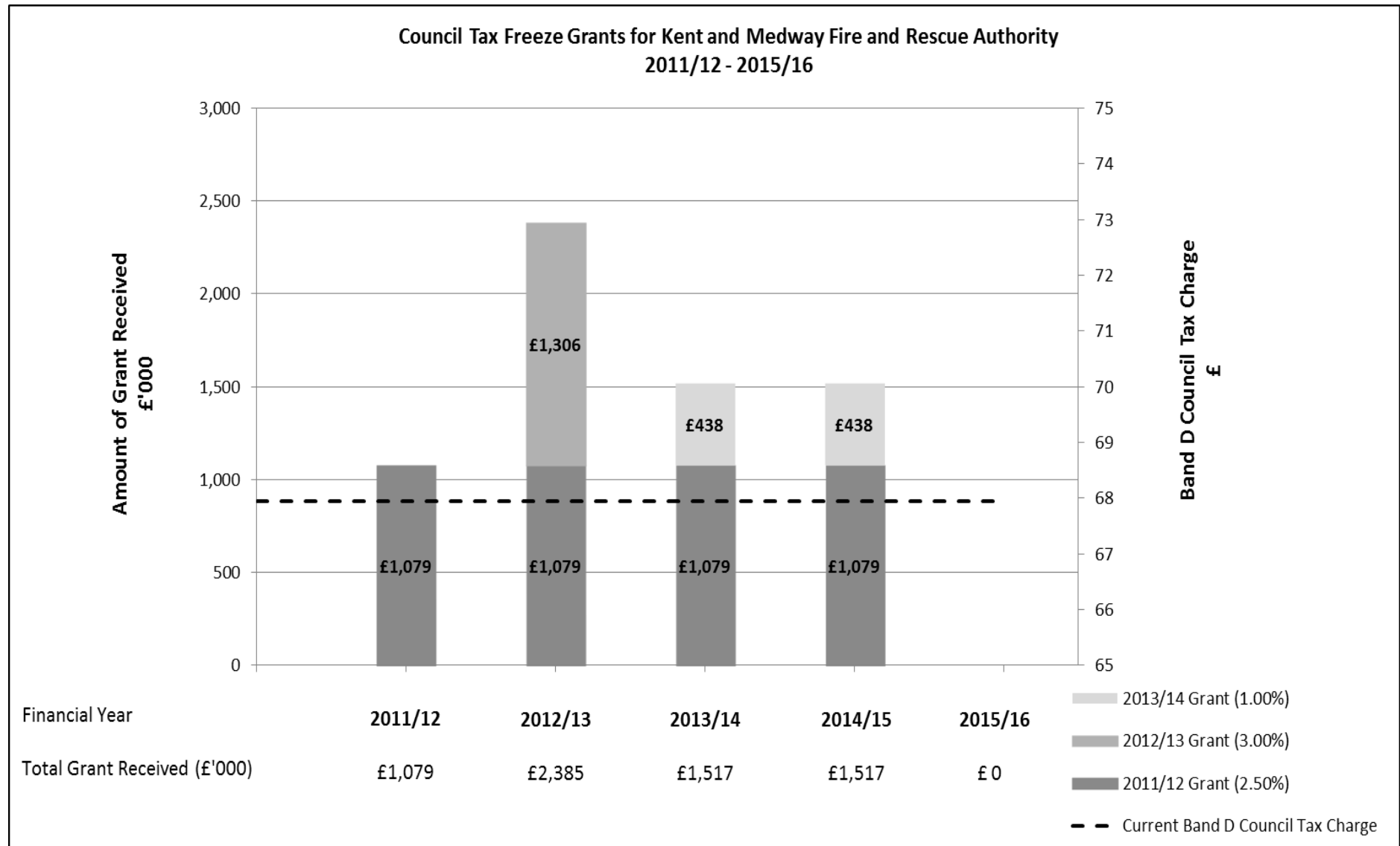
**Council Tax Freeze Grant for 2012/13** – The following year the Government announced a similar proposal. Effectively those local authorities who chose to freeze their council tax for a second consecutive year would be entitled to claim this grant. However, on this occasion the grant equated to a 3% increase in each authority's basic amount multiplied by its tax base for 2012/13, but would only be for one year. The Authority agreed to freeze its Council Tax for a further year, so received a one-off grant of £1,306k.

**Council Tax Freeze Grant for 2013/14** - In December 2012 the Government has, for the third consecutive year, offered a freeze grant to those authorities who will freeze their Council Tax once again. This time the grant is 1%, but the same cash amount will be given in both the 2013/14 and 2014/15 financial years. It is proposed that the Authority should accept this grant, which it is estimated will equate to £438k.

**Council Tax Freeze Grant for 2014/15** – To date the Government has made no announcements with regard to any potential new Council Tax freeze grant that might be available should authorities freeze Council Tax levels again in 2014/15.

**Financial year 2015/16** – Based on the freeze grants allocated to date, all freeze grants will have ceased in 2015/16.

## Council Tax Freeze Grants



## Revenue Grant Funded Expenditure

Each year a proportion of the Authority's expenditure is funded from Government or other grants. These grants are usually provided to progress specific initiatives, and so the Authority's spending plans are adjusted to reflect the additional expenditure that will be funded 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. The grants that will be used to fund expenditure in 2013/14 are as follows:

**National Resilience (formerly New Dimension) Grants** – Indicative Section 31 grant announced in the Local Government Finance Settlement for 2013/14 totals £1,113k for the National Resilience capabilities. This grant is to fund various resilience activities including the costs of running the Urban Search and Rescue (USAR) team and the associated training facility, Chemical, Biological, Radiological and Nuclear Explosive (CBRN(E)) training and Enhanced Logistics Support.

**Future Fire Control Room** – In 2011/12 the Authority successfully bid for grant funding covering the co-location of fire control at the Kent Police control room, and the implementation of a shared mobilising system. The grant totalled £1,800k (£900k capital and £900k revenue) and will be utilised across several financial years. As such, any unspent amounts at the end of the financial year will be carried forward in earmarked reserves.

**FireLink** – The indicative grant allocation announced in respect of the FireLink managed service radio scheme amounts to £403k. This is being paid to cover the difference between the annual charge for the FireLink managed service and the legacy costs of the now decommissioned radio scheme.

**Fire Prevention** – Balance of grant held in reserves to fund fire prevention initiatives, such as sprinkler systems.

**Marine Incident Response Group (MIRG) EU** - The MIRG EU project forms part of the INTERREG programme, a European Union funding programme that supports cross-border co-operation projects. The Authority is a main partner on this project, leading on the arrangement of a large scale exercise to take place in Summer 2014, along with the development of associated Standard Operating Procedures (SOPS) and training programmes. The project budget for the Authority totals €354k (c. £280k) over a three year period, of which 50% is paid as a grant on a matched funding basis, and reclaimed on specified dates. It is estimated that £51k of European grant income will be received in 2013/14.

**Performance Reward Grant (PRG)** – Balance of grant carried forward in reserves which is used to fund a range of community safety and prevention focused projects.

## Revenue Grant Funded Expenditure

### PROPOSED SPEND IN 2013/14

	Grant reserve balance 01/04/2013 £'000	Grant expected 2013/14 £'000	Total Funds available £'000	Employees £'000	Other expenditure £'000	Total expenditure £'000	Grant reserve balance 31/03/2014 £'000
<b>Revenue Grants - Section 31</b>							
National Resilience	362	1,113	<b>1,475</b>	949	164	<b>1,113</b>	<b>362</b>
Future Fire Control room	505	0	<b>505</b>	77	428	<b>505</b>	<b>0</b>
FireLink	0	403	<b>403</b>	0	403	<b>403</b>	<b>0</b>
Fire Prevention	86	0	<b>86</b>	0	10	<b>10</b>	<b>76</b>
<b>Total Government Grants</b>	<b>953</b>	<b>1,516</b>	<b>2,469</b>	<b>1,026</b>	<b>1,005</b>	<b>2,031</b>	<b>438</b>
<b>Revenue Grants - Other</b>							
Marine Incident Response Group	0	51	<b>51</b>	0	51	<b>51</b>	<b>0</b>
Performance Reward Grant	416	0	<b>416</b>	23	231	<b>254</b>	<b>162</b>

## RESERVES

**General Reserves** - These reserves provide a working balance to help cushion the impact of uneven cash flows, help avoid unnecessary temporary borrowing, and provide a contingency to cushion the impact of unexpected events or exceptional circumstances. Currently the level of general reserves is set at 6% of the Authority's net revenue budget. The appropriateness of the level of this reserve is assessed on an annual basis, through a detailed risk assessment.

**Earmarked Reserves** – These are sums that are set aside for a specific purpose to meet future known or predicted expenditure or liabilities. Their use and purpose is clearly defined, with regular reviews to ensure their continuing relevance and adequacy. Detailed below is a brief explanation of each earmarked reserve:

**Business Continuity** - This supports the funding of any additional costs that might arise due to an unavoidable interruption to business continuity or service provision.

**Fire Control** – Meets additional costs arising from the implementation of the FireControl and FireLink projects.

**Fire Museum** – A sum bequeathed to the Authority, which can only be spent on costs relating to the housing of an old fire appliance.

**Government Grants** – This reserve is used to carry forward unspent government grants at the end of the financial year.

**Improvement and Efficiency** – This reserve will facilitate the pump priming of any new improvement and efficiency initiatives, including potential future redundancy costs.

**Local Government Resource Review** – This will fund any potential unforeseen loss in relation to the Authority's share of the collection fund on Council Tax and business rates.

**Insurance** – This reserve will assist in smoothing out the cost of insurance claim volatility between financial years.

**Infrastructure** – This funds expenditure on infrastructure assets such as premises, IT and communications equipment, vehicles and operational equipment.

**Performance Reward Grant** – Resources that will be matched and utilised against defined areas of expenditure, usually in relation to Community Safety activity.

**Rolling Budgets** – This reserve is used to roll forward resources that are committed in one financial year but received in the next.



## Reserves

<b>General and Earmarked Reserves</b>	<b>01/04/13 Balance £'000</b>	<b>2013/14 Net Transfers £'000</b>	<b>31/3/14 Balance £'000</b>
<b>General Reserves</b>	<b>4,404</b>	<b>-160</b>	<b>4,244</b>
<b>Earmarked Reserves</b>			
Business Continuity	500	0	500
Fire Control	575	-504	71
Fire Museum	46	0	46
Government Grants	953	-515	438
Improvement and Efficiency	938	0	938
Local Government Resource Review	0	500	500
Insurance	0	160	160
Infrastructure	18,117	-5,482	12,635
Performance Reward Grant	416	-254	162
Rolling Budgets	170	-126	44
<b>Total Earmarked Reserves</b>	<b>21,715</b>	<b>-6,221</b>	<b>15,494</b>

## INFRASTRUCTURE PLAN 2013/14

### Expenditure

The Infrastructure Plan considers the management and funding of the Authority's assets and comprises new builds, property improvements/maintenance, information and communication systems, vehicles and operational equipment. The Plan contains projects that are funded from both revenue and capital resources.

**Premises** - The largest part of premises expenditure is on the Station Development Programme. This programme of work covers the building of the new fire station at Ash-cum-Ridley, and the Westwood Cross refurbishment to form a new Live Fire training facility, both of which are planned to be completed during 2013/14. There is also provision for the new fire station and road safety centre at Rochester, and new fire stations at Watling Street and Ramsgate, all of which are expected to commence construction during 2013/14. Resources have also been set aside to fund several other projects, such as the development of the new fire station at Herne Bay, premises works at Headquarters, day to day maintenance of buildings, the replacement of fuel tanks and an appropriate fuel monitoring system, and the installation of solar panels at several sites. The programme of general estate maintenance and works such as replacing boilers, upgrading the security system, resurfacing drill yards and refurbishing drill towers is also included in the plan.

**Information and Communication Systems** - The 2013/14 plan includes provision to replace mobile data terminals, station end equipment, migration to the new control system and other control-related projects. In addition £819k has been allocated for administrative systems such as replacing the payroll and HR system, updating the workforce planning system, upgrading the finance system and enhancements to the premises risk management system.

**Vehicles and Equipment** - The sum of £1,020k has been included to cover the cost of operational appliances, all of which are expected to be purchased during 2013/14. New pool and response cars will be delivered in 2013/14, concluding the order placed with Vauxhall during 2012. Funding has been set aside for the purchase of defibrillators, hydraulic rescue equipment, cameras and conspicuity clothing.

## INFRASTRUCTURE PLAN - 2013/14

	Capital Estimate £'000	Revenue Estimate £'000	Total Estimate £'000
<b>Premises</b>			
Station Development Programme	7,070	0	7,070
Resilience	0	179	179
Environmental	641	477	1,118
Diversity and Equality	0	50	50
Innovation and Learning	104	71	175
General Estate Maintenance	980	1,176	2,156
<b>Information and Communication Systems</b>			
Mobilising and Control Systems	1,435	437	1,872
Administrative Systems	473	346	819
<b>Vehicles and Equipment</b>			
Appliances	1,020	100	1,120
Cars and Vans	576	0	576
Operational Equipment	15	633	648
Research and Development	170	0	170
<b>Total Infrastructure Expenditure</b>	<b>12,484</b>	<b>3,469</b>	<b>15,953</b>

## Funding the Infrastructure Plan

The Infrastructure Plan is funded from various sources each of which is explained below:

**Prudential Borrowing** – The Authority can use prudential borrowing to fund capital expenditure, for which there is no borrowing limit, other than it must be able to demonstrate that it is affordable and sustainable. Provision for the repayment of the loan is matched to the life of the asset that is being funded and as such it is unlikely that this form of borrowing would be used to fund assets with a short life. In the main, all other forms of capital funding are used before any prudential borrowing is undertaken. The 2013/14 financial year will be the first year in which the Authority plans to undertake any prudential borrowing.

**Revenue Contributions** – The Authority is able to set aside some of its revenue resources to fund the infrastructure projects.

**Capital Grant** – For the 2013/14 and 2014/15 financial years the Authority had the opportunity to bid for capital funding for projects that would be completed during these two years. In total the Government had set aside a funding resource of £140m, spanning the two years, against which FRAs could bid. On 19 December 2012 the Authority was advised that it had been successful in one of its six bids, relating to the purchase of response cars (£373k split equally across the two years). Overall the Government decided to allocate only £38m through the bidding mechanism, with only 15 FRAs being successful in the bidding process. However, the remaining £102m was subsequently allocated on a population basis, which resulted in the Authority receiving additional funding of £1.4m in each of the two years.

**Fire Control Grant** – In 2011/12 the Authority was awarded a grant of £1.8m to assist with the co-location of the control room to Police and the implementation of a new mobilising system. In 2013/14, £1,335k of the grant will be utilised on capital and revenue elements of the control project.

**Capital Receipts** – The disposal of a number of the Authority's assets including redundant fire stations, land and unoccupied housing will be used to fund the station development programme. All disposals are governed by a number of regulations and as such any receipts can only be utilised against capital expenditure. It is anticipated that the planned sales in 2013/14 will generate capital receipts in the region of £1.3m.

**Performance Reward Grant** – This capital grant does not have to be utilised within a prescribed timeframe, however it has been earmarked for use against specified community safety projects.

### Funding the Infrastructure Plan

	<b>Capital Estimate £'000</b>	<b>Revenue Estimate £'000</b>	<b>Total £'000</b>
Prudential Borrowing	1,833	0	1,833
Revenue Contributions	6,377	3,469	9,846
Capital Grant – General	1,432	0	1,432
Capital Grant – Specific	187	0	187
Capital Grant – Fire Control	755	0	755
Revenue Contributions - Fire Control Grant / Reserve	580	0	580
Capital Receipts	1,300	0	1,300
Performance Reward Grant	20	0	20
<b>Total Funding</b>	<b>12,484</b>	<b>3,469</b>	<b>15,953</b>

## MEDIUM TERM FINANCIAL PLAN 2013/14 - 2015/16

### Revenue Assumptions

The table on page 23 shows a summary of the proposed changes to the base budget, used in developing the estimated budgets for each of the subsequent financial years, 2013 - 2016. The key points to note are as follows:

- (a) An assumption that Council tax increases will be 0% for the 3 year period 2013-16;
- (b) An estimate of a 1% pay award for all staff groups has been used for 2013/14, with an assumption of 2% for future years;
- (c) Increments are applied to service support staff, up to the point where they reach the top of the scale;
- (d) Price increases are based on an annual inflation rate of 3% in each year;
- (e) An increase in employer contributions to both of the firefighter pension schemes is anticipated in 2015/16 (£800k);
- (f) Funding of £800k has been included in 2013/14 to reflect the Authority's potential exposure to liabilities arising from the changes in relation to Business rates and Council Tax collection rates;
- (g) The receipt of a new Council Tax support grant of £5,418k over the medium term;
- (h) The level of savings accelerates from 2013/14 reflecting the anticipated reductions in formula grant/business rates;
- (i) An assumption that the Council Tax base will increase by 0.25% each year;
- (j) It is prudent to assume at this point in time that there will be no surplus or deficit on the collection fund for future years.

## 3 Year Revenue Plan

<b>Revenue Budget 2013 - 2016</b>			
	<b>2013/14 Actual £'000</b>	<b>2014/15 Estimate £'000</b>	<b>2015/16 Estimate £'000</b>
<b>Base budget brought forward</b>	73,418	70,936	68,905
<b>Pay, Prices and Pressures</b>	1,935	2,124	3,486
<b>Savings</b>	-5,285	-4,155	-6,491
<b>Loss of CT Freeze grant re 12/13</b>	<b>1,306</b>	<b>0</b>	<b>0</b>
<b>New CT Freeze grant for 13/14</b>	<b>-438</b>	<b>0</b>	<b>438</b>
<b>Net budget</b>	<b>70,936</b>	<b>68,905</b>	<b>66,338</b>
<b>Net change</b>	-2,482	-2,031	-2,567
<b>Net change %</b>	-3.4%	-2.9%	-3.7%
<b>Budget funded by:</b>			
<b>Formula grant</b>	27,131	25,129	22,466
<b>Council tax grant</b>	5,418	5,418	5,418
<b>Council tax</b>	38,263	38,358	38,454
<b>Council tax surplus</b>	124	<b>0</b>	<b>0</b>
<b>Total funding</b>	<b>70,936</b>	<b>68,905</b>	<b>66,338</b>
<b>Council tax base</b>	563,108	564,516	565,927
<b>Band D council tax</b>	£67.95	£67.95	£67.95

## **Infrastructure Plan 2013/14 to 2015/16**

The medium term capital plan has been developed in line with the proposals detailed in the IRMP, and supports and maintains the capital infrastructure across the organisation. The detailed areas of spend within the capital plan for 2013/14 are shown earlier in this budget book. However, detailed below are the proposed projects that are planned to take place in subsequent years.

**Station Development Programme** - There are several new build projects that are due to complete during 2013/14, namely the new station at Ash-cum-Ridley and the Westwood Cross refurbishment. As discussed previously the Authority is planning to build five new fire stations over the course of the next few years, and the capital plan details the funding that has been allocated to resource this programme of work. Building work started in January 2013 at Ash-cum-Ridley and is due to start later in the year at Westwood Cross, with the remaining new builds at Rochester, Ramsgate and Watling Street being progressed during 2013/14. A site is currently in the process of being purchased at Rochester, which will house a new fire station and road safety centre. Expectations are that this new development will be built by the end of 2014.

**Premises** – There is an annual programme of maintenance work on the Authority's premises to ensure that the buildings continue to remain in a good state of repair. There are also plans to upgrade the security system and install solar panels at several sites.

**Information and Communication Systems** – The contract for the purchase and maintenance of mobile data terminals will span a number of years, hence the apportionment of the funding resource across the financial years. Work will continue in developing and enhancing information systems across a variety of areas which will help ensure that processes become more streamlined and cost effective.

**Vehicles and Equipment** – Funding has been set aside to resource the rolling replacement programme of the Authority's fleet of light and heavy vehicles. The outcome of the capability review will be reflected in the type of appliances and vehicles that are purchased in future years.



**Infrastructure Plan 2013/14 to 2015/16**

<b>Medium Term Infrastructure Plan</b>	<b>2013/14 Estimate £'000</b>	<b>2014/15 Estimate £'000</b>	<b>2015/16 Estimate £'000</b>	<b>2013-2016 Total £'000</b>
Station Development Programme	7,070	11,936	5,474	24,480
Premises	3,678	3,231	2,571	9,480
Information and Communication Systems	2,691	910	625	4,226
Vehicles and Equipment	2,514	3,919	4,394	10,827
<b>Total Expenditure</b>	<b>15,953</b>	<b>19,996</b>	<b>13,064</b>	<b>49,013</b>
<b>Funded By :-</b>				
Prudential Borrowing	1,833	6,909	6,779	15,521
Revenue Contributions	9,846	10,368	5,285	25,499
Revenue Contributions - Fire Control Grant	580	0	0	580
Capital Grant – Fire Control	755	0	0	755
Capital Grant – Specific	187	186	0	373
Capital Grant – General	1,432	1,433	500	3,365
Performance Reward Grant	20	400	0	420
Capital Receipts	1,300	700	500	2,500
<b>Total Funding</b>	<b>15,953</b>	<b>19,996</b>	<b>13,064</b>	<b>49,013</b>

**Note:**
**Debt outstanding at 31 March 2014 is £7,323k / Debt outstanding at 31 March 2016 is £19,706k**