

Kent and Medway Fire and Rescue Authority

Budget Book
And
Medium Term Financial Plan
2024/25 – 2027/28

This Budget Book details the assumptions used by the Authority for developing the 2024/25 budget, the estimates used for later years and explains the proposals contained within the Medium-Term Financial Plan.

Budget estimates reflect the projected costs to deliver the corporate priorities and initiatives as set out in the Safety and Wellbeing Plan, and the updated day-to-day spending plans of each department.

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THE BUDGET STRATEGY 2024/25 - Foreword



Ann Millington
Chief Executive

The Purpose of the Budget Strategy

The Authority's budget ensures that resources are aligned with the corporate priorities as set out in the Safety and Wellbeing Plan, whilst also being mindful of the actions that may arise from the Community Risk Management Plan. When determining spending proposals and Council Tax increases, due consideration is taken of all potential cost pressures and savings alongside anticipated funding changes over the medium-term.

Funding Changes for 2024/25

The Chancellor of the Exchequer delivered the Autumn Statement on 22 November 2023. The Autumn Statement made no specific reference to Fire and Rescue Services and there was very little in the way of new funding announcements for local government in general. It was, however, confirmed that the Chancellor would use new powers (The Non-Domestic Rating Act 2023) to decouple the Business Rates multipliers, to freeze the Small Business Rates multiplier, and to index the Standard Business Rates multiplier. It was confirmed that local authorities would, again, be fully compensated for the policy decision to freeze the small Business Rates multiplier.

On 5 December, the Government released a Policy Statement confirming some of its key funding intentions ahead of the release of the Provisional Local Government Finance Settlement for 2024/25. The Policy Statement included confirmation of a CPI inflationary increase to the Revenue Support Grant (RSG) and baseline funding levels (BFLs) (Business Rates and Top-up Grant). It was also confirmed that the core Council Tax referendum principle of 3% would apply to Fire and Rescue Authorities. When the Provisional Local Government Finance Settlement was published on the 18 December much of what had already been released was restated in the announcement. The Provisional Settlement did, however, also state that the Authority's Services Grant would be reduced and that a new Funding Guarantee Grant would be provided to the Authority for 2024/25

To ensure that medium-term budget proposals are sustainable, and considering the responses to the Council Tax consultation, it is proposed that Council Tax should be increased by 2.99%, resulting in an annual increase for a Band D property of £2.61 per year, making the Band D Council Tax charge £89.91 for 2024/25.

Examples of Key Themes in the Budget Strategy

A focus on Customer

- Develop different approaches for different communities and people, working with them to understand how our messaging and services need to adapt.
- Continue to deliver a wide range of prevention packages across educational settings and identified high risk groups.

Buildings and Places

- Stay updated on fire prevention research, firefighting equipment advancements, and techniques to protect people in their homes.
- Deploy customer safety specialists for home safety visits, prioritising high-need households, installing smoke alarms, and making appropriate referrals.

Climate Change and Environment

- Work with landowners, partner agencies and communities to better manage green spaces, reducing the risk of fires spreading to homes or other buildings.
- Provide additional training and wildfire equipment to operational colleagues.

BUILDING THE 2024/25 REVENUE BUDGET

Summary Revenue Budget Changes 2023/24 to 2024/25

The Table below summarises the incremental adjustments made to the 2023/24 base revenue budget to determine the net revenue budget requirement for 2024/25:-

	£'000	£'000
Base budget brought forward from 2023/24		85,236
Unavoidable pay related cost pressures (see page 4)		
Pay growth (pay awards, pay increments etc.)	4,948	
Local Government Pension Scheme employer rate increase	157	
Firefighters' Pension Scheme employer rate increase	164	
Total unavoidable pay related cost pressures for 2024/25	<u>5,269</u>	5,269
Non-pay pressures (see page 5)		
Inflation and other cost increases	1,315	
Other identified pressures and reduced income	1,014	
Total non-pay pressures for 2024/25	<u>2,329</u>	2,329
Funding adjustment (Fire Pension Grant) (see page 3)	3,536	3,536
Savings and additional income (see page 6)		
Net pay savings	-651	
Discretionary price increase removal	-136	
Other non-pay savings and additional Income	-2,008	
Total savings and additional income for 2024/25	<u>-2,795</u>	-2,795
Base Revenue Budget 2024/25 (to be rolled forward)		93,575
One-off budget adjustments for 2024/25 (see page 3)		
Temporary budget adjustments	718	
Transfer to General Reserve	420	
Total one-off budget adjustments for 2024/25	<u>1,138</u>	1,138
Net Revenue Budget Requirement for 2024/25		94,713

BUILDING THE 2024/25 REVENUE BUDGET

One-off Budget Adjustments for 2024/25 – Additional Explanations

An explanation detailing the reason for the funding adjustment and each of the one-off budget adjustments listed on the previous page is provided below:

Funding adjustment (Fire Pensions Grant) - Since 2019/20 the existing Fire Pensions Grant (£3.536m) has been paid to the Authority by the Home Office, outside of the Core Funding Settlement, so has been budgeted for as a grant income budget rather than Funding. From 2024/25 this grant will be paid to the Authority through the Core Funding Settlement, as an increase to the Revenue Support Grant. Therefore, the grant income budget has been removed from 2024/25. This is purely a presentational change that has no overall impact on the level of funding received by the Authority in relation to the existing Fire Pensions Grant.

Temporary budget adjustments - A net increase of £718k has been added to the revenue budget to fund temporary one-off cost pressures in 2024/25. The most significant is a one-off transfer of £600k to the Service Transformation and Productivity Reserve to fund commitments for various temporary posts and agreed project work to deliver Service improvements over the next few years. This replaces the base budget (£882k) that was included within the 2023/24 budget and has now been taken as a base budget saving in 2024/25 (see page 6). In addition, various other budgets have been temporarily increased for 2024/25 to fund one-off increases in expenditure where the additional costs cannot be contained within existing budget allocations, such as; the accounting requirement for a full property valuation to be undertaken by the external valuer in 2024/25 (as opposed to using the rollover valuation method); the requirement to replace three fuel bowsers next year having been recently condemned and; the one-off cost for ServiceMark re-accreditation (Institute of Customer Service).

Transfer to General Reserve - The amount to be transferred to the General Reserve in 2024/25 is £420k, increasing the balance of the reserve to £4.680m. This will ensure that the General Reserve balance is maintained at approximately 5% of the base revenue budget, as set out in the 2024/25 Reserves Strategy.

BUILDING THE 2024/25 REVENUE BUDGET

2024/25 Pressures Summary

Unavoidable Pay Related Cost Pressures

The Authority uses an incremental approach to develop the budget, so the 2023/24 base revenue budget has been adjusted to reflect the pay-related base budget cost pressures identified below:-

Unavoidable Pay Related Costs Pressures	£'000
Pay Awards for 2022/23 and 2023/24 The 2023/24 revenue budget included provision for a pay award of 5% for 2022/23 for operational colleagues (as this had not been settled at the time of finalising the budget) and 2% for all staff groups for 2023/24. However, when the pay settlement for operational colleagues was agreed it was for a 2-year pay settlement which included a 7% increase for 2022/23 and a 5% increase for 2023/24, so far greater than that which had been provided for in the 2023/24 budget. It has therefore been necessary to increase the 2024/25 budget to reflect these higher than budgeted prior year pay awards. The 2023/24 pay award for corporate colleagues also settled higher (average 5.2%) than that which had been budgeted, so the pay budgets for corporate colleagues have also been increased to reflect the higher than budget pay award for 2023/24.	3,060
Pay Awards and Increments for 2024/25 It has been assumed that the nationally agreed pay awards for 2024/25 will be 3% for all staff groups. A full year impact has been assumed for corporate colleagues, Directors, and the Chief Executive, whilst it is assumed that the operational colleagues pay award will continue to be applied from the 1 July. In addition, corporate colleagues who are not at the top of the scale for the grade of their post will generally receive an annual incremental pay scale increase.	1,888
Local Government Pension Scheme Employer Rate Increase As a result of the most recent Local Government Pension Scheme (LGPS) actuarial valuation the employer contribution rate will increase by 1% (to 17.5%) on 1 April 2024.	157
Firefighters' Pension Scheme Employer Rate Increase The latest actuarial valuation for the Firefighters' Pension scheme (FPS 2015) will result in an increase of over 30% on the employer contribution rate from 1 April 2024 (the rate will increase from 28.8% to 37.6%). The Government has confirmed that a new Fire Pensions Grant will be provided to all Fire Authorities to cover the cost of the increase but having received confirmation of the Authority's grant allocation (£2.757m) for 2024/25 this is £164k lower than the projected increase in costs (£2.921m).	164
Total Unavoidable Pay Related Cost Pressures for 2024/25	5,269

BUILDING THE 2024/25 REVENUE BUDGET

2024/25 Pressures Summary

Non-Pay Pressures and Funding Adjustment

The Authority uses an incremental approach to develop the budget, so the 2023/24 base revenue budget has been adjusted to reflect the non-pay related base budget pressures identified below:-

Non-Pay Pressures and Funding Adjustment	£'000
Inflation and Other Cost Increases An uplift has been allocated to those budgets where the Authority is committed to pay an increased amount for 2024/25. The most significant increases include budgets for; Firefighter Injury Award Pensions which increase in line with September CPI (£181k); utilities (gas and electricity) (£363k); Business Rates (£184k); PPE and Uniform (£131k); IT costs in relation to Airwave and the Kent Public Services Network (£122k) and; water hydrant repairs (£60k). Where price increases can be contained within existing budget allocations there is a corresponding saving (£136k) (see page 6).	1,315
Other Pressures and Reduced Income Several budgets have been increased to fund various initiatives and to respond to cost pressures or reduced income in 2024/25. The most significant changes are; the new budget to fund the ongoing costs in relation to the Networked Fire Service Partnership (NFSP) (£188k); the budget for vehicle servicing and maintenance has been increased by £120k due to the additional costs associated with the ageing rescue pumps, which are expected to be replaced in the coming years; the grant income budget in relation to the Firelink Grant has been reduced by £118k in line with the confirmed annual 20% reduction over 5 years; the grant income budgets for Protection Uplift and New Dimensions have been reduced by £74k and £44k respectively, following confirmation of the Authority's grant allocations for 2024/25; the budget for operational equipment has been increased by £100k to provide additional funding to take advantage of firefighting equipment advancements; IT budgets for computer software have been increased by £99k where projects are ending and ongoing IT costs are transferring into business as usual budgets; Business mileage budgets are increasing by £41k primarily due to additional costs following the rollout of the new Wholetime/Part-time contracts, and; income from the sale of old vehicles is expected to be £40k lower due to their age. Other minor budget pressures total £190k.	1,014
Funding Adjustment In previous years the Fire Pensions Grant (£3.536m) has been paid to the Authority by the Home Office, outside of the Core Funding Settlement, so has been budgeted for as a grant income budget. From 2024/25 the existing Fire Pensions Grant will be paid to the Authority through the Core Funding Settlement, as an increase to the Revenue Support Grant. Therefore, the grant income budget has been removed from 2024/25. This is purely a presentational change that has no overall impact on the level of funding received by the Authority in relation to the existing Fire Pensions Grant.	3,536
Total Non-pay Pressures and Funding Adjustment for 2024/25	5,865
<u>Total Pressures and Funding Adjustment for 2024/25</u>	<u>11,134</u>

BUILDING THE 2024/25 REVENUE BUDGET

2024/25 Savings and Additional Income Summary

The Authority uses an incremental approach to develop the budget, so the 2023/24 base revenue budget has been adjusted to reflect the base budget savings and additional income identified below:-

Net Pay Savings	£'000
<p>Net Pay Savings</p> <p>All pay budgets have been thoroughly reviewed resulting in various adjustments that have provided a net base budget saving for 2024/25. Budgets set aside for allowances have been reviewed as staff have retired and, where the allowance is no longer applicable the budget has been removed. A review of pension scheme membership has been undertaken and where relevant, employer contribution budgets have been adjusted to reflect latest levels of opt-outs. Various new posts and the deletion of other posts have been agreed through the Establishment Group this year, so the pay build has been updated to reflect all agreed changes.</p>	-651
Total Net Pay Savings for 2024/25	-651
Non-pay Savings	£'000
<p>Inflation on Discretionary Spend</p> <p>Inflationary price increases on areas of discretionary spend, such as stationary, have been removed, where price increases can be contained within existing budget allocations.</p>	-136
<p>Other Non-Pay Savings and Additional Income</p> <p>The largest reduction here is the removal of the base budgeted transfer to the Service Transformation and Productivity Reserve (£882k), which has been replaced with a one-off transfer of £600k, to reflect current commitments. The investment income budget has been increased by £303k, to reflect the income expected for 2024/25 based on anticipated average cash balances and interest rate forecasts. Other significant budget reductions include; a £250k reduction to the budget for Collaboration, which has historically underspent; a £100k reduction in the vehicle fuel budget as prices have reduced; a £90k reduction in the budget for contributions to the Firefighters' Pension Fund for ill-health retirements, where costs are dependent on the profile of such retirements; a £90k reduction in various IT budgets where ongoing costs have reduced; an £80k reduction in budgets for bought in services and legal fees, where these services are no longer required and; a £54k reduction in various employee-related budgets where there have been historic underspends. Other minor budget savings total £159k.</p>	-2,008
Total Non-pay Savings and Additional Income for 2024/25	-2,144
<u>Total Savings and Additional Income for 2024/25</u>	<u>-2,795</u>

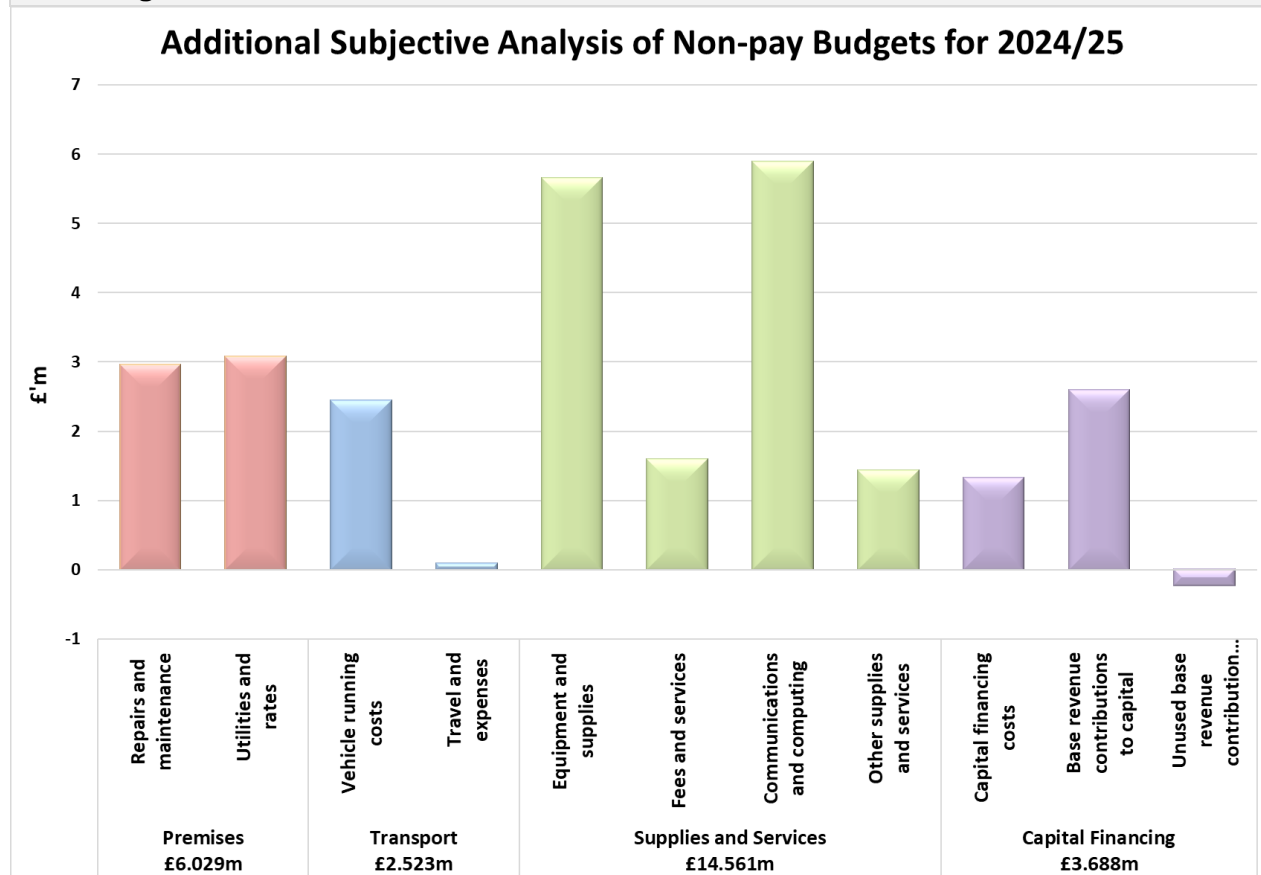
BUILDING THE 2024/25 REVENUE BUDGET

2024/25 Subjective and Functional Budget Presentation

Subjective and Functional Analysis

The Table and Chart below summarise the total net revenue budget of £94.713m for 2024/25 by Subjective and Functional headings:-

(All figures are £'000)	Operational Response and Resilience	Customer Safety, Building Safety, Engagement & Collaboration	Customer Services	Pensions, Financing and Other Costs	Total Net Budget
<i>Subjective:</i>					
Employee Pay Costs	58,145	7,663	12,094	0	77,902
Other Employee Costs	46	0	1,251	0	1,297
Direct Pension Costs	0	0	0	2,222	2,222
Premises Costs	223	3	5,803	0	6,029
Transport Costs	2,157	16	350	0	2,523
Supplies and Services	5,777	618	8,052	114	14,561
Capital Financing	0	0	0	3,688	3,688
Reserve Transfers	0	0	203	-4,576	-4,373
Income	-6,163	-482	-797	-1,694	-9,136
Net Budget for 2024/25	60,185	7,818	26,956	-246	94,713

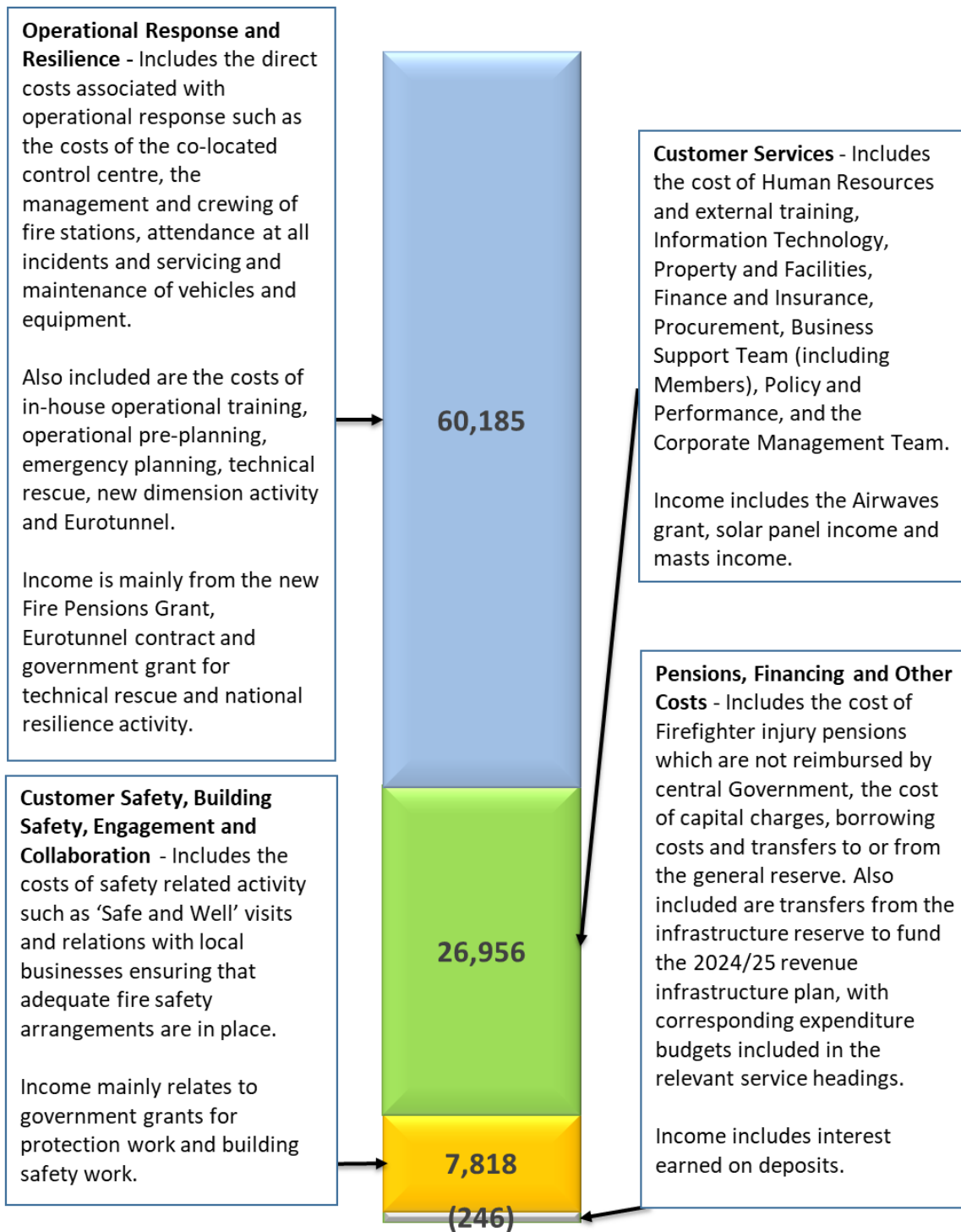


BUILDING THE 2024/25 REVENUE BUDGET

2024/25 Subjective and Functional Budget Presentation

Functional Analysis

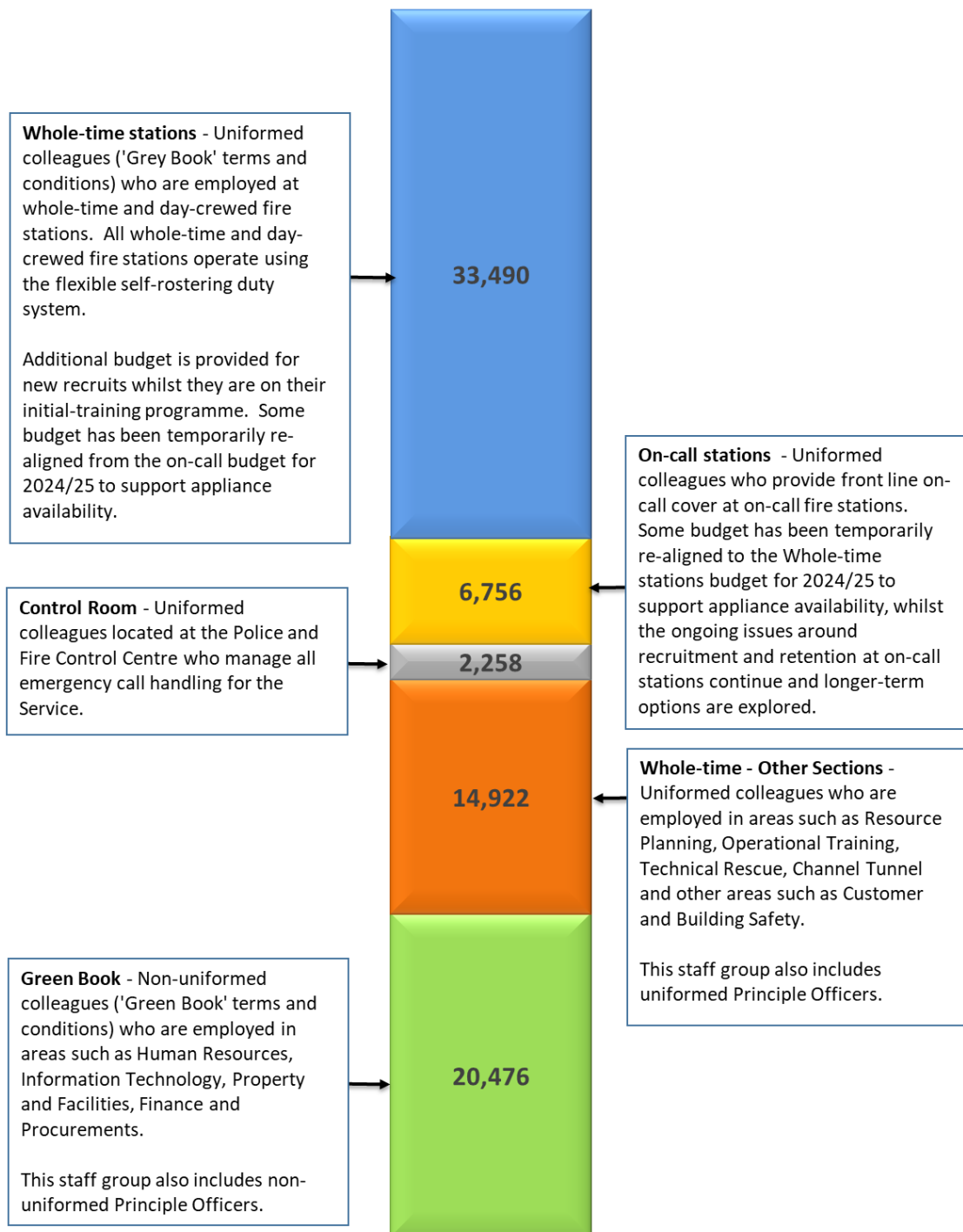
The Chart below summarises the total net revenue budget of £94.713m for 2024/25 by Function (in £'000's) and provides details of the activity areas under each functional heading;



BUILDING THE 2024/25 REVENUE BUDGET

2024/25 Additional Subjective Analysis - Employee Pay Budgets

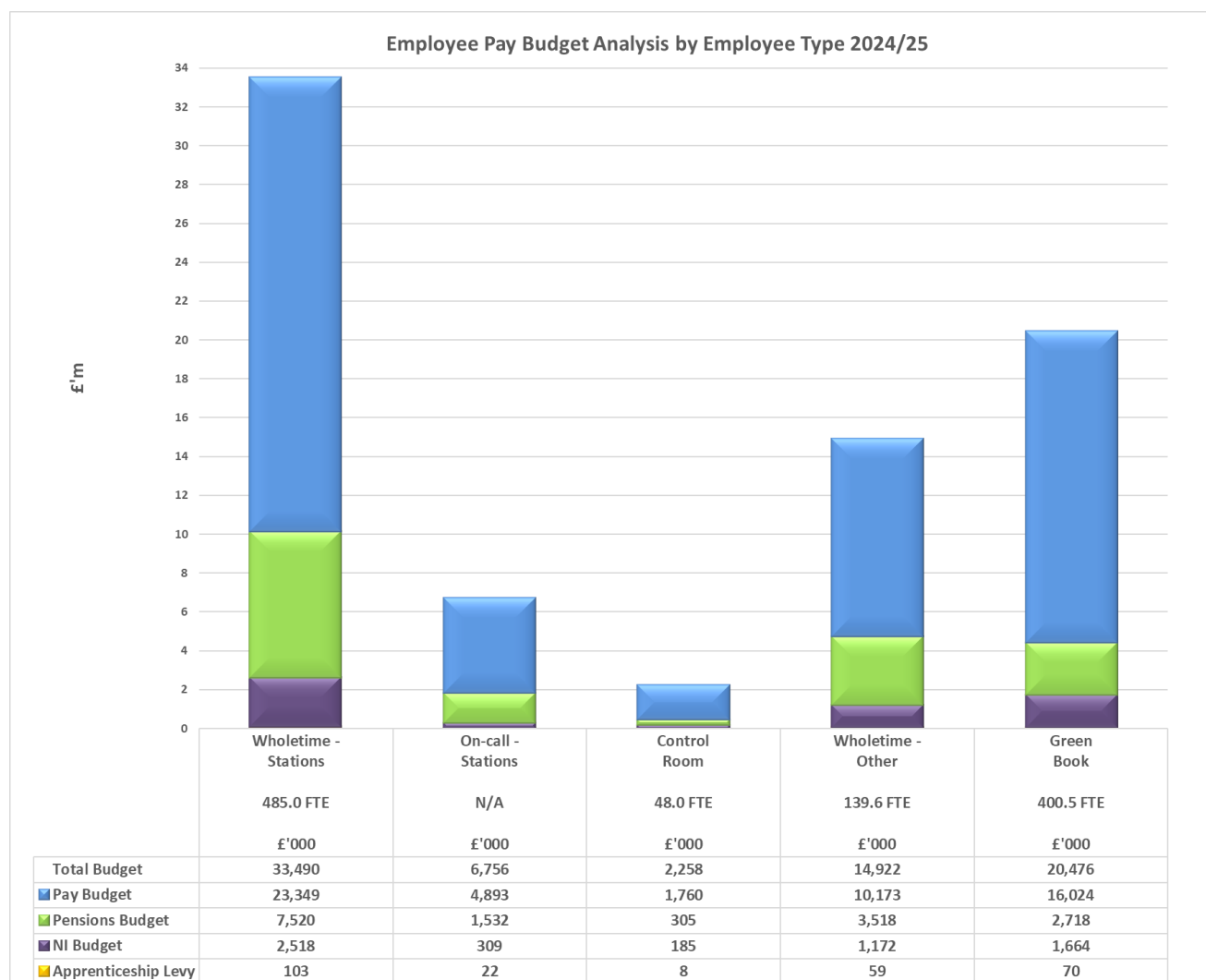
The budget assumes that pay will increase by 3% in 2024/25. Approximately 82% of the net revenue budget relates to employee pay costs (£77.902m). The budget allocated to each staff group and details of which personnel sit within each staff group is described below (in £'000's):-



BUILDING THE 2024/25 REVENUE BUDGET

2024/25 Additional Subjective Analysis - Employee Pay Budgets

The Chart below shows the 2024/25 budget and full time equivalent (FTE) for each pay group split by pay, national insurance, employer pension contributions and apprenticeship levy:-



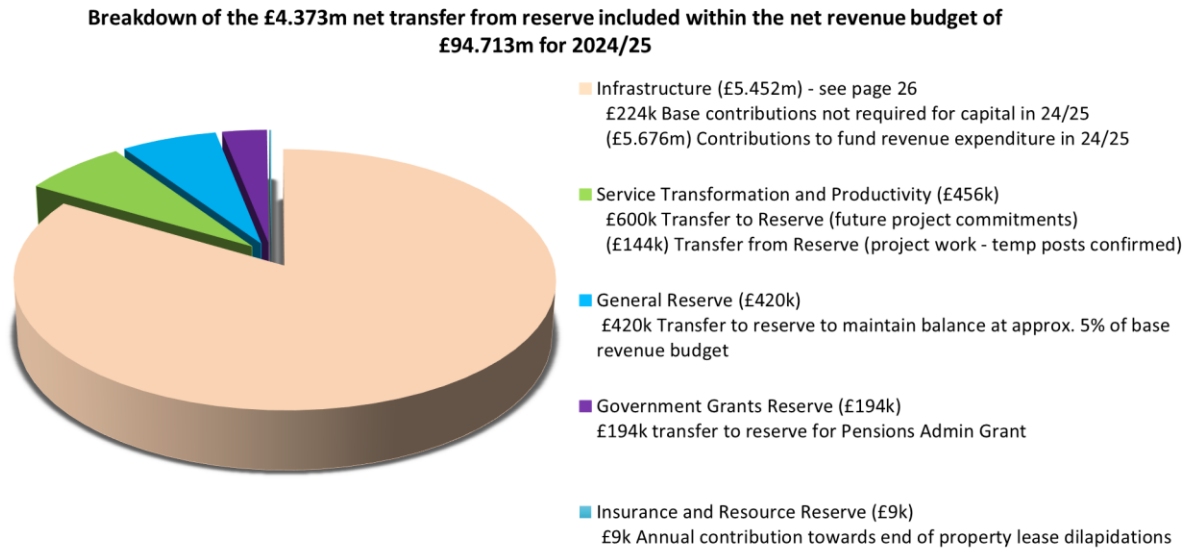
Pay Group	Operational Response and Resilience		Customer Safety, Building Safety, Engagement & Collaboration		Customer Services		Total Pay	
	FTE	Budget £'000	FTE	Budget £'000	FTE	Budget £'000	FTE	Budget £'000
WT - Stations	485.0	33,490	0.0	0	0.0	0	485.0	33,490
On-call - Stations	N/A	6,756	0.0	0	0.0	0	N/A	6,756
Control Room	48.0	2,258	0.0	0	0.0	0	48.0	2,258
WT - Other	111.6*	11,939	18.0	1,132	10.0	1,851	139.6	14,922
Green Book	81.0	3,702	136.5	6,531	183.0	10,243	400.5	20,476
Total Pay Budget	725.6*	58,145	154.5	7,663	193.0	12,094	1,073.1	77,902

* excludes WT trainee recruits

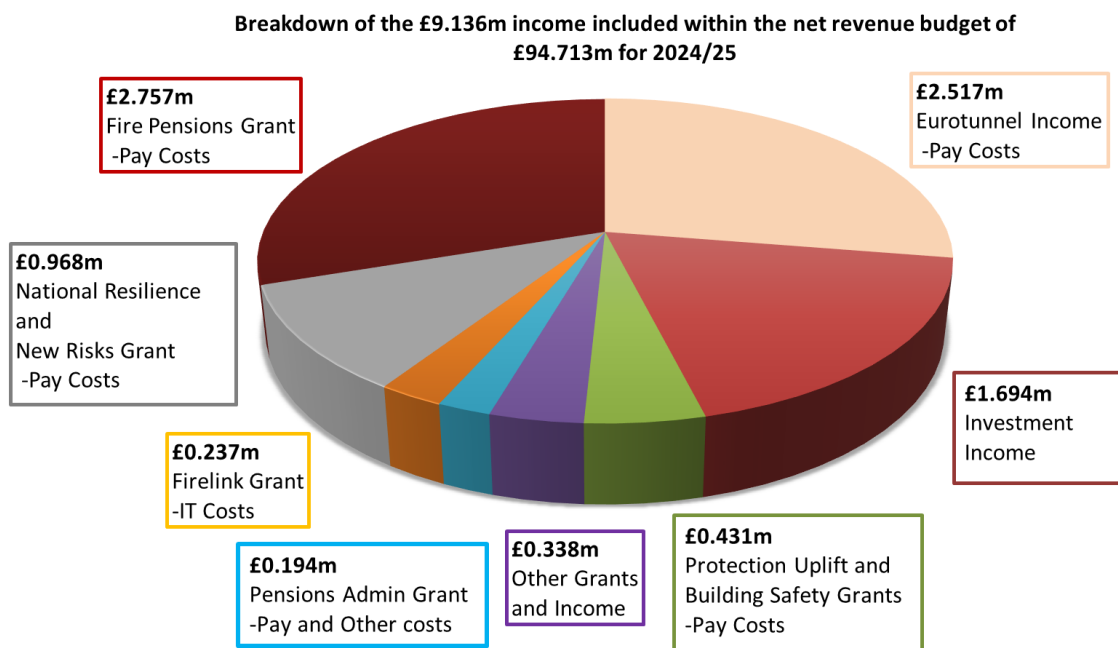
BUILDING THE 2024/25 REVENUE BUDGET

2024/25 Additional Subjective Analysis - Reserve Transfers and Income

The Chart below provides a breakdown of the total £4.373m net transfer from reserves included within the net revenue budget of £94.713m for 2024/25 along with details of the type of expenditure funded by the reserve transfer:



The Chart below provides a breakdown of the total £9.136m income included within the net revenue budget of £94.730m for 2024/25 along with details of the type of expenditure funded by this income:



Further details regarding the grant income and related expenditure are provided on page 12.

FUNDING THE 2024/25 REVENUE BUDGET

2024/25 Grant Funded Expenditure

In addition to the non-specific Government grants that form part of the Authority's overall funding (pages 13 and 14), 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 grant allocations for 2024/25:-

	£'000
New Fire Pensions Grant - This grant is provided to cover the increase in costs resulting from the significantly higher employer pension contribution rates effective from 1 April 2024, following the latest Firefighters' Pension Scheme valuation. The employer contribution rate will increase from 28.8% to 37.6% so costs in this area will increase by over 30%.	2,757
National Resilience (formerly New Dimension) Grant - This grant provides funding towards the cost of various resilience activities including the costs of the Technical Rescue team.	968
Protection Uplift Grant - This grant provides funding to support fire protection work and to respond to new burdens arising from the Fire Safety Act.	333
Building Safety Grant - This grant has been provided to bolster the building safety team and will cover the cost of 2 Inspecting Officer posts.	98
Firelink Grant - This grant partly covers the difference between the annual charge for the Firelink managed service radio scheme and the legacy costs of the now decommissioned radio scheme. Following confirmation of government intentions to phase this grant out over 5 years, this grant has been decreased by a further 20% for 2024/25.	237
Pensions Admin Grant - This grant has been provided to fund additional costs incurred by the Authority in delivering the remedy outcomes in relation to the McCloud and Matthew's firefighter pensions cases.	194
Apprenticeship Levy - The Authority can draw down funds from the apprenticeship levy to fund the cost of eligible training expenses.	24
Total Specific Government Grant Income	4,611

FUNDING THE 2024/25 REVENUE BUDGET

2024/25 Sources of Funding the Net Revenue Budget

For 2024/25 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, Business Rates Section 31 Grants, Services Grant and a new Funding Guarantee Grant, each of which are described below:-

Council Tax Precept - Around 64% 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 Kent District Councils) to Council Taxpayers on low incomes and the level of exemptions granted. The level of discount can also have an impact on collection rates. The amount to be collected from Medway Council and Kent District Councils for 2024/25 is £60.399m.

Business Rates and Top-up Grant - 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 2024/25 is £7.442m. As the Authority's Business Rates Baseline is less than the Baseline Funding need, the Government will also pay a Top-up Grant which is expected to be £8.892m.

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 (assumed by the Districts and Medway) when setting budgets in prior years. Overall there is a net surplus of £481k to be paid to the Authority in 2024/25.

Revenue Support Grant (RSG) - The Government continues to redistribute funding through the payment of RSG. From 2024/25, the authority has received confirmation that the existing Fire Pension Grant (£3.536m) will be rolled into the RSG allocation, so a total grant of £11.352m is now expected for 2024/25.

Section 31 Grants - The Government continues to provide additional funding to authorities to compensate for the continued impact of the cap on the small business rate multiplier and other reliefs given. The amount of Section 31 grant expected for 2024/25 is £4.516m.

Services Grant - A reduced Services Grant will be provided to the Authority in 2024/25. The grant is not ring-fenced but it is intended to provide additional support for services provided. This grant is anticipated to be phased out from 2025/26 and a significantly reduced amount of £95k is expected for 2024/25.

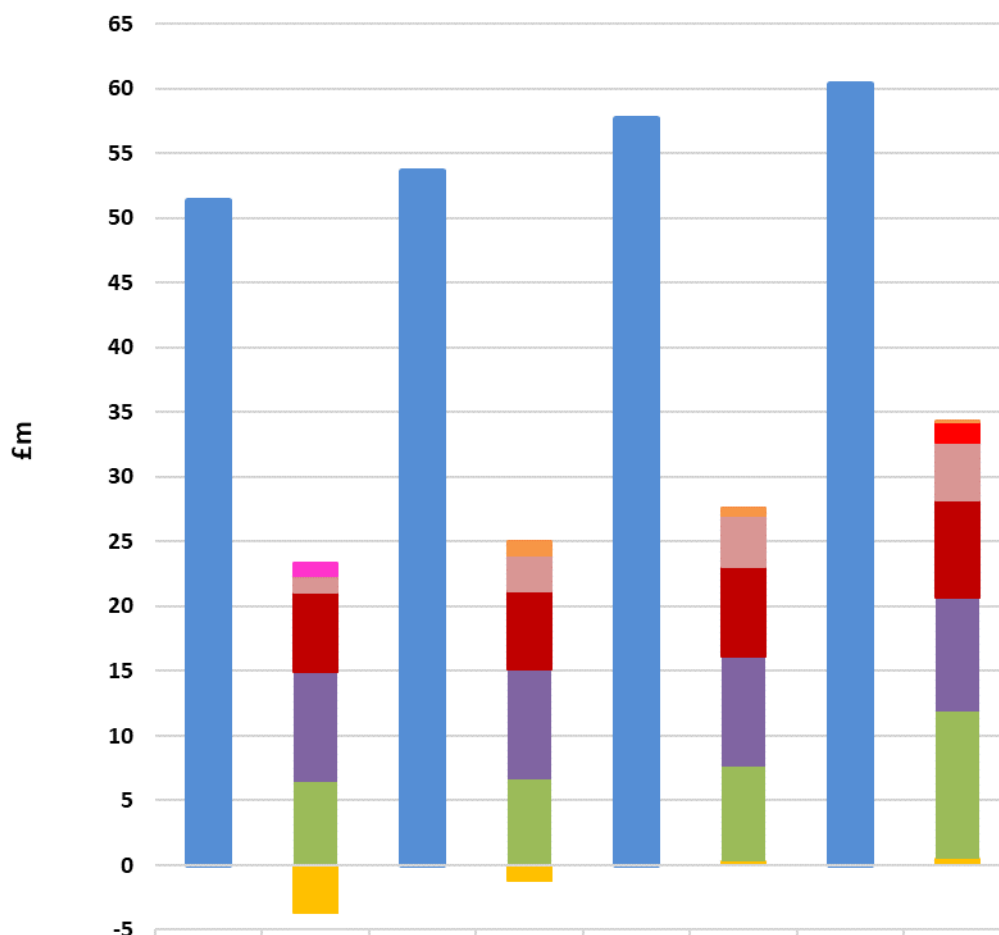
Funding Guarantee Grant – The government has committed to increasing Core Spending Power (CSP) for each authority by at least 4% for 2024/25, with additional funding for those authorities whose Settlement calculation is below this figure. This authority falls into this category so will receive additional funding of £1.527m for 2024/25.

FUNDING THE 2024/25 REVENUE BUDGET

Sources of Funding the Net Revenue Budget for 2024/25

The Chart below shows how the Authority’s funding sources have changed between 2021/22 and 2024/25. Total funding has increased by 33.3% (£23.637m) since 2021/22, of which 12.7% relates to Council Tax and 20.6% relates to Business Rates, Government Funding and rolling of grants into base funding:-

Sources of Funding from 2021/22 to 2024/25



	2021/22 £'000	2021/22 £'000	2022/23 £'000	2022/23 £'000	2023/24 £'000	2023/24 £'000	2024/25 £'000	2024/25 £'000
■ Council Tax Precept	51,397		53,637		57,689		60,399	
■ One-off Services Grant				1,027		603		104
■ Funding Guarantee Grant								1,527
■ Local Council Tax Support Grant		956						
■ S31 Grant Business Rates		1,292		2,756		3,942		4,516
■ Retained Business Rates		6,099		6,047		6,959		7,442
■ Top-up Grant		8,514		8,514		8,480		8,892
■ Revenue Support Grant		6,457		6,655		7,330		11,352
■ Collection Funds		-3,639		-1,207		289		481
Percentage of total funding	72%	28%	69%	31%	68%	32%	64%	36%

FUNDING THE 2024/25 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 by 1.66% for 2024/25.

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 without the requirement to hold a referendum. For 2024/25 Fire and Rescue Authorities can increase the charge by up to 3% without the need to hold a referendum.

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.

Council Tax Increase - The proposed Council Tax increase set out in this MTFP is 2.99% for 2024/25, a £2.61 a year increase for a Band D property (around 5p per week), increasing the Band D charge to £89.91 for 2024/25.

FUNDING THE 2024/25 REVENUE BUDGET

Council Tax and Business Rate Income – Additional Information

The Table below shows a breakdown of the funding sources for the 2024/25 budget and the amount of this Authority's Council Tax charge by Council Tax band:-

	£'000	£'000
Net Revenue Budget Requirement for 2024/25		94,713
Funding:		
Council Tax	60,399	
Services Grant	104	
Revenue Support Grant (including existing Fire Pension Grant)	11,352	
Top-up Grant	8,892	
Retained Business Rates	7,442	
Net Surplus on Collection Funds (see page 13)	481	
Funding Guarantee Grant	1,527	
Section 31 Business Rates Relief Grant	2,820	
Section 31 Compensation for Under-Indexation of Top-Up Grant	1,696	
Total Funding Available for 2024/25		94,713
Council Tax Base for 2024/25		671,776
Council Tax charge for a Band D property in 2024/25		£89.91
Annual increase in Band D charge from 2023/24 to 2024/25		£2.61



REVENUE RESERVES SUMMARY

Details of the Authority's General Reserve and each Earmarked Reserve 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 to help avoid unnecessary temporary borrowing. For example, the General Reserve could be used to fund an unforeseen loss on the Authority's share of Kent District's and Medway Council's Business Rate collection funds. Within the 2024/25 Reserve Strategy, it is proposed that the level of General Reserve is set at approximately 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. 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 unspent Government grants.
- **Infrastructure** - Used to fund revenue and capital investment in infrastructure assets (premises, IT, 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 and the annual variability in legal costs incurred when enforcing building safety regulations. The reserve will also be used to fund any significant one-off costs that may arise in-year, for example for higher levels of pay awards, compared to that planned for in the MTFP or any other unforeseen significant cost increases which may arise after the budget is agreed. Future funding levels remain uncertain so this reserve may be used to temporarily balance the budget where there is a timing difference in cuts to funding and the delivery of budget savings. Funding will also be set aside in this reserve each year to fund the end-of-lease costs for returning the property leased for vehicle servicing and maintenance, to the state it was at the start of the lease.
- **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 to help pump-prime new transformation initiatives or improvements to the Service which may arise in-year or be planned for future years. Also used to support collaborative initiatives with other blue light services and partner agencies.

REVENUE AND CAPITAL RESERVES SUMMARY

The Table below shows the forecast closing revenue reserve balances along with the estimated closing capital receipts balances for the years 2023/24 to 2027/28. Figures exclude any transfer to reserves that may be required at year-end as a result of the forecast underspend on the 2023/24 revenue budget.

General and Earmarked Reserves - Forecast Balances	31/03/24 Forecast Balance*	31/03/25 Forecast Balance	31/03/26 Forecast Balance	31/03/27 Forecast Balance	31/03/28 Forecast Balance
(All figures are £'000)					
General Reserve	4,260	4,680	4,700	4,820	4,920
Earmarked Reserves:					
Government Grants	860	1,054	347	347	0
Infrastructure	25,562	20,110	18,675	13,418	6,337
Insurance and Resource	3,071	3,080	3,089	3,098	3,107
Rolling Budgets	485	485	0	0	0
Service Transformation & Productivity	38	494	79	40	0
Total Earmarked Reserves	30,016	25,223	22,190	16,903	9,444
Total General and Earmarked Reserves	34,276	29,903	26,890	21,723	14,364
Capital Receipts Reserve	7,894	8,128	6,345	0	0
Total Reserves	42,170	38,031	33,235	21,723	14,364
Net Change in Total Reserves	(3,490)	(4,139)	(4,796)	(11,512)	(7,359)

*Note - Forecast Earmarked Reserve balances 31/03/24 exclude any transfer to reserves as a result of the forecast underspend (£2.752m) on the 2023/24 revenue budget.

Breakdown of forecast Government Grant balance as at 31.03.2024:

Grant:	£'000
National Resilience and New Threats	285
Building Risk Review and Protection Uplift	154
Emergency Services and Mobile Communication Programme	347
Fire Pensions Administration – McCloud / Sargeant Remedy	74
Estimated Total Government Grants Remaining at 31.03.2024	860

MEDIUM TERM FINANCIAL PLAN 2024/25 – 2027/28

Revenue Budget Assumptions (Funding, Pressures and Savings)

The revenue budget funding for 2025/26 to 2027/28 is estimated using various assumptions, as much of the information required to set the medium-term budget is not yet known. As detailed within the budget report, the Government has only confirmed funding for 2024/25. 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 2025/26 to 2027/28 are detailed below:-

The main funding assumptions at this point in time are:-

- The Settlement Funding Assessment (Revenue Support Grant, Baseline Business Rates and Top-up Grant) will increase by only 1% each year from 2025/26 to 2027/28.
- Retained Business Rates Growth (£154k) will be removed from 2025/26.
- Business Rates and Top-up Grant compensation grants (Section 31 grants) will increase by only 1% each year from 2025/26 to 2027/28.
- The Services Grant will be discontinued after the 2024/25 financial year.
- The Funding Guarantee Grant will be one-off for 2024/25 only.
- The Council Tax base will increase by only 1% each year from 2025/26 to 2027/28.
- Council Tax charge increases will be just below an estimated 2% referendum limit each year from 2025/26 to 2027/28.
- There will be no surplus or deficit on the Collection Funds each year from 2025/26.
- Other Section 31 grants (New Fire Pensions Grant, National Resilience Grant, Protection Uplift Grant etc.) will continue at the same rate each year.

Once further clarity is available on the level of funding available in future years, the scale of the savings that the Authority needs to make may change.

Anticipated Budget Pressures:

(All figures are £'000)	2025/26 Budget	2026/27 Budget	2027/28 Budget
2% pay awards for all colleagues each year and increments	1,661	1,566	1,597
Bank holiday and other pay adjustments	45	95	0
Actuarial valuation - LGPS	158	0	0
Annual inflation each year	471	480	489
Pressures identified from spending plan review	1,140	545	471
Total Pressures	3,475	2,686	2,557

MEDIUM TERM FINANCIAL PLAN 2024/25 – 2027/28

Anticipated Budget Savings:

(All figures are £'000)	2025/26 Budget	2026/27 Budget	2027/28 Budget
Bank holiday and other pay adjustments	0	0	-180
Price increases not given to areas of discretionary spend	-138	-141	-144
Savings identified from spending plan review	-1,376	0	0
Other savings to be identified	-1,491	-104	0
Total Savings	-3,005	-245	-324

Other Savings to be Identified - The MTFP is currently showing that £1.491m of unidentified base budget savings are required to balance the budget in 2025/26 and a further £104k in 2026/27. As funding levels beyond 2024/25 are highly uncertain the timing and amounts may change as and when future funding levels are confirmed.

Summary Revenue Budget Estimates

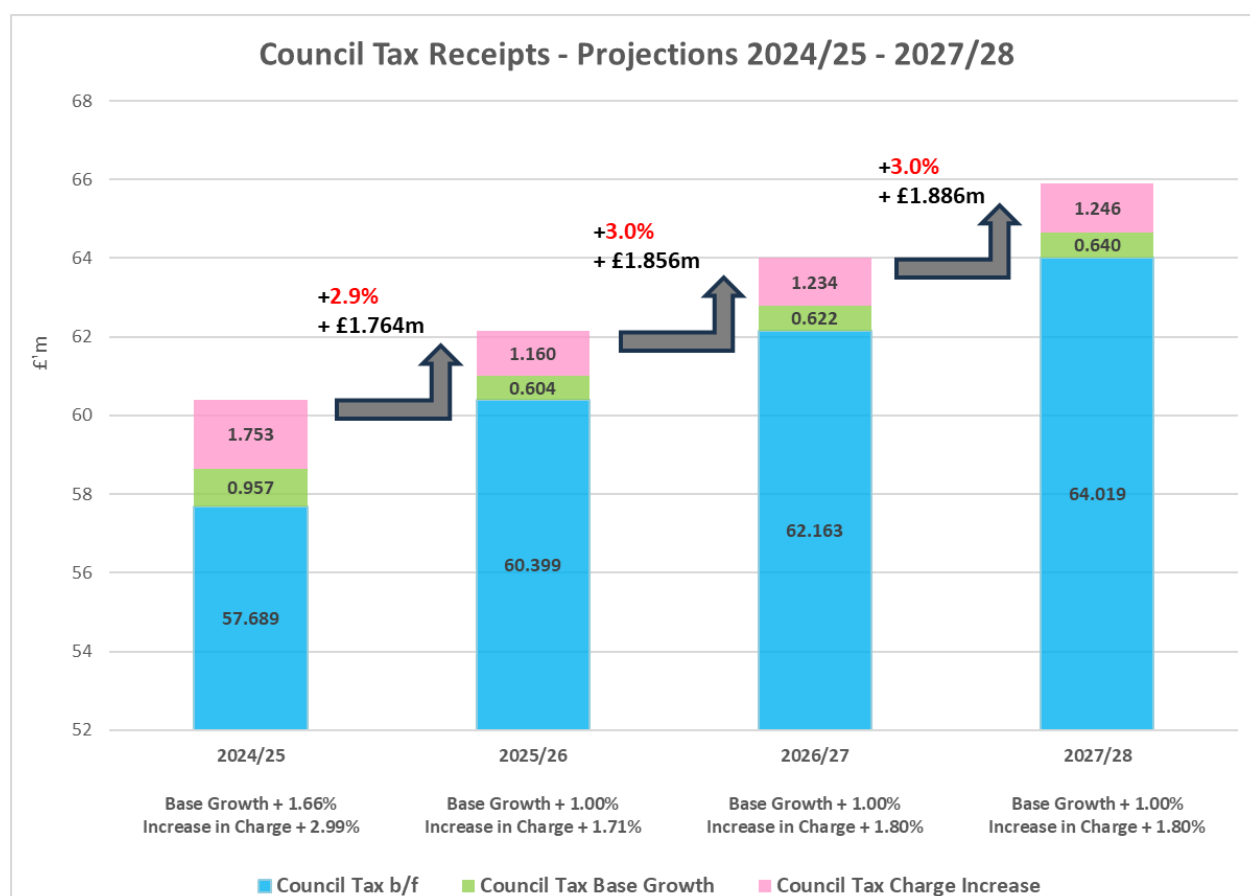
The Table below summarises the base budget changes in each of the financial years between 2024/25 and 2027/28. Also shown is a breakdown of funding sources and additional information with regards to increases in Council Tax receipts for the same years:-

(All figures are £'000)	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
Base Budget brought forward	85,236	93,575	94,045	96,486
Pay, Pensions, Prices and Pressures	7,598	3,475	2,686	2,557
Funding Adjustment (Fire Pensions Grant)	3,536	0	0	0
Savings	-2,795	-3,005	-245	-324
Base Budget carried forward	93,575	94,045	96,486	98,719
One-off Budget Adjustments	717	467	105	105
Transfer to General Reserve	420	20	120	100
Net Revenue Budget	94,713	94,532	96,711	98,924
Net change £	9,421	-181	2,179	2,213
Net change %	11.05%	-0.19%	2.30%	2.29%
Budget funded by:-				
Council Tax	60,399	62,163	64,019	65,905
Services Grant	104	0	0	0
Revenue Support Grant	11,352	11,466	11,580	11,696
Funding Guarantee Grant	1,527	0	0	0
Business Rates Baseline/Growth	7,442	7,360	7,434	7,508
Top-up Grant	8,892	8,982	9,071	9,162
Net Surplus on Collection Funds	481	0	0	0
Section 31 Business Rates Grant	4,516	4,561	4,607	4,653
Total Funding	94,713	94,532	96,711	98,916

MEDIUM TERM FINANCIAL PLAN 2024/25 – 2027/28

Analysis of Projected Future Council Tax Income

	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Council Tax Base	671,776	678,494	685,279	692,132
Council Tax Base Growth %	1.66%	1.00%	1.00%	1.00%
Council Tax Base Growth £'000	957	604	622	640
Council Tax Band D Charge £	89.91	91.62	93.42	95.22
Council Tax Band D Charge Increase %	2.99%	1.90%	1.97%	1.93%
Council Tax Band D Charge Increase £	2.61	1.71	1.80	1.80
Council Tax Charge Increase £'000	1,753	1,160	1,234	1,246
Additional Income from Council Tax £'000	2,710	1,764	1,856	1,886



MEDIUM TERM INFRASTRUCTURE PLAN 2024/25 - 2027/28

Medium Term Infrastructure Plan – Capital and Revenue

Capital Expenditure Plan

The Capital Plan has been developed in line with the corporate priorities as set out in the Safety and Wellbeing Plan. The main areas contained within the Capital Plan are detailed below:-

Building works - A programme of refurbishment and improvement works is in place to not only ensure that the Service and its operational bases remain fit for the future but also to improve efficiency and to enable the Authority to achieve carbon neutrality by 2030. Major works are ongoing at the Ashford site which include a new Live Fire training facility. It is expected that the work will be completed towards the middle of 2025/26. Additional works across the estate for roofing replacements, boilers and heat pumps, solar panels and fuel tanks are also programmed up to 2027/28.

Vehicle replacements - There is a comprehensive long-term programme in place for the replacement of the operational fleet of fire engines and other vehicles, which 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. Another 34 self-charging hybrid vehicles are expected to be delivered in 2024/25 and another 10 in 2026/27. A further 44 new Rescue Pumps are expected to be delivered up to 2027/28. There are also a number of specialist vehicles that are planned for delivery up to 2027/28, such as a fleet of small and medium sized vans, bulk water carriers and Incident Command Units.

Information and Communication - Planned hardware upgrades to Mobile Data Terminals (MDTs) tablets for operational staff, satnav and mobile devices are currently scheduled for 2025/26. Plans are also in place to upgrade the printing capabilities in 2027/28.

Revenue Expenditure Plan

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

Premises - There is a programme of climate works, security upgrades, and fire compartmentation works planned over the next few years. Work on the new Fleet workshop unit are scheduled to be undertaken in 2024/25.

IT - Significant IT investment is planned, including key internal support systems such as; the fleet and operational equipment management systems; operational response systems and; a review of the Command-and-Control system. Incident Command Units also require IT upgrades in 2025/26 and the replacement of Audio-Visual equipment, increased wireless access, mobile phone provision and data connectivity is also planned.

Equipment - There are plans to upgrade various items of operational equipment in the near future including Breathing Apparatus, PPV fans, Hand tools, ladders scene lighting and Thermal imaging cameras.

MEDIUM TERM INFRASTRUCTURE PLAN 2024/25 – 2027/28

Medium Term Infrastructure Plan - Expenditure

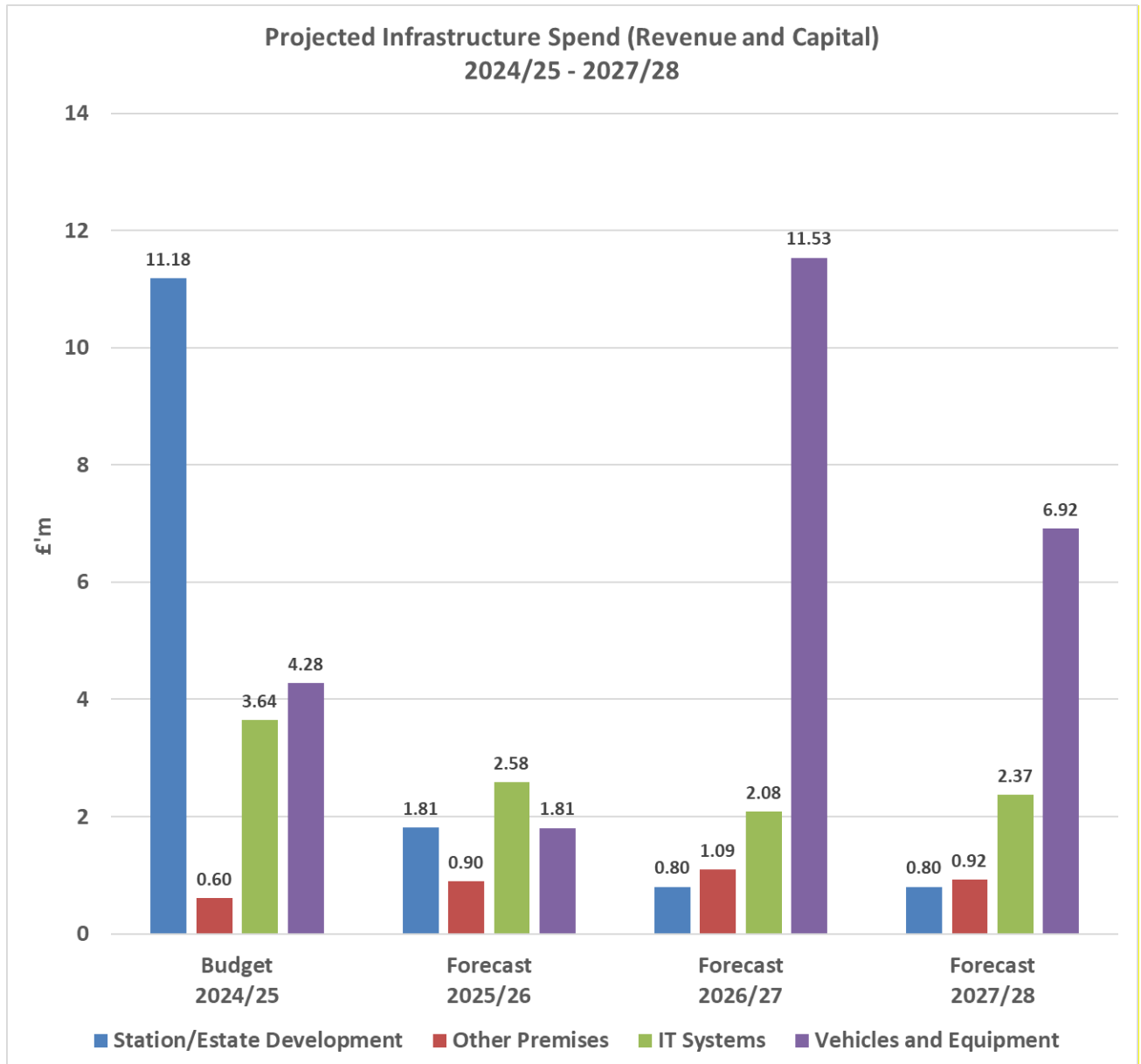
The Tables below detail the capital and revenue infrastructure spend provisionally planned between 2024/25 and 2027/28:-

Capital Infrastructure Programme	2024/25	2025/26	2026/27	2027/28	2024-28
(All figures are £'000)	Budget	Forecast	Forecast	Forecast	Total
Station Development	10,384	1,012	0	0	11,396
Estate Redevelopment	800	800	800	800	3,200
Total Station/Estate Development	11,184	1,812	800	800	14,596
Roofing Works	150	150	150	100	550
Drill Towers	0	0	100	0	100
Boilers/Heat Pumps	60	91	300	300	751
Fuel Tank	0	47	0	0	48
Bay Doors	0	30	0	30	60
Solar Panels	0	0	100	100	200
Total Premises	210	318	650	530	1,708
Operational Response Project – MDTs	0	600	0	0	600
Printers	0	0	0	200	200
Total Systems	0	600	0	200	800
Rescue Pumps	0	0	10,523	4,538	15,061
Light Fleet (Cars and Vans)	196	0	170	760	1,126
Specialist Vehicles	1,162	1,656	74	299	3,191
Total Vehicles and Appliances	1,358	1,656	10,767	5,597	19,378
Total Capital Expenditure	12,752	4,386	12,217	7,127	36,482
<i>* A ten-year capital programme is detailed in the Capital Strategy</i>					
Revenue Infrastructure Programme	2024/25	2025/26	2026/27	2027/28	2024-28
(All figures are £'000)	Budget	Forecast	Forecast	Forecast	Total
Premises	393	580	440	390	1,803
IT	3,642	1,984	2,080	2,170	9,876
Operational Equipment	2,918	150	765	1,320	5,153
Total Revenue Expenditure	6,953	2,714	3,285	3,880	16,832
Total Revenue and Capital	19,705	7,100	15,502	11,007	53,314

MEDIUM TERM INFRASTRUCTURE PLAN 2024/25 – 2027/28

Medium Term Infrastructure Plan - Expenditure

The Chart below details the capital and revenue infrastructure spend provisionally planned between 2024/25 and 2027/28:-



MEDIUM TERM INFRASTRUCTURE PLAN 2024/25 – 2027/28

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 is used to support the funding of both the revenue and capital infrastructure plans. If all of this resource is not used in-year, then it is carried forward in the Infrastructure Reserve for use in future years. The Infrastructure Reserve is 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. Capital Receipts cannot be used to fund day-to-day revenue expenditure. As at 31 March 2024 unapplied capital receipts, mainly arising from the previous disposal of a number of the Authority's assets, including redundant fire stations, land and unoccupied housing are forecast to total £7.894m.

Grant Funding - On occasions, the Authority may receive grant funding that can be utilised towards various infrastructure projects if the conditions relating to the funding are met and there are no restrictions surrounding the use of the grant funding, such as the utilisation of the Grenfell Infrastructure Grant to fund the purchase of PPV fans planned for 2024/25.

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.

Internal borrowing - will be used to finance the Ashford Fire Station Redevelopment project with a view to potentially undertaking external borrowing in later years. Internal borrowing requires an amount to be set aside in the revenue budget (Minimum Revenue Provision) to repay the principal amount and although interest charges will not be incurred on internal borrowing it will result in reduced investment income as the funds will no longer be available to invest.

MEDIUM TERM INFRASTRUCTURE PLAN 2024/25 – 2027/28

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 2024/25 to 2027/28.

Capital Infrastructure Plan Funding

(All figures are £'000)	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2024-28 Total
Funded By:					
Revenue Contributions - from Base Budget	2,592	2,592	2,592	2,592	10,368
Revenue Contributions – (to) / from Reserve	-224	0	3,280	4,535	7,591
Internal Borrowing	10,384	11	0	0	10,395
Capital Receipts Applied	0	1,783	6,345	0	8,128
Total Funding	12,752	4,386	12,217	7,127	36,482

Revenue Infrastructure Plan Funding

(All figures are £'000)	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2024-28 Total
Funded By:					
Revenue Contributions - from Base Budget	1,252	1,280	1,307	1,333	5,172
Revenue Contributions – from Reserve	5,676	1,435	1,978	2,546	11,636
One off funding	25	0	0	0	24
Total Funding	6,953	2,715	3,285	3,879	16,832

Capital Receipts Reserve Movements

(All figures are £'000)	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Balance at start of year (1 April)	7,894	8,128	6,345	0
New capital receipts expected in year	234	0	0	0
Use of capital receipts in year	0	-1,783	-6,345	0
Balance at end of year (31 March)	8,128	6,345	0	0

Infrastructure Reserve Movements

(All figures are £'000)	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Balance at start of year (1 April)	25,562	20,110	18,675	13,417
Infrastructure reserve – revenue	-5,676	-1,435	-1,978	-2,546
Infrastructure reserve - capital	224	0	-3,280	-4,535
Balance at end of year (31 March)	20,110	18,675	13,417	6,336