



## **KENT AND MEDWAY FIRE AND RESCUE AUTHORITY**

**Meeting of the Authority**

**Tuesday 20 February 2024**

**10.30am**



## AGENDA

### KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

**Tuesday 20 February 2024, 10.30 am**

Ask for: **Marie Curry**

To be held at Kent Fire and Rescue Service HQ  
The Godlands, Straw Mill Hill, Tovil, Maidstone ME15 6XB

Telephone: **(01622) 692121**

#### **UNRESTRICTED ITEMS**

*(During these items the meeting is likely to be open to the public)*

#### **A Routine Business**

- A1. Chair's Announcements
- A2. Membership Changes and Apologies for Absence
- A3. Declarations of Interest in Items on this Agenda
- A4. Minutes of the Audit and Governance Committee held on 27 September 2023 *(for information)*
- A5. Minutes of the Meeting of the Authority held on 19 October 2023 *(for approval)*

#### **B For Decision**

- B1. Community Risk Management Plan Consultation Findings and Next Steps
- B2. External Auditors Annual Report 2022/23
- B3. Financial Update for 2023/24
- B4. Draft Revenue and Capital Budgets 2024/25 and Medium-Term Financial Plan 2024-28
- B5. Productivity and Efficiency Plan 2024/25
- B6. Pay Policy Statement 2024/25
- B7. Disciplinary Policy for Senior Officers
- B8. Member Allowances Scheme 2024/25
- B9. Monitoring Officer Provision

#### **C For Information**

- C1. Activity Update *(presentation)*
- C2. Information Update *(presentation – can be viewed on the Authority's website)*

#### **D Urgent Business** *(Other items which the Chairman decides are urgent)*

## **E Exempt Items**

### **E1. Motion to Exclude Press and Public**

Under Section 100A of the Local Government Act 1972, the public be excluded from the meeting for the following business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 1 and 9 of Schedule 12A of the Act.

## **EXEMPT ITEMS**

### **E2. Channel Tunnel**

Marie Curry  
Clerk to the Authority  
9 February 2024

*Please note that any background papers referred to in the accompanying reports may be inspected by arrangement with the Lead/Contact Officer named on each report.*



## KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

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MINUTES of the Meeting of the Audit and Governance Committee held on Wednesday, 27 September 2023 at 2pm, Kent Fire and Rescue Service Headquarters, The Godlands, Straw Mill Hill, Tovil, Maidstone ME15 6XB.

PRESENT: - Mr A Brady, Mr P Cole, Mr N Collor, Mr D Crow-Brown, Mr M Hood, Mr B Kemp, Mr V Maple, Mr C Simkins and Mrs J Waterman (Independent Member).

APOLOGIES: - Mr A Booth and Mr J McInroy.

OFFICERS:- The Chief Executive, Miss A Millington, OBE, QFSM; the Director, Finance and Corporate Services, Mrs A Hartley; Director Prevention, Protection, Customer Engagement and Safety, Mr J Quinn; Director, Response and Resilience, Mr M Rist; Head of Finance, Treasury and Pensions, Mrs N Walker; Head of Finance, Treasury and Pensions, Barrie Fullbrook, Head of Policy, Dr O Thompson and the Clerk to the Authority, Mrs M Curry.

ALSO IN ATTENDANCE: - Ms F Smith and Ms L Taylor, KCC Internal Audit.

### UNRESTRICTED ITEMS

#### 1. Election of Chair for 2023/24

*(Item A1)*

- (1) Mr Kemp moved, Mr Brady seconded, that Mr Maple be elected Chair of the Committee.
- (2) There being no other nominations, Mr V Maple was declared Chair of the Audit and Governance Committee for 2023/24.

#### 2. Election of Vice-Chair for 2023/24

*(Item A2)*

- (1) Mr Maple moved, Mr Simkins seconded, that Mr Kemp be elected Vice-Chair of the Committee.
- (2) There being no other nominations, Mr B Kemp was elected as Vice-Chair of the Audit and Governance Committee for 2023/24.

#### 3. Chair's Announcements

*(Item A3)*

- (1) The Chair thanked Richard Bason from Link Asset Group for providing Members with training on Treasury Management prior to the meeting.
- (2) The Chair welcomed the new Members who had been appointed to the Committee following the Authority's AGM.
- (3) The Chair welcomed Jenny Waterman to her first Committee as the Independent Member.
- (4) The Chair welcomed Frankie Smith and Louise Taylor from KCC Internal Audit to the meeting.

**4. Membership**

*(Item A5)*

- (1) The list of Members appointed to serve on the Committee for 2023/24 was noted.

**5. Minutes – 20 April 2023**

*(Item A6)*

- (1) RESOLVED that: -

- (a) the minutes of the Audit and Governance Committee meeting held on Thursday 20 April 2023, be approved and signed by the Chair as a correct record.

**6. Provisional Final Outturn for 2022/23**

*(Item B1 – Report by Director, Finance and Corporate Services)*

- (1) The Committee received a detailed report on the provisional final outturn for 2022/23 which is part of a suite of papers for Members to review in order to gain sufficient assurance to formally approve the Statement of Accounts for 2022/23.
- (2) The Committee also received a summary of the key points from the report that were presented and agreed by the Authority at its meeting in June 2023.
- (3) Members were provided with an update on the delay in the External Auditors review and conclusion of the 2021/22 final accounts for this Authority. The delay is due to a national issue in relation to actuarial pension figures.
- (4) Mrs J Waterman asked if the Authority has compared the position of our External Auditor against other organisations and whether these were in a similar situation. The Director for Finance and Corporate Services responded by saying this is an issue across the board, not just for this Authority's External Auditors.
- (5) In response to discussions relating to Pension Fund contributions, Mr Maple asked for a training session to be provided, prior to the next Committee meeting, on the changes in legislation for Pensions which is due to be released in October 2023.
- (6) The Chair thanked the Director of Finance and her team for the well written, clear and concise reports.
- (7) RESOLVED that: -
- (a) the final provisional revenue budget overspend of £818k against an approved budget of £77.429m, be noted.
- (b) the final capital outturn of £4.235m against the revised capital budget of £5.359m, be noted.
- (c) the remaining contents of the report be considered and noted.

**7. Internal Audit Annual Report for 2022/23**

*(Item B2 – Report by Director, Finance and Corporate Services)*

- (1) The Committee considered the Internal Audit Annual Report for 2022/23.
- (2) Ms Frankie Smith, KCC Internal Audit, introduced the Annual Report which contained the Head of Internal Audit's opinion of the overall effectiveness of the Authority's framework of governance, risk management and control systems. The annual opinion is largely informed by the work undertaken as part of the Internal Audit Plan for the 2022/23 financial year. It also considers the result of audits for the previous two financial years and any subsequent follow up work undertaken.
- (3) Mrs J Waterman asked whether the outcomes of the audit were as expected and whether there were any areas that were more challenging. The Head of Internal Audit said that she has personally worked with Kent Fire and Rescue Service for the past three years and it's clear that officers are very aware of where their risks are. It is unusual to see a limited opinion, but the Service is very prompt to respond to ensure that robust procedures are put in place.
- (4) The Chair, on behalf of Members, gave thanks to Internal Audit for the work they undertake on behalf of the Authority.
- (5) RESOLVED that: -
  - (a) the Internal Audit Annual Report for 2022/23, attached as Appendix 1 to the report, be approved.

**8. Annual Governance Statement 2022/23**

*(Item B3 – Report by Director, Finance and Corporate Services)*

- (1) The Committee considered the Authority's Annual Governance Statement for 2022/23, the preparation of which followed completion of the annual internal self-assessment process.
- (2) The Annual Governance Statement provides an analysis of the governance arrangements and systems of internal control along with the assessment of the Authority's effectiveness. The Statement is reviewed by the External Auditors and published alongside the Statement of Accounts each year.
- (3) Mr Hood asked whether Government funded grants are reviewed to support the Authority's pledge to become carbon neutral by 2030. The Director of Finance and Corporate Services assured Members that a periodic review does take place to look at all available grants to identify if any would be relevant to the work of this Authority.
- (4) The Director of Operations added that both the Service's Estates and Fleet teams regularly look at options around reducing the Service's carbon footprint. The Service already has hybrid vehicles in terms of our pool fleet. However heavy appliances are more of an issue, but lower carbon options are being researched. He added that the Service is also working closely with the Environment Agency when it comes to fighting fires and the potential impact that may have on the environment.

- (5) Mrs J Waterman asked that in light of the Government's announcement on a revised date for reaching Net Zero Carbon, does the Service still plan to work towards 2030. The Director of Operations responded by saying that this would still be the aim and a considerable amount of work is being undertaken to reach that target.
- (6) RESOLVED that: -
  - (a) the Annual Governance Statement for 2022/23, as detailed in Appendix 1 to the report, be approved.

**9. Treasury Management Annual Report for 2022/23**  
*(Item B4 – Report by Director, Finance and Corporate Services)*

- (1) The Committee consider a report on Treasury Management activities during 2022/23.
- (2) Mr Kemp asked whether there was any additional training planned for the new Members of the Committee on Treasury Management. The Director of Finance and Corporate Services said that Richard Bason from Link Asset Group, regularly provides the Committee with briefing sessions on Treasury Management as part of a Members training programme but she is more than happy to arrange any further training sessions for Members if they feel more support is needed.
- (3) RESOLVED that: -
  - (a) the year-end report on Treasury Management activities for 2022/23, be approved.

**10. Annual Statement of Accounts for 2022/23**  
*(Item B5 – Report by Director, Finance and Corporate Services)*

- (1) The Committee considered the draft Statement of Accounts for 2022/23, which are awaiting review by the Authority's External Auditors.
- (2) The Committee was also given a presentation on the Authority's Financial Statements that provided more detail on the Comprehensive Income and Expenditure Statement (CIES), which represents the income and expenditure associated with the 2022/23 financial year; the Movement in Reserves Statement which shows the changes to resources available to the Authority over the year; the balance sheet as well as the Cash Flow Statement showing the cash payments and receipts during the year.
- (3) Mr Maple thanked Mrs Walker for the presentation.
- (4) RESOLVED that: -
  - (a) the draft Statement of Accounts for 2022/23, be approved.
  - (b) the remaining contents of the report be noted.

**11. Chair of Audit and Governance Committee's Report to the Authority**

*(Item B6 – Report by Chair of Audit and Governance/Director, Finance and Corporate Services)*

- (1) Members considered a report which provided a detailed summary of the activities undertaken by the Audit and Governance Committee during the last year.
- (2) The report demonstrates to the Authority the effectiveness of this Committee's work in assessing and maintain the organisation's internal control environment and governance arrangements.
- (3) The Chair gave his thanks to Members, officers and external partners for their continued support and commitment to the work of the Committee.
- (4) RESOLVED that: -
  - (a) the contents of the report, which will be presented to the Authority at its meeting in October 2023, be approved.

**12. Mid-Year Treasury Management and Investment Update for 2023/24**

*(Item C1 – Report by Director, Finance and Corporate Services)*

- (1) THE CIPFA Code of Practice on Treasury Management and the Prudential Code requires the Authority to determine and set the Treasury Management Strategy for the financial year ahead. This was agreed by the Authority at its meeting on 21 February 2023.
- (2) As a requirement of the Strategy, this Committee received a mid-year update on treasury activity undertaken and the extent of the compliance with the agreed prudential indicators.
- (3) RESOLVED that: -
  - (a) the contents of the report be noted.

At the close of the formal business, Members passed on their best wishes for a speedy recovery to Ms A Millington, Chief Executive, following a recent ankle operation.

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## KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

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MINUTES of a Meeting of the Kent and Medway Fire and Rescue Authority held at Kent Fire and Rescue Service Headquarters, The Godlands, Tovil, Maidstone, ME15 6XB on Thursday 19 October 2023.

PRESENT: - Mr P Barrington-King, Mr A Brady, Mr N Chard (Chair), Mr D Crow-Brown, Mr M Dendor, Mr P Harman, Mr M Hood, Mr D Jeffrey, Mr B Kemp (Vice-Chair) Mr S Manion, Mr V Maple, Mr J McInroy, Ms J Meade, Ms C Parfitt-Reid, Mr M Prenter; Mr C Simkins, Mr M Sole, Mr B Sweetland, Ms Z Van-Dyke.

APOLOGIES: - Mr D Beaney, Mr A Booth, Mr P Cole, Mr N Collor, Ms S Hohler, Mr A Ridgers and Kent Police and Crime Commissioner, Matthew Scott.

OFFICERS:- The Chief Executive, Miss A Millington OBE QFSM; the Director, Finance and Corporate Services, Mrs A Hartley; Director, Response and Resilience, Mr M Rist; Director, Prevention, Protection, Customer Engagement and Safety, Mr J Quinn; Assistant Director, HR, Mrs K Irvine; Assistant Director, Response, Mr M Deadman; Assistant Director, Resilience, Mr C Else; Assistant Director, Customer and Building Safety, Mr M Woodward; Head of Finance, Pensions and Treasury, Mr B Fullbrook; Head of Finance, Pensions and Treasury, Mrs N Walker; Head of Policy, Dr O Thompson; Head of Data Intelligence, Ms N Harryman; and the Clerk to the Authority, Mrs M Curry.

IN ATTENDANCE: - The Authority's Independent Person, Mrs J Waterman.

### UNRESTRICTED ITEMS

#### 18. Chairman's Announcements

*(Item A1)*

- (1) The Chair welcomed Mrs Jenny Waterman to the meeting.
- (2) Members gave thanks to the Kent contingent of the UKISAR for their efforts in Morocco following the earthquake in September.
- (3) The Chair reminded Members of the date and time of this year's KFRS Annual Award Ceremony.
- (4) Members gave their best wishes to the Chief Executive for a speedy recovery following her ankle operation.

#### 19. Minutes of the Audit and Governance Committee held on 20 April 2023

*(Item A4)*

RESOLVED that the Minutes of the Audit and Governance meeting held on 20 April 2023 be noted.

#### 20. Minutes of the Authority held on 29 June 2023

*(Item A5)*

RESOLVED that the Minutes of the Authority meeting held on 29 June 2023 be approved and signed by the Chair as a correct record.

#### 21. Community Risk Management Plan – Risk Analysis and Assessment

*(Item B1 – Report by Chief Executive)*

- (1) The Authority considered its Community Risk Management Plan (CRMP) risk analysis and assessment document, Creating a Safer Future – Together and council tax options for 2024/25 for public consultation.
- (2) Mr Maple said that it was important that Members of the Authority encouraged their communities to get involved in the consultation process. Director for Prevention, Protection and Customer Safety added that there will be an engagement plan to support

the public consultation so in the coming weeks, Members will be sent information packs which will contain briefing materials and leaflets for their use.

- (3) RESOLVED that: -
- (a) the CRMP risk analysis and assessment document, Creating a Safer Future – Together, as attached at Appendix 1 to the covering report, be approved.
  - (b) the proposal and associated timescales for public consultation on the Creating a Safer Future – Together document and council tax options for 2024/25, be approved.

## **22. Financial Update for 2023/24**

*(Item B2 – Report by Director, Finance and Corporate Services)*

- (1) The Authority was provided with the first detailed forecast outturn position on the revenue and capital budgets for 2023/24.
- (2) The report also highlighted the forecast underspend of £1.250m; set out the risks and budget volatility that remain for the last six months of the financial year and a number of other financial updates.
- (3) Members thanked the Director Finance and Corporate Services and her team for very good and easy to read reports.
- (4) Mr Brady asked what the process was for disposing of second-hand fire appliances to which the Director of Response and Resilience explained that decommissioned fire appliances, no longer in service within Kent, have been donated to Fire Aid which is a UK charity, providing fire and rescue equipment and training worldwide.
- (5) Following a question raised by Mr Brady about the impact of the delay to the Live Fire Training facility at Ashford, the Director of Response and Resilience provided Members with an update on some of the obstacles that have occurred which has resulted in the delay of the build. The Director of Finance and Corporate Services also explained some of the financial complexities surrounding this project. The Chief Executive provided assurances to Members that officers are closely monitoring this project to ensure its delivery and viability remains affordable and within the agreed envelope.
- (6) RESOLVED that: -
  - (a) any underspend that arises at the end of the 2023/24 financial year be transferred to the Insurance and Resource Reserve, be approved in principle.
  - (b) The contents of the report be noted.

## **23. Development of Medium-Term Sustainable Financial Plan**

*(Item B3 - Presentation by Head of Finance, Pensions and Treasury, Barrie Fullbrook)*

- (1) The Authority received a presentation from the Head of Finance, Pensions and Treasury on the development of the 2024-2028 Budget and Medium-Term Financial Plan.
- (2) RESOLVED that:
  - (a) the assumptions being adopted to develop the Authority's 2024 - 2028 Budget and Medium-Term Financial Plan, as described in the presentation, be noted.



**24. Governance and Policy Updates**

*(Item B4 – Report by Chief Executive)*

- (1) The Authority considered a report which covered the following governance topics:
  - A. Code of Corporate Governance
  - B. Statement of Assurance 2022/23
  - C. Annual Review of Compliance with the Local Government Transparency Code 2015 and Trade Union (Facility Time Publication Requirements) Regulations 2017.
  - D. Policy Update
- (2) Mr Chard made an observation that within the Statement of Assurance it did not include the fact that the Audit and Governance Committee was chaired by an opposition Member which he felt demonstrates good governance around scrutiny.
- (3) RESOLVED that:
  - (a) the updated Code of Corporate Governance, as attached at Appendix 1 to the report, be approved.
  - (b) the Statement of Assurance 2022/23, as attached at Appendix 2, to the report, be approved.
  - (c) the contents of the Annual Review of Compliance with the Local Government Transparency Code 2015 and the Trade Union (Facility Time Publication Requirements) Regulations 2017, as attached at Appendix 3 to the report, be noted.
  - (d) the remaining contents of the report be noted.

**25. Treasury Management Annual Report 2022/23**

*(Item B5 – Report by Director, Finance and Corporate Services)*

- (1) The Authority is required by the Local Government Act 2003 to produce an annual review of treasury management activities and the estimated and actual prudential and treasury indications for the year. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.
- (2) The report had already been reviewed by the Audit and Governance Committee at its meeting on 27 September 2023. However, the Authority considered the final treasury position for 2022/23 to support the draft financial statements which reflects a slight increase of £3k on the interest received on balances to that previously reported.
- (3) RESOLVED that: -
  - (a) this year-end report on treasury management activity for 2022/23, be approved.

**26. Mid-Year Treasury and Investment Update 2023/24**

*(Item B6 – Report by Director, Finance and Corporate Services)*

- (1) The Authority received a mid-year update on treasury management activity for 2023/24 and the extent of compliance with the agreed prudential indicators.
- (2) RESOLVED that: -

- (a) the mid-year report on treasury management activity for 2023/24, be approved.

**27. Calendar of Meetings 2024/25**

*(Item B7 – Report by Clerk of the Authority)*

- (1) The Authority considered the proposed calendar of Member meetings and events for the 2024/25 municipal year.
- (2) The Clerk was requested to revisit the July 2024 Authority date as it clashed with the LGA Annual Conference.
- (3) RESOLVED that: -
  - (a) The 2024 July Authority date be moved to accommodate the LGA Annual Conference.
  - (b) The remaining calendar of Member meetings and other events for 2024/25 be approved.

**28. Report to the Authority on the Work of the Audit and Governance Committee**

*(Item C1 – Report by Chair of Audit and Governance Committee)*

- (1) The Authority received its annual report on the activities undertaken by the Audit and Governance Committee.
- (2) Mr Chard placed on record his thanks to Mr Maple as Chair of the Committee as well as its Members for the work they have undertaken over the past year.
- (3) RESOLVED that: -
  - (a) the contents of the report be noted.

**29. Operational Incidents of Interest**

*(Item C2 – Presentation by Director, Response and Resilience)*

- (1) The Authority received a presentation from the Director of Response and Resilience on two noteworthy incidents which covered the firefighting and rescue techniques that were employed, the equipment and resources used and what was learnt as a result of the incidents.
- (2) Mr Maple thanked officers for the presentation and the way it highlighted the use of mutual aid to the new Members on the Authority.
- (3) Members discussed the pros and cons for charging for mutual aid and the moral reasons why this Authority doesn't charge neighbouring fire services and vice versa. The only exception to this being London Fire Brigade where there is a mutual charging agreement in place.
- (4) Mr Maple complimented the Service for the way it handles its social media on how incidents and messages are reported.
- (5) RESOLVED that: -
  - (a) the contents of the presentation were noted.

**30. Information Update**

*(Item C3 – Report by Chief Executive)*

- (1) Members received their regular information updates in an electronic presentation format as part of the weblink sent prior to the meeting. This was an opportunity to provide Members with a more efficient and engaging way of displaying the information contained within the updates and it would also help the Authority to reduce the volume of papers printed for meetings.
- (2) The updates included: -
  - A. Inspection Update
  - B. Performance Update
  - C. Response and Resilience Update
  - D. Prevention, Protection, Customer Engagement and Safety Update
  - E. Freedom of Information Update
  - F. Annual Update on Members' Standards and Allowances
  - G. Pensions and Pension Board Update
- (3) On B above, Mr Brady submitted some questions to the Clerk ahead of the meeting around performance stats which were answered at the meeting by Director of Response and Resilience.
- (4) On F above, Mr Brady submitted a question to the Clerk ahead of the meeting around allowances paid to the Chair which were answered by the Chief Executive.

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By: Chief Executive

To: Kent and Medway Fire and Rescue Authority – 20 February 2024

Subject: COMMUNITY RISK MANAGEMENT PLAN CONSULTATION  
FINDINGS AND NEXT STEPS

Classification: Unrestricted

## **FOR DECISION**

### **SUMMARY**

This report covers the findings from the responses to the public consultation on the Authority's Community Risk Management Plan (CRMP) risk analysis and assessment document, "Creating a Safer Future – Together".

### **RECOMMENDATIONS**

Members are requested to:

1. Approve the report of the responses to the public consultation on the risk analysis and assessment set out in the document "Creating a Safer Future – Together" and the council tax options for 2024/25 (paragraphs 3 to 8 refer). The consultation responses report can be accessed via the following link:  
  
<https://www.kent.fire-uk.org/saferfuture-findings-2023>
2. Approve the preparation of an action plan setting out the actions required to address the risks and strategic challenges presented in the "Creating a Safer Future – Together" document. This will be brought to Members for approval in July 2024 (paragraph 8 refers).

LEAD/CONTACT OFFICER: Assistant Director, Response - Matthew Deadman  
TELEPHONE NUMBER: 01622 692121 ext. 8383  
EMAIL: [matthew.deadman@kent.fire-uk.org](mailto:matthew.deadman@kent.fire-uk.org)  
BACKGROUND PAPERS: None

## COMMENTS

### CRMP Public Consultation and Findings

1. The Fire and Rescue National Framework for England requires every fire and rescue authority to assess all foreseeable fire and rescue related risks that could affect their communities, whether they are local, cross-border, multi-authority and/or national, and prepare an 'integrated risk management plan', or as it is now referred to within the sector, a 'Community Risk Management Plan' (CRMP). The Authority is now undertaking a CRMP process which builds upon the 10-year analysis of the key societal, economic, technological, and environmental changes that were set out in the 2022 Safety Plan.
2. The first stage of our CRMP was a comprehensive risk analysis and assessment. Undertaken in line with the National Fire Chiefs' Council's "Community Risk Management Planning Strategic Framework", this risk assessment was presented to, and approved by, Members at the meeting of the Authority held on 19 October 2023.
3. Between 01 November 2023 and 01 February 2024, the Authority undertook public consultation on the "Creating a Safer Future – Together" document. This also included consultation on the council tax options for 2024/25.
4. The consultation generated a total of 1,859 responses. This is the highest number of responses of any recent CRMP consultation undertaken by the Authority and reflects our carefully planned approach and the effort of our Engagement Team to raise awareness of the CRMP with our stakeholders and customers.
5. There was overwhelming support for both the risks identified and the areas of focus set out in the CRMP document. This strong mandate gives us a firm basis to move forward to the next stage and form actions under each strategic area.
6. There was widespread support for a modest increase in council tax, something that was supported by 70% of respondents. Three times as many respondents supported an increase over a freeze, and almost half of all respondents were in favour of an increase of up to £5 per year. The council tax options for 2024/25 presented in the consultation were as follows:
  - Option 1: Freeze council tax for a year
  - Option 2: Increase council tax by an amount just under a previously proposed referendum limit of 3%, which is an increase of just over 5p a week for an average band D household.
  - Option 3: If there is flexibility to do so, would you agree to an increase of up to £5 (5.6% increase) a year on an average band D household, which is a weekly increase of just over 9p.

- Option 4: As an alternative option, having read about the significant challenges we face over the medium term, what increase in council tax would you be prepared to pay in 2024/25? To give you some context, each 1% increase in a Council Tax Band D household is just under 2p per week.
7. The report containing the analysis of the responses to the consultation is presented as an electronic attachment to these papers for Members' consideration and approval. This is published on our website in a format that is accessible and allows us to promote it to our customers and those who participated in the consultation.
  8. Recognising the clear support expressed through the consultation responses for the identified risks and areas of focus, the next step will be to prepare an action plan setting out the actions required to address the risks and strategic challenges presented in the "Creating a Safer Future – Together" document. This will be brought to Members for approval in July 2024.

## **IMPACT ASSESSMENT**

9. There are no direct impacts from the contents of this paper which cannot be contained within existing budgetary provision.

## **RECOMMENDATIONS**

10. Members are requested to:
  - 10.1 Approve the report of the responses to the public consultation on the risk analysis and assessment set out in the document "Creating a Safer Future – Together" and the council tax options for 2024/25 (paragraphs 3 to 8 refer). The consultation responses report can be accessed via the following link:  
  
<https://www.kent.fire-uk.org/saferfuture-findings-2023>
  - 10.2 Approve the preparation of an action plan setting out the actions required to address the risks and strategic challenges presented in the "Creating a Safer Future – Together" document. This will be brought to Members for approval in July 2024 (paragraph 8 refers).

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By: Chief Executive

To: Kent and Medway Fire and Rescue Authority – 20 February 2024

Subject: EXTERNAL AUDITORS ANNUAL REPORT 2022/23

Classification: Unrestricted

## **FOR DECISION**

### **SUMMARY**

Each year Members will be aware that the External Auditors, Grant Thornton, present their Annual Report to Members of the Authority for their review and consideration, following their assessment of this Authority's Value for Money arrangements that are in place. This covers the key criteria of financial sustainability governance and how we have improved economy, efficiency and effectiveness.

Alongside this assessment is their Opinion of the Financial Statements for the year ending 2022/23. Whilst this work is still not concluded, it does provide commentary that based on the substantial amount of work completed the Auditors intend to issue an unqualified opinion on the financial statements following the presentation of their Audit Findings Report to Audit and Governance Committee at their January meeting.

### **RECOMMENDATIONS**

Members are requested to:

1. Agree to consider the matter raised in the External Auditors Annual Audit Report (paragraph 3 to 8 and **Appendix 1** refer).
2. Note the remaining contents of this report.

LEAD/CONTACT OFFICER: Director, Finance and Corporate Services - Alison Hartley  
TELEPHONE NUMBER: 01622 692121 ext. 8262  
EMAIL: [alison.hartley@kent.fire-uk.org](mailto:alison.hartley@kent.fire-uk.org)  
BACKGROUND PAPERS:

## Background

1. The “Code of Audit Practice” for Local Authorities, Police forces, Fire Services and NHS Trusts sets out how External Auditors should conduct audits in the Public Sector to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. It ensures the audits offer a robust assurance, transparency and accountability for local taxpayers.
2. One of the biggest areas within the ‘Code of Audit Practice’ is that in relation to Value for Money. As part of the annual audit of the financial statements Auditors are required to give a separate opinion on Value for Money which focusses on ascertaining if the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
3. **Auditors Annual Report** - The structure of the annual commentary on arrangements the Authority has undertaken to secure value for money, enables Auditors to explain the work they have undertaken during the year and highlight any significant weaknesses they have identified and bring them to the Authority’s attention, along with their recommendations for any areas where they consider may need improvement. The Annual Report, attached at **Appendix 1**, enables Auditors to reflect local context and draw attention to emerging and developing issues which may not represent significant weaknesses but may require the attention of the Authority. When reporting these arrangements Auditors will comment under three specified reporting criteria. These are set out below, alongside the conclusion of their review under each aspect: -
4. **Financial Sustainability** – how the Authority plans and manages its resources to ensure it can continue to deliver its services;

*Conclusion – Overall, the Authority delivered a reasonable budget outturn 2022/23 and have strong financial governance in place that allows for effective financial planning. Although, an area for continued development is savings generation and we have raised an improvement recommendation to this effect (**Appendix 1** page 9)*

5. **Governance** – how the Authority ensures that it makes informed decisions and properly manages its risks;

*Conclusion – The Authority has robust governance arrangements. Processes and ways of working are embedded across the Authority. We have not raised any improvement recommendations in relation to governance arrangements.*

6. **Improving economy, efficiency and effectiveness** – how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

*Conclusion – The Authority has well developed arrangements to deliver economy, efficiency and effectiveness. We have not raised any improvement recommendations in this area.*

7. The majority of the work in relation to the Value for Money assessment was undertaken during Autumn 2023. Having reviewed the Authority's arrangements, the Executive Summary on page 3 of **Appendix 1** highlights that there was no significant weakness identified in any of the three reporting criteria, although it does make comment on the Authority's need to continue to develop a robust savings plan for long-term financial sustainability, with detail set out on page 9 of **Appendix 1**.
8. **Financial Statements** – Whilst the audit of the 2022/23 accounts is substantially complete, the Auditors have advised that they intend to issue an unqualified opinion on the Authority's financial statements. An Audit Finding report was presented to the Audit and Governance Committee at its January 2024 meeting.

## **IMPACT ASSESSMENT**

9. Corporate Management Board have considered the Auditors recommendation and are continuing work on developing options for a robust savings plan for long-term financial sustainability of the Authority.

## **RECOMMENDATIONS**

10. Members are requested to:
  - 10.1 Agreed to consider the External Auditors Annual Report (paragraph 3 to 8 and **Appendix 1** refer).
  - 10.2 Note the remaining contents of this report.

# Auditor's Annual Report on Kent and Medway Fire and Rescue Authority

**2022/23**

January 2024



# Contents



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Executive summary



## Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Authority's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

Criteria	Risk assessment	2022/23 Auditor judgement on arrangements	
Financial sustainability	No risks of significant weakness identified	G	Demonstrated good financial management in the face of challenge, but the Authority must continue development of a robust savings plan for long-term financial sustainability.
Governance	No risks of significant weakness identified	G	Governance arrangements and communication within the Authority are strong and garner effective processes and decision-making.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	G	Commitment to delivering value for money is evident and performance monitoring and procurement arrangements are good.

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.



## Financial sustainability

Kent and Medway Fire and Rescue Authority (The Authority) finished with a £0.82m overspend for 2022/23, which was reduced and offset through underspends in the capital programme and transfers from reserves. The Authority showed strong financial management, though would benefit from developing a distinctive savings plan to ensure they can fund the projected £2-5m budget gap in the medium term.



## Governance

The Authority has robust governance arrangements with a culture of striving for constant improvement. Relevant information is presented and consultations with the appropriate stakeholders are undertaken before decisions are made, which allow for effective outcomes. The ways of working and strong communication between leadership and members take governance at the Authority from satisfactory to good.



## Improving economy, efficiency and effectiveness

Our review has provided us with confidence that the Authority deliver economy, efficiency and effectiveness. Their delivery and performance is monitored through and benchmarked against their Customer Safety Plan, putting public service and safety at the centre of what they do and as the core benchmark of their effectiveness as a Local Authority. Moreover, their procurement function continues to be strong.



We have not yet completed our audit of your financial statements although work is well progressed. We expect to issue an unqualified audit opinion following the completion remaining testing. Our findings are set out in further detail on 16.

# Use of auditor's powers

We bring the following matters to your attention:

2022/23

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.

We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

## Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

## Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make an application to the Court.

## Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices.

## Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not make an application for judicial review.

# Securing economy, efficiency and effectiveness in the Authority's use of resources

All Authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Authority's responsibilities are set out in Appendix A.

Authorities report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



## Financial sustainability

Arrangements for ensuring the Authority can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



## Governance

Arrangements for ensuring that the Authority makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Authority makes decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the Authority delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Authority, Cabinet and committee reports
- Regular meetings with senior officers
- Interviews with other members and management
- Attendance at Audit Committee
- Considering the work of internal audit
- Reviewing reports from third parties including Ofsted
- Reviewing the Authority's Annual Governance Statement and other publications



Our commentary on the Authority's arrangements in each of these three areas, is set out on 7 to 15.



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# KMFRA landscape



## Local context

Kent and Medway Fire and Rescue Service is the long-standing statutory fire and rescue service for the Kent and Medway area. They have 55 fire stations and 4 district fire safety offices across Kent and Medway. The Fire and Rescue Service is governed by a Fire Authority, which is made up of 25 elected Councillors appointed by Kent County Authority (21) and Medway Authority (4) as well as the Kent Police and Crime Commissioner. 17 of these Councillors are from the Conservative Party, 5 Labour, 1 Liberal Democrat, 2 Green and Independent Members, which reflects the conservative-majority Kent County Authority. Kent and Medway have a combined population of over 2 million people. The Fire Service has partnerships with local police, ambulance and blue light services and offer their staff and resources when responding to emergencies all around the region.

The Authority's strategy is focussed on operational excellence, accessibility of services and investment into key infrastructures. The Authority's plan is provide a good quality of service, that is accessible to anyone and everyone in the region including vulnerable groups and that their resources function at their best. Like many in the sector, the Authority is faced with the challenges of inflation, uncertainty around government funding and supply chains.

# Financial sustainability



## We considered how the Authority:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

## Financial output 2022/23

The Authority finished 2022/23 with an overspend of £0.82m against a gross budget of £77.4m. This is largely due to the later than anticipated and higher than budgeted 7% pay award for operational staff settled which came into effect on 1<sup>st</sup> July 2022. Like others in the sector the Authority budgeted for a 3% pay award. The Authority was able to offset the majority of the £1.3m in unanticipated pay award costs through £1.85m additional income generated through increased interest from investments and increased grants and contributions. There was also a £2.3m underspend in the capital programme which had subsequent impact on the revenue outturn. The largest source of the capital programme underspend was business change and IT where there was a saving of £0.7m achieved on a new contract for Microsoft Licenses.

The Authority's flexible approach to managing the budget throughout the year aids financial planning and mitigates against large, unexpected variances. The management of the 2022/23 budget is evidence that the Authority's flexible approach garners positive results. Moreover, assumptions made when setting the 2022/23 budget were deemed to be sensible. They consider settlement funding, a one off services grant and increases in staff costs. This turned out to be largely accurate, with the exception of the pay award detailed above.

## Reserves

The Authority has a healthy reserves balance. As of 31 March 2023, the reserve balance stood at £45.66m, £3.97m of which are un-earmarked General Fund Reserves. At the end of the financial year, £0.82m from the Insurance and Resource reserve was transferred to offset the revenue overspend. The Authority's reserves strategy underpins the capacity and ability to utilise reserves to maintain a balanced budget, and the use of reserves in 2022/23 reflects this.

## Short and medium term financial planning

The Authority's sensible assumptions and considerations when budget setting creates a strong foundation for their medium term financial planning.

A key change in the assumptions compared to previous years is an estimate of a 1.5% and a 1% increase in Council Tax in 2023/24 and 2024/25 respectively, and a 2% increase per year in Council Tax charge for the Authority. Moreover, the Authority have budgeted for £0.46m of additional of funding from the Local Provisional Government Finance Settlement for 2023/24, a reasonable assumption considering current guidance.

## Strategic priorities

The Chief Executive has outlined the following strategic priorities in the MTFP to help meet those aims:

- Operational excellence – responding to incidents efficiently and demonstrating professionalism within the organisation through continued learning
- Equality of access – targeted engagement to ensure everyone, particularly vulnerable people, who live in or travels through the region have access to services
- Infrastructure investment – investment in emergency response resources, IT and core infrastructure

The subjective and functional analysis within the Budget Book displays clear alignment between the 2022/23 budget and the strategic priorities. The largest portion of the budget went towards operational response and resilience, followed by investment into the Authority's Internal Services Teams, including core infrastructure and training.

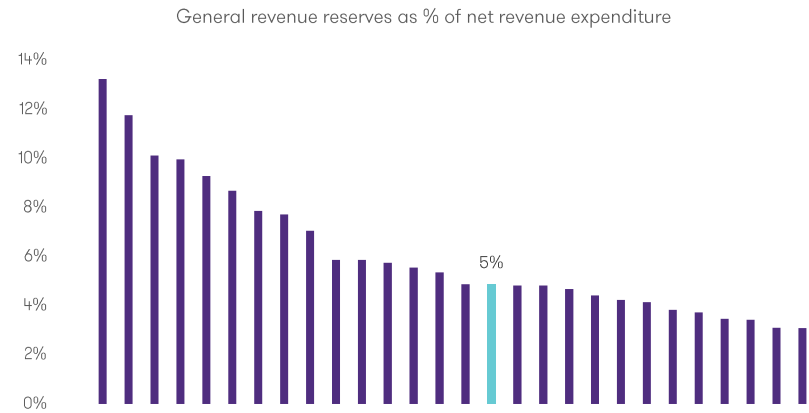
Spending on operational response and resilience affords the Authority optimal resource to fulfil their statutory duties as a Fire Service, ensure services are accessible and cater to the resource demand from other local blue light services. Furthermore, spending on Internal Services Teams ensures everyone working at the Authority has the knowledge and tools to provide best practice service and support continuous learning and improvement. Annual budget forecasts through to 2026 follow the same trend in the allocation of spending. This exemplifies the Authority's understanding of where budgets must be allocated to meet their strategic objectives.

# Fire Authority reserves comparative analysis

## Fire Authority reserves comparative analysis

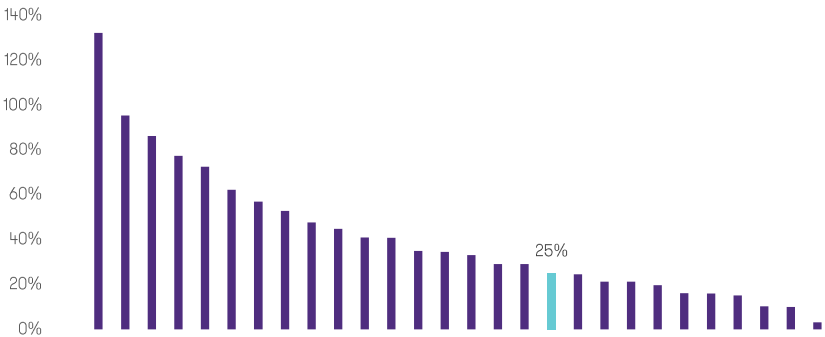
The following charts compare KMFRAs reserves position to the other 27 standalone fire Authorities in England. This information is based on 2022/23 revenue outturn data as published by Department for levelling up, housing and communities.

The graph below shows KMFRAs (blue bar) maintain a general reserve at 5% of net revenue budget. Each individual authority will maintain reserve balances and policies relevant to their local financial strategy and any comparisons should be taken in the wider financial context of each authority.



As well as unallocated reserves authorities hold other useable revenue reserves for specific purposes such as specific risks or projects. Including these balances (as shown to top right of the page) shows KMFRAs has balances totalling 57% of the net revenue expenditure for 2022/23.

Total useable revenue reserves as % of net revenue expenditure



During 2022/23 the total useable revenue reserves for KMFRAs reduced by £2.074 million, a 50% reduction in opening balances. Across fire authorities there was a range of changes to useable reserves. It should be noted there are many reasons for reductions or increases in reserve balances both planned and unplanned.

Change in useable revenue reserves as percentage of opening balances during 2022-23



# Financial sustainability

## Capital Plans

KMFRA's capital strategy aligns with their strategic priorities. The core of it is to deliver to the Authority's aims as set out in the Customer Safety Plan. Between 2022 – 2026, the largest proportion of capital budget is allocated to vehicles and equipment, which are imperative to the Authority delivering their service effectively.

The Authority has the following large-scale capital projects from 2023/24:

- Mobile data terminals – upgrading data technology in fire engines and emergency vehicles.
- Vehicle replacements – long-term programme to replace emergency response vehicles. Building works. The Director of Finance expressed the Authority's ambition to replace 49 front line appliances over the next two years.
- Building works – maintain the Authority's 80 building sites and redevelop the Ashford site to become a state-of-the-art Live Fire training facility. The Director of Finance outlined that £13m has already been allocated to the redevelopment of the Ashford site.

While the Authority delivered capital plans within budget in 2022/23, due to the scale of their ambitions in the medium term, it is important for the Authority to generate savings. As capital plans are constantly monitored, we are confident that any financial risks regarding the capital programme will be managed promptly.

## Identifying savings

The Authority is forecasting a balanced budget till 2025/26. The robust financial management that currently in place provides some assurance this can be delivered. However, there is still a risk around the Authority's ability to deliver the level of savings required.

The Authority made planned savings in 2022/23 of some £1.769m to ensure a balance budget was delivered. The 2022/23 Budget Book reported that "£1.08m of unidentified base budget savings are required to balance the budget in 2023/24 but that projected funding levels in 2024/25 and 2025/26 exceeded the base budget requirement by £0.24m and £1.09m respectively". Whilst the Authority estimated that there could be a budget shortfall in 2023/24, it is expected that this would be balanced out over the 3 year period. The Authority has good reserve balances to meet any potential shortfalls in the short term, although the Authority would benefit from developing a number of potential savings options which could be progressed if necessary in the medium term. We note from our conversations that work on this is already underway. The Director of Finance highlighted that the Fire Authority are liaising with budget managers about how to handle financial pressures and identifying savings going forward.

## Financial Governance

### Managing risks to financial resilience

The Authority is prudent in managing financial risks. Financial risks are captured in the Corporate Risk Register and are discussed in Fire Authority and Audit & Governance Committee meetings. In our conversation with the Director of Finance, it was explained that the most pressing financial risks currently are inflation, supply chain delays, scarce resources such as electronic chips and certain vehicles and the rising cost of utilities. Considering national context, these risks are common across all Fire Authorities.

### Budget setting

Budget setting arrangements and processes are appropriate. Key stakeholders are presented with relevant information including economic context, key trends and service needs. All relevant stakeholders are consulted, including budget managers. The budget setting is informed by the Customer Safety Plan, the development of which the public were consulted on. Therefore, budget setting at the Authority is strongly informed by service function and public need.


### Budget control

Budgets are monitored frequently and effectively throughout the financial year. Finance produce regular budget monitoring reports which are presented to the Board and Fire Authority. They also publish monthly spend spreadsheets available on the website. Budget variances and any risks are discussed in Fire Authority and Audit & Governance Committee meetings.

## Conclusion

Overall, the Authority delivered a reasonable budget outturn in 2022/23 and have strong financial governance in place that allows for effective financial planning. Although, an area for development is savings generation and we have raised an improvement recommendation to this effect.

# Improvement recommendations

Improvement Recommendation 1	Develop a trackable savings plan with responsible owners, targets, KPIs and timescales. Incorporate this as part of your budget monitoring processes.
Improvement opportunity identified	Clarity on how savings will be achieved and from which function will create a roadmap for budget managers to adhere will and hold budget managers accountable.
Summary findings	There is significant budget gap in the medium term. The authority cannot solely rely on reserve transfers to fund budget gaps, therefore need to generate savings to build long-term financial sustainability.
Criteria impacted	 Financial sustainability
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	

Progressing the actions management has identified to address the recommendations made will support the Authority in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

# Governance



## We considered how the Authority:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and member behaviour (such as gifts and hospitality or declaration of interests) and where it procures and commissions services.

## Risk management

Risk management is central to the day-to-day operations of the Authority considering the emergency-response services they provide. The Authority has appropriate processes around risk monitoring and management. The Corporate Risk Management Policy outlines expectations, risk escalation processes, roles and responsibilities and reporting obligations. Risk management is engrained in the latest Customer Safety Plan. All risks are captured within the Corporate Risk Register which is updated regularly and shared with the Audit & Governance Committee. Our review of minutes demonstrate that risks are discussed and mitigating action is agreed in Audit & Governance Committee meetings.

Moreover, the Authority's October 2023 'creating a safer future' strategy outlined an updated service risk management plan. The Authority has adopted a 7-step approach to managing risk:

1. Risk identification
2. Risk analysis
3. Risk exclusion
4. Risk assessment
5. Risk prioritisation
6. Consultation and engagement
7. Control measures

The Authority has identified and RAG-rated various high, medium and low priority risks and have developed mitigating actions if said risks were to actualise. For example, with climate change and hotter summers, the UK is now at risk of wildfires. The Authority's mitigation plans include wildfire training, investing in specialist vehicles that can access locations difficult to access and engaging with partners and landowners to better manage green spaces and educate about wildfires.

## Internal controls

The internal audit report completed by Kent County Authority (KCC) awarded 'substantial' assurance for the Authority's internal controls, risk management and corporate governance. However, only 67% of the internal audit plan was completed in 2022/23, mostly due to reports not being issued on scheduled dates. In our conversation with the Internal Audit lead we were informed that this slippage was largely due to staff illness and absence, and more resource is being put towards issuing the planned number of reports in the following year.

The Internal Audit report outlined only one area of limited assurance - Clinical Governance. The review identified that controls and procedures needed to be updated in line with the then-new Service-Level Agreement (SLA) with South East Ambulance Service. Areas for development highlighted in the Internal Audit Report included an expired Memorandum of Understanding (MoU), lack of central oversight and compliance and lack of a reporting and escalation procedure. We understand an action plan is in place to implement recommendations including an updated MoU has been developed.

The Authority is working with Internal Audit to improve internal controls. A key addendum in the 2022/23 internal audit plan compared to the previous year was the provision of Fraud awareness sessions to both operational and non-operational staff and the Authority's members. The Authority will also review counter fraud policies in 2023/24. In addition, Internal Audit commented on one new independent members of the Audit & Governance Committee who provide substantial challenge and scrutiny. These examples demonstrate the Authority's commitment to continuous improvement in governance.

The Internal Audit function is undergoing a transformation in their approach and are moving towards "agile" auditing. Some members of staff completed agile training in 2022. Furthermore, Internal Audit commented on how they may be changing their core system for auditing as their current contract ends in 2024. This aligns with national changes to the Internal Audit standards.

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# Governance

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## Informed decision making

Our review of meeting agendas and minutes demonstrate relevant information is shared before key decisions are made. This information may include the MTFP, budget monitoring reports, the Corporate Risk Register and public consultation responses. Decisions are discussed in Authority meetings before arriving to a decision.

The Audit & Governance Committee receive the Corporate Risk Register, Internal Audit Plans and Progress Reports and any policy, management or strategy updates. Audit & Governance Committee meetings demonstrate sufficient scrutiny is provided around key decisions. In the November 2022 Audit & Governance Committee meeting members recommended the recruitment of an Independent Member to join the Committee. Consequently, one independent member has been recruited.

## Standards and behaviours

The Authority has appropriate arrangements in place to monitor compliance with legislation and regulatory standards. The Code of Ethical Conduct outlines standards of employee behaviour. There is a clear policy around gifts and hospitality and staff are responsible for their own declarations. There are clear Counter Fraud and Whistleblowing policies and processes in place, and staff undertake regular training on this. Finally, there is guidance in the form of written and verbal briefings around cybersecurity risks.

## Conclusion

The Authority has robust governance arrangements. Processes and ways of working are embedded across the Authority. We have not raised any improvement recommendations in relation to governance arrangements.



# Improving economy, efficiency and effectiveness



## We considered how the Authority:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

## Customer Safety Plan

The Customer Safety Plan (the Plan) is the Authority's basis for delivering value to the community. The plan was developed following a public consultation held between October 2021 and January 2022. Overall, most respondents believed the Authority delivers value for money.

The Authority's financial planning is well aligned to strategic priorities. The five key objectives outlined in the Plan are:

1. Responding effectively in times of customer need
2. Promoting behaviours which help you stay safe and well in your home
3. Encouraging you to adopt behaviours which keep you safe on the roads
4. Supporting businesses to help people to stay safe in their buildings and comply with legislation
5. Helping you and the broader community to stay safe from harm caused by accidents, natural events or people intending harm

The Authority has models in place to deliver on these strategic objectives effectively. One of these models is 'Flexible Rostering', a model similar to which has been adopted by many national fire authorities in recent years to deliver value for money. Flexible Rostering involved the removal of the watch system a number of years ago to deliver savings and non-cashable benefits. An additional way in which the Authority deliver efficiency and effectiveness is through their Flexible Resourcing reserve. This reserve allows them to take Fire Fighting trained colleagues, who are not employed as Fire Fighters within the Authority, out of their regular duties (e.g. back office or training) and put them on appliances to make an additional 6-10 fire engines available.

## Assessing performance

The Authority assesses performance through their MTFP, budget reports, risk planning and HMICFRS outcomes. As detailed in the governance section, these documents are discussed at Authority meetings and any risks and variances against the budget are discussed and mitigating action is agreed.





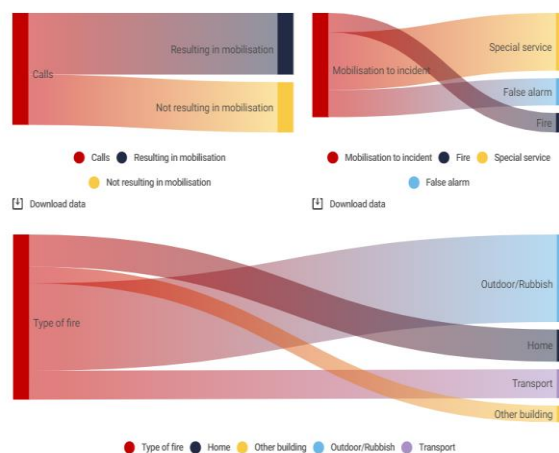
# Improving economy, efficiency and effectiveness

While the Authority does not publish traditional annual performance reports, it does have summary scorecard of service performance against the key themes of response, protection and prevention which is available on their website. 2022/23's scorecard is provided on the right. In addition, the Authority publish an annual Efficiency and Productivity Statement which provides constructive commentary on each of the functions within the Authority. The latest Statement quotes that the Authority are "committed to the prudent management of our finances and spending decisions", demonstrating their awareness that they have to make changes to achieve long term financial stability.

The Authority monitors performance through HMICFRS outcomes. The most recent HMICFRS report outlines that effectiveness and people management at the service are 'Good', while efficiency is 'Outstanding'. This shows progress compared to the 2018/19 report which scored the Authority as 'Good' with regards to these areas. According to the report, the Authority is outstanding at making the best use of resources and making the fire and rescue service affordable for the future. This is largely due to well established procurement arrangements, strong management of resources and financial alignment to their strategy.

The 2018/19 HMICFRS inspection identified that the Authority had two areas that were rated as 'Requires Improvement'. One was protecting the public through fire regulation. A clear development area outlined here was that "information from post-incident inspection activity is recorded consistently and is sufficiently detailed." The second area was getting the right people with the right skills. As with many Fire Authorities, KMFRA have faced difficulty recruiting people with specialist skills such as IT, and on-call uniformed staff. The 2021/22 report identifies that the Authority has moved from 'Requires Improvement' to 'Good' in both areas, emphasising the strong work of the Authority in managing its resources effectively.

Calls received and incidents attended



## Response

Average number of fire engines available



## Protection



\* includes informal notifications, alteration notices, enforcement notices, prohibition notices and prosecutions

## Prevention



# Improving economy, efficiency and effectiveness

## Partnership working

Partnership working is critical to the Authority given the services it provides. Key partners include Kent Police, SECamb, other local fire and rescue services, local authorities and Clinical Commissioning Groups among more. These relationships are formalised through monitoring by the Delivery Board. Moreover, the Officers sit on a number of external boards and forums which allow for joint training, shared learning and joint commissioning.

The Authority is well resourced and often offer their resources to help other local services where they can. Examples of this include helping ambulance lift patients and get them to care in cases where they are too heavy.

As Kent is a coastal region, another unique working arrangement is the contract with Eurotunnel and the Channel. The Authority have a dedicated team that provide services and resources to the Channel Tunnel.

The nature of these partnership working arrangements showcase KMFRAs commitment to delivering value to the public and fulfilling their statutory duty as widely as possible

## Commissioning and procurement

The Authority has a strong procurement function, as recognised by the latest HMICFRS performance report. A key achievement of the Authority is the leading role they had in developing the National Procurement Hub framework. The 2021-2025 Commercial and Procurement Strategy underpins procurement decisions and is aligned to the Customer Safety Plan. The Authority tends to look 'in-house' first for resourcing, and then decides to procure or commission external services if there is a need.

The Authority have a live contracts register and live tender opportunities available on their website. From our work we have not identified any issues in relation to procurement.

## Conclusion

The Authority has well developed arrangements to deliver economy, efficiency and effectiveness. We have not raised any improvement recommendations in this area.



# Opinion on the financial statements



## Grant Thornton provides an independent opinion on whether the Authority's financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Authority's Ethical Standard.

## Audit opinion on the financial statements

We intend to issue an unqualified opinion on the Authority's financial statements. Our audit is well progressed and an Audit Findings Report was presented the January meeting of the Audit and Governance Committee.

The full opinion will be included in the Authority's Annual Report for 2022/23, which will be available from the Authority's website.



# Appendices

# Appendix A: Responsibilities of the Authority

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

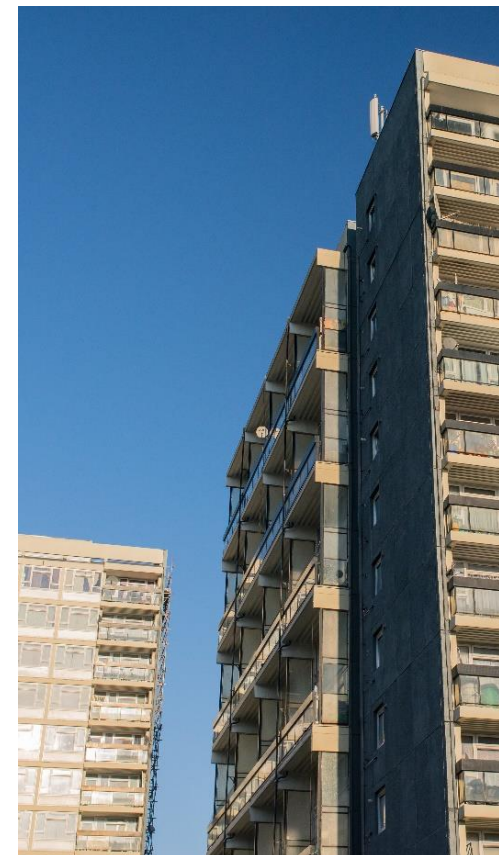
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Authority's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Appendix B: An explanatory note on recommendations

A range of different recommendations can be raised by the Authority’s auditors as follows:

Type of recommendation	Background	Raised within this report
Statutory	Written recommendations to the Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of the Authority’s arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Authority. We have defined these recommendations as ‘key recommendations’.	No
Improvement	These recommendations, if implemented, should improve the arrangements in place at the Authority, but are not a result of identifying significant weaknesses in the Authority’s arrangements.	Yes, page 10

# Appendix C: Sources of evidence



## Staff involved

- Ann Millington, Chief Executive
- Alison Hartley, Director of Finance and Corporate Services
- Frankie Smith, Internal Audit (Kent County Authority)



## Documents Reviewed

- Budget Book and MTFP 2022-23 – 2025/26
- Final Outturn 2022/23
- Statement of Accounts 2022/23
- Capital Strategy 2022/23
- Financial Update 2023/24
- Efficiency and Productivity Statement 2023/24
- Authority Meeting Papers
- Audit & Governance Committee Meeting Papers
- Code of Corporate Governance
- Code of Ethical Conduct
- Gifts and Hospitality Policy
- Counter Fraud and Whistleblowing Policy
- Counter Fraud and Whistleblowing Annual Report
- Corporate Risk Register
- Internal Audit Annual Report 2022/23
- Customer Safety Plan 2021 – 2031
- Creating a safer future – together
- Response to Safety and Wellbeing Plan consultation
- Annual Governance Statement Appendix 1
- Updated Risk Management Strategy
- HMICFRS Effectiveness, Efficiency and People 2021/22





By: Director Finance and Corporate Services  
To: Kent and Medway Fire and Rescue Authority – 20 February 2024  
Subject: FINANCIAL UPDATE FOR 2023/24  
Classification: Unrestricted

## **FOR DECISION**

### **SUMMARY**

This report provides Members with a financial update for the 2023/24 financial year including details of the latest forecast outturn position for the Revenue and Capital budgets, forecast year-end reserve balances and the latest treasury position.

The forecast underspend against the Revenue Budget has increased significantly from £1.250m, reported to Members in October, to an estimated £2.752m. Whilst a large part of this increase relates to reduced levels of spend on operational staffing costs, there have also been lower levels of spend forecast on non-pay areas of the budget.

The forecast outturn for capital spend is currently £6.552m, but the final outturn could differ, given the supply chain delivery timescales in relation to some vehicles, and ongoing discussions with the incumbent contractor for the Ashford Fire Station redevelopment.

### **RECOMMENDATIONS**

Members are requested to:

1. Agree, in principle, to apportion the final Revenue underspend to the Service Transformation and Productivity Reserve and the Insurance and Resource Reserve, with the split to be agreed at the July meeting of this Committee (paragraph 7 refers).
2. Consider and agree the contents of this report.

LEAD/CONTACT OFFICER: Head of Finance, Treasury and Pensions – Barrie Fullbrook  
TELEPHONE NUMBER: 01622 692121 ext. 8264  
EMAIL: [barrie.fullbrook@kent.fire-uk.org](mailto:barrie.fullbrook@kent.fire-uk.org)  
BACKGROUND PAPERS: None

## COMMENTS

### Revenue and Capital Budgets

1. This report provides Members with the latest forecast outturn position for the 2023/24 financial year. This includes an update in relation to day-to-day revenue expenditure, forecast capital expenditure, forecast year-end reserve balances and the latest treasury position.
2. There are several detailed appendices attached to this report that provide further information to support the summary in this covering report. **Appendices 1 - 4** detail the changes in the revenue budget since the last detailed report was presented to the Authority in October 2023; **Appendices 5 - 8** detail the subjective and functional analysis of the latest forecast revenue spend; **Appendices 9 and 10** detail the changes to the capital budget since October and the latest forecast position on the Infrastructure Plan; **Appendix 11** shows the forecast year-end position on General and Earmarked Reserves (excluding the 2023/24 forecast underspend); and finally **Appendix 12** shows the forecast position on the Firefighters' Pension Fund for 2023/24.
3. **Revenue Budget Changes** - Since the budget position was last presented to Members in October it has been necessary to action some further adjustments to the budget. These budget changes do not change the overall budget but will show as movements between budget headings that net to zero. Details of all reportable budget changes are shown in **Appendices 1 and 2** (subjective analysis, by type of expenditure) and **Appendices 3 and 4** (functional analysis, by service area).
4. **Revenue Budget Summary** - The net forecast underspend has increased by £1.502m when compared to the position that was reported to Members in October, up from £1.250m to a revised forecast underspend of £2.752m. The current position includes a forecast net underspend on pay-related budget headings of £1.996m and a forecast net underspend on non-pay budget headings of £756k.
5. Additional detail regarding the forecast variances is provided in **Appendices 5 - 8** attached to this report, but a summary of the most significant forecast variances for 2023/24 is provided below:
  - a) Investment income is currently forecast to be just over £1m higher than budgeted, an increase of £179k since that last reported in October. The overall return on deposits is now anticipated to be approximately £2.42m for the year. Increases to the Bank of England base rate over the year and slippage on infrastructure spend is resulting in higher average cash balances available for investment, compared to those anticipated at the start of the year. These factors compounded with bringing the Treasury Management activity back in house, is greatly benefitting the service, and has contributed to some 36% of the overall forecast underspend.

- b) As discussed with Members on a number of occasions, the recruitment and retention of on-call colleagues remains challenging. On-call fire stations remain significantly under establishment, with the number of on-call firefighters now standing at 450, which is some 15% lower than 3 years ago. This results in a lower number of incidents attended by on-call firefighters, so compounded with the vacancies, this has resulted in an estimated underspend for the year of some £1.2m, which is 17% of the budget set for the year.
  - c) Some allowances paid to wholetime firefighters have stopped as individuals in receipt of the allowance have retired so, along with more opt-outs from the pension scheme that has resulted in a forecast underspend of just under £0.5m on wholetime station pay budgets (1.2% of the budget set for the year).
  - d) The pay budget for Control is forecast to underspend by £0.2m (9%) as there have been more in-year vacancies within this team than in previous years. It takes more time to recruit into these posts, when they become vacant, due to the additional Police vetting checks that are required.
  - e) The budget for vehicle fuel is forecast to underspend by just under £0.2m as the price, on average, has been 12% lower during the year than when the budget was set.
  - f) Utility costs (gas and electricity) are forecast to overspend by just over £0.3m due to a significant increase in prices at the start of the financial year.
  - g) Due to a significant increase in the number of Home Fire Safety Visits undertaken this year, an overspend of £0.2m is currently forecast on equipment used during these visits, on items such as smoke alarms.
6. All forecast underspends and overspends are reviewed as part of the budget setting process for the following year. Where an adjustment is required to the base budget this will be included in the budget proposals for 2024/25. In some cases an underspend or additional income received in one financial year may not result in an equivalent base budget adjustment for the following financial year. As an example, the budget for investment income will be adjusted to reflect the income expected for 2024/25 based on estimated average cash balances and interest rate forecasts for the 2024/25 financial year, which could differ vastly from the forecast outturn for 2023/24.
7. At the Authority meeting in October Members agreed, in principle, that any underspend would be transferred to the Insurance and Resource reserve, to assist in the management of potential funding shortfalls in future years, given the significant uncertainty over the Authority's funding levels beyond 2024/25. The forecast underspend has increased significantly since October and although it

would still be appropriate to allocate a proportion of the underspend to the Insurance and Resource Reserve for this purpose, it would now seem sensible to set aside some of the underspend for future transformation and/or spend-to-save projects that would require a one-off resource to deliver longer-term financial savings. For example, a project reviewing on-call arrangements will shortly get underway and it is possible that this may require some short-term pump priming to generate longer term efficiencies and better ways of working. A proposal regarding the allocation of the final underspend for 2023/24 will be presented to Members for approval in July 2024, but Members are asked to agree, in principle, to also allocating some of the underspend to the Service Transformation and Productivity Reserve.

8. **Infrastructure Plan and Capital Budgets** – The Infrastructure Plan contains all planned capital expenditure and some large one-off revenue expenditure, such as investment in IT projects. Since the last report to Members in October, forecast capital spend has reduced by £307k, down from £6.859m to £6.552m. The reduction in the forecast is mainly due to a combination of supplier delivery timescales on vehicle orders and the ongoing work with the new contractor for Ashford Fire Station redevelopment. Details of the Infrastructure Plan are attached at **Appendices 9 and 10**.
9. **Capital Receipts and Other Usable Reserves** – The opening balance of the capital receipts reserve, on 1 April 2023, was £9.856m. Several capital receipts, totalling £135k (mainly old vehicles), are expected to be received this financial year and £2.097m has been allocated to contribute towards the costs of the capital program in 2023/24. This leaves a projected balance on the capital receipts reserve of £7.894m at 31 March 2024.
10. Details of the 31 March 2024 forecast balances on each reserve are attached at **Appendix 11**. It should be noted however, that despite earmarked reserves showing a healthy balance of just in excess of £30m, some 85% of this total relates to Infrastructure funding, which essentially funds the infrastructure programme of work. This benefits the organisation greatly as it mitigates the need to borrow externally for capital projects, which would currently result in interest charges of approximately 5%.

## **Budget Issues and Risks**

11. In line with the Authority's approach to risk management, potential budget risks have been identified and assessed in terms of probability and impact. At this stage of the financial year, the following risks remain, and as such could have an impact on the final outturn for the year:-
  - a) **Operational Activity Pay** - Activity payments are difficult to predict as activity levels can vary significantly from month-to-month. Any variation to the

estimates used when generating the current forecast will impact on the final outturn.

- b) **Vacancies** - Assumptions have been made around the timing of recruitment into current vacancies. If the timing of recruitment differs to those assumptions or additional vacancies arise this will result in a variance against the current forecast.
- c) **Stock adjustments** – The Authority holds stocks of fuel, smoke alarms and other operational equipment, so if higher level of stocks are held at year-end this could result in a bigger accounting adjustment than anticipated. Although the stock adjustments will not impact on the outturn position, they may impact on individual expenditure lines and transfers to the Rolling Budget Reserve.
- d) **Programme Slippage** - The Authority has experienced delays throughout the financial year in the delivery of several capital projects. Additional delays could result in further slippage of budgets to 2024/25.

#### **Other Financial Issues**

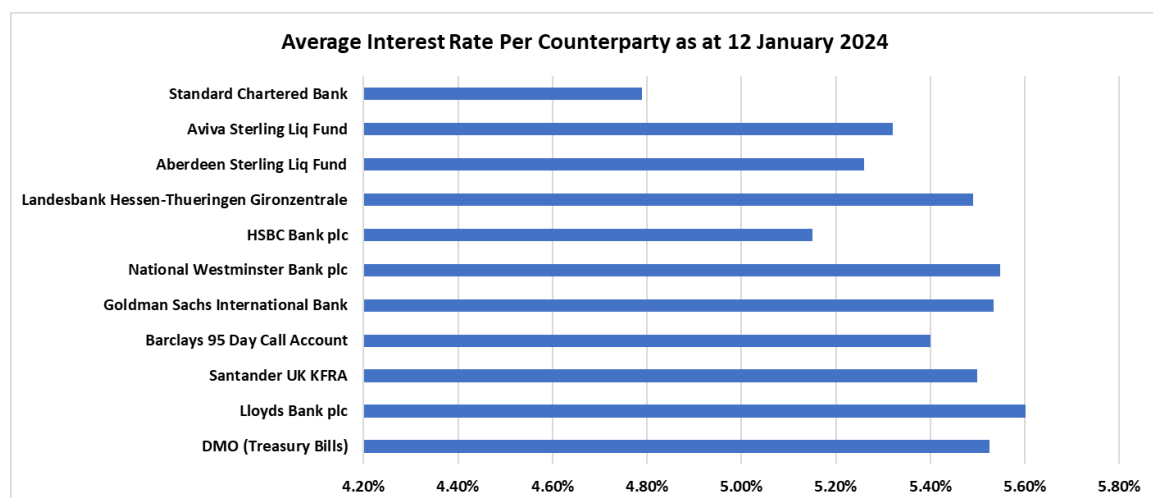
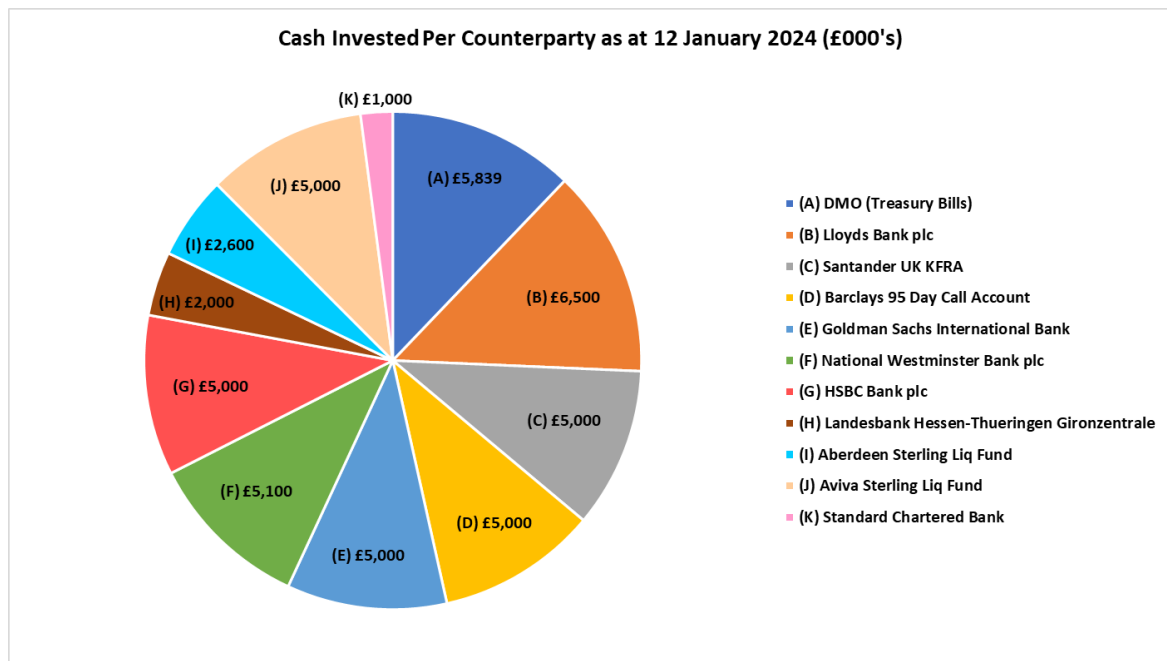
- 12. **External Audit Update** - At the time of drafting this report the external audit of the 2022/23 financial statements has virtually concluded and, as such, the external auditor issued the External Auditors' Draft Audit Findings Report on 17 January 2024. As the draft 2022/23 financial statements had been published prior to the national issue in relation to the Local Government Pension Scheme (LGPS) valuations for 2021/22 being raised, it has been necessary to adjust the opening balances and some in-year movements for 2022/23. The adjustments are specifically in relation to this national issue and are only necessary because the results of the latest LGPS valuation were released prior to the 2021/22 financial statements being signed-off by external audit.

#### **Firefighters' Pension Fund 2023/24**

- 13. **The Firefighters' Pension Fund for 2023/24** - Attached at **Appendix 12** is the forecast outturn for the Firefighters' Pension Fund for 2023/24. Firefighter pension costs that are related to injury whilst on duty are met by the Authority, whereas the majority of other firefighter pension costs are funded by the Government. Whilst the Authority is responsible for paying all pensions and collecting all contributions, the resultant net deficit is funded by top-up grant which is paid by the Government in July each year. The forecast for the top-up grant requirement for 2023/24 has increased by £2.377m since the original forecast sent to the Home Office in August 2022, primarily due to there being more wholtime firefighter retirements than originally estimated.

## Cash Invested and Average Interest Rates Per Counterparty 2023/24

14. **Cash Invested** – Between 1 April 2023 and 12 January 2024, the Authority invested an average cash balance of £49.07m. The pie chart below shows the balances invested as at 12 January 2024 (£48.04m), which has a forecast investment income for the year of £2.42m. The bar chart details current interest rate levels paid on these deposits.



## **IMPACT ASSESSMENT**

15. There are no implications arising from this report that cannot be managed within the overall budget.

## **RECOMMENDATIONS**

16. Members are requested to:
  - 16.1 Agree, in principle, to apportion the final Revenue underspend to the Service Transformation and Productivity Reserve and the Insurance and Resource Reserve, with the split to be agreed at the July meeting of this Committee (paragraph 7 refers).
  - 16.2 Consider and agree the content of the report.

# KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

## 2023/24 Revenue Budget Adjustments – Subjective Analysis

Figures shown are in £'000	October Budget	February Budget Changes	Revised Budget
Salaries, allowances and on-costs	72,725	-23	72,702
Training expenses	619	0	619
Other employee costs (inc. Insurance)	736	0	736
Direct pension costs	2,101	0	2,101
<b>Total Employee Costs</b>	<b>76,181</b>	<b>-23</b>	<b>76,158</b>
Repairs, maintenance & other costs	3,043	-41	3,002
Utility costs	2,519	0	2,519
<b>Total Premises Costs</b>	<b>5,562</b>	<b>-41</b>	<b>5,521</b>
Vehicle running costs	2,426	0	2,426
Travel allowances and expenses	55	0	55
<b>Total Transport Costs</b>	<b>2,481</b>	<b>0</b>	<b>2,481</b>
Equipment and supplies	2,813	-317	2,496
Fees and services	1,496	5	1,501
Communications and computing	4,369	-189	4,180
Other supplies and services	836	4	840
<b>Total Supplies and Services</b>	<b>9,514</b>	<b>-497</b>	<b>9,017</b>
Capital financing costs	631	0	631
Revenue contributions to Capital	2,592	0	2,592
<b>Total Capital Financing</b>	<b>3,223</b>	<b>0</b>	<b>3,223</b>
Grants and contributions	-7,860	0	-7,860
Investment income	-1,392	0	-1,392
Other income	-238	0	-238
Transfer from reserves	-2,179	561	-1,618
<b>Total Income</b>	<b>-11,669</b>	<b>561</b>	<b>-11,108</b>
<b>Net Budget</b>	<b>85,292</b>	<b>0</b>	<b>85,292</b>



## KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

### 2023/24 Revenue Budget Adjustments - Subjective Analysis Explanations

Individual virements (budget transfers) that exceed £50k are required to be reported to Members. Any individual virements that are not technical budget adjustments that exceed £500k require Member approval. There are no virements that require Member approval.

Reportable virements are detailed below.

- (a) **Equipment and supplies (£317k Decrease)** - The majority of this budget decrease is offset by a reduced transfer from the Infrastructure Reserve and is due to slippage in relation to the purchase of various pieces of operational equipment, including appliance ladders (£77k); battery operated hand tools (£67k), stabilisation jacks and airbags (£95k); scene lighting (£39k) and; combination tools (£11k), all of which are now expected to be procured in 2024/25. Other minor budget adjustments due to net underspends on other infrastructure spend totals £28k.
- (b) **Communications and computing (£189k Decrease)** - The majority of this budget decrease is offset by a reduced transfer from the Infrastructure Reserve and is due to an underspend on the Customer and Premises Risk Management project (Dynamics), where in-house staff resources have now been utilised, rather than an external provider (£146k). Other minor budget adjustments due to net underspends on other infrastructure spend totals £43k.
- (c) **Transfers from reserves (£561k Decreased reserve transfer)** - The decrease in the budgeted transfer from reserves mainly relates to the Infrastructure Reserve adjustments explained in (a) and (b) above.

**KENT AND MEDWAY FIRE AND RESCUE AUTHORITY**

**2023/24 Revenue Budget Adjustments – Functional Analysis**

Figures shown are in £'000	October Budget	February Budget Changes	Revised Budget
Firefighting and Rescue Services	35,398	0	35,398
Control	2,240	317	2,557
Operational Policy and Resilience	11,566	-461	11,105
Fleet and Transport	3,738	0	3,738
<b>Total Operational Response and Resilience</b>	<b>52,942</b>	<b>-144</b>	<b>52,798</b>
Customer Safety	3,307	-17	3,290
Building Safety	3,010	0	3,010
Customer Engagement	1,003	71	1,074
<b>Total Customer Safety, Building Safety, Engagement and Collaboration</b>	<b>7,320</b>	<b>54</b>	<b>7,374</b>
Corporate Management Board & Customer Support	2,260	74	2,334
Member Allowances and Expenses	78	0	78
People and Learning	3,140	43	3,183
Business Change and Information Technology	7,580	-663	6,917
Property, Environment and Facilities	5,856	-41	5,815
Finance, Insurance and Procurement	3,215	0	3,215
Business Intelligence, Policy and Performance	735	115	850
<b>Total Customer Services</b>	<b>22,864</b>	<b>-472</b>	<b>22,392</b>
Pension Costs	2,101	0	2,101
Net Financing Costs	-761	0	-761
Infrastructure Funding and Other Reserves	946	562	1,508
Non Ring-Fenced Grants	-234	0	-234
Admin for Council Tax Support	114	0	114
<b>Total Pensions, Financing and Other Costs</b>	<b>2,166</b>	<b>562</b>	<b>2,728</b>
<b>Net Budget</b>	<b>85,292</b>	<b>0</b>	<b>85,292</b>

## KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

### 2023/24 Revenue Budget Adjustments – Functional Analysis Explanations

Individual virements (budget transfers) that exceed £50k are required to be reported to Members. Any individual virements that are not technical budget adjustments that exceed £500k require Member approval. There are no virements that require Member approval.

Reportable virements are detailed below.

- (d) **Control (£317k Increase)** - Following a change of budget responsibility the budget for the Control Programme has been realigned to this budget heading from the Business Change and Information Technology budget heading.
- (e) **Operational Policy and Resilience (£461k Decrease)** - See (a) regarding slippage and underspends in relation to the purchase of various pieces of operational equipment (£317k). In addition, pay-related budgets totalling £128k have been re-aligned to the Customer Engagement heading (£71k) and People and Learning heading (£57k). Other minor budget adjustments total £16k.
- (f) **Customer Engagement (£71k Increase)** - See (e) regarding the realignment of the Digital Learning team from the Operational Policy and Resilience heading (£71k).
- (g) **Corporate Management Board & Customer Support (£74k increase)** - Following a restructure the Customer Experience team has been transferred to the Customer Support heading, so the part-year budget (£39k) has been realigned to this budget heading. In addition, some additional temporary posts have been agreed for the Customer Support team so additional pay budget has been provided (£35k) and is offset by a transfer from the Service Transformation and Productivity Reserve.
- (h) **Business Change and Information Technology (£663k decrease)** - See (d) regarding the realignment of the Control Programme budget to the Control heading (£317k). See (b) regarding infrastructure project slippage and underspends (£189k). In addition, a Data Intelligence post and Data Governance post have been realigned from this budget heading to the Business Intelligence, Policy and Performance heading (£115k). Other minor budget adjustments total £42k.
- (i) **Business Intelligence, Policy and Performance (£115k Increase)** - See (h) in regard to the realignment of the Data Intelligence and Data Governance posts to this budget heading.
- (j) **Infrastructure Funding and Other Reserves (£562k funding decrease)** – This budget change primarily relates to infrastructure spend so is explained in (a) and (b).

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

2023/24 Revenue Budget Variance Analysis – Subjective Analysis

Figures shown are in £'000	Revised Budget	Forecast Outturn	Total Variance
Salaries, allowances and on-costs	72,702	70,706	-1,996
Training expenses	619	517	-102
Other employee costs (inc. Insurance)	736	699	-37
Direct pension costs	2,101	2,271	170
<b>Total Employee Costs</b>	<b>76,158</b>	<b>74,193</b>	<b>-1,965</b>
Repairs, maintenance & other costs	3,002	2,872	-130
Utility costs	2,519	2,847	328
<b>Total Premises Costs</b>	<b>5,521</b>	<b>5,719</b>	<b>198</b>
Vehicle running costs	2,426	2,307	-119
Travel allowances and expenses	55	55	0
<b>Total Transport Costs</b>	<b>2,481</b>	<b>2,362</b>	<b>-119</b>
Equipment and supplies	2,496	3,132	636
Fees and services	1,501	1,448	-53
Communications and computing	4,180	4,121	-59
Other supplies and services	840	785	-55
<b>Total Supplies and Services</b>	<b>9,017</b>	<b>9,486</b>	<b>469</b>
Capital financing costs	631	593	-38
Revenue contributions to Capital	2,592	2,592	0
<b>Total Capital Financing</b>	<b>3,223</b>	<b>3,185</b>	<b>-38</b>
Grants and contributions	-7,860	-8,172	-312
Investment income	-1,392	-2,424	-1,032
Other income	-238	-281	-43
Transfer from reserves	-1,618	-1,528	90
<b>Total Income</b>	<b>-11,108</b>	<b>-12,405</b>	<b>-1,297</b>
<b>Net Budget</b>	<b>85,292</b>	<b>82,540</b>	<b>-2,752</b>

## KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

### Significant Variances and Movements in the 2023/24 Revenue Budget

#### Subjective Variance Analysis

The forecast net underspend of £2.752m consists of a variety of underspends and overspends, and the reasons for the most significant variances, in terms of value and/or percentage of budget, are commented on below: -

#### Revenue Budget Variances

- a) **Salaries, allowances and on-costs (£1.996m Underspend)** - The forecast underspend against this budget heading has increased by £803k since last reported to Members in October. This increase is primarily due to an increase in underspends forecast against on-call and wholetime fire station staffing budgets. Explanations for the most significant variances against pay-related budgets are provided under the relevant functional headings at **Appendix 8**.
- b) **Training expenses (£102k Underspend)** - Some external training courses, which were previously expected to start this financial year, will now not go ahead or have been delayed until 2024/25 resulting in a forecast underspend.
- c) **Direct pension costs (£170k Overspend)** - As reported to Members in October, in order to facilitate succession planning into some customer support roles, several flexible retirements have been agreed this financial year resulting in an overspend due to the pension strain costs. Having the capacity and opportunity to offer this flexible retirement option in some circumstances does provide benefit to the service as invariably it allows further time for the transfer of knowledge and skills.
- d) **Repairs, maintenance and other costs (£130k Underspend)** - The majority of this forecast underspend is due to a lower requirement for remedial works to be carried out following the completion of various property-related servicing and maintenance compliance checks.
- e) **Utility costs (£328k Overspend)** - A significant increase in prices earlier in the year has resulted in a forecast overspend against gas and electricity budgets. However, the forecast has reduced from the £614k forecast overspend reported to Members in October, following a fall in energy prices in the autumn and a winter period that, so far, has proven to be less harsh than in previous years.

- f) **Vehicle running costs (£119k Underspend)** - This forecast underspend primarily relates to the vehicle fuel budget, where costs are forecast to be £176k lower than budgeted. Although the price of diesel has fluctuated throughout the financial year, on average the price has been around 12% lower than the price at the time the 2023/24 budget was finalised. This is partly offset by a forecast overspend on vehicle hire, where it has been necessary to hire up to seven vehicles on a temporary basis whilst awaiting delivery of newly purchased vehicles.
- g) **Equipment and supplies (£636k Overspend)** - A significant proportion of this forecast overspend relates to a large increase in the number of Home Fire Safety Visits (HFSV) expected to be undertaken in 2023/24, resulting in additional equipment purchases, on items such as smoke alarms, totalling £188k. In addition, there have been pressures identified for additional Lifting Operations and Lifting Equipment Regulations (LOLER) testing requirements; additional equipment identified for wildfire incidents and a general increase in prices above inflation, primarily for Personal Protective Equipment (PPE) and water hydrant repairs. Expenditure on some unbudgeted equipment purchases (such as Positive Pressure Ventilation (PPV) fans) is offset by a draw down from the Grenfell Infrastructure Grant Reserve.
- h) **Other supplies and services (£55k Underspend)** - The majority of this forecast underspend (£33k) relates to funding set aside for the Authority's contribution towards the cost of the Networked Fire Service Partnership (NFSP) providing Quality Management oversight regarding Fire Investigation to achieve ISO standard accreditation. The funding is no longer required in 2023/24 due to delays in the NFSP project. Other minor forecast underspends total £22k.
- i) **Grants and contributions (£312k Additional Income)** - As reported to Members in October, additional income is forecast due to increased charges for services provided under contract due to the higher than budgeted pay award for operational staff for 2023/24 (£100k). An additional grant (£82k) has been provided by the Building Safety Regulator for 2023/24 to increase Fire Safety Inspector capabilities. This additional income is offset by a corresponding forecast overspend on pay budgets. In addition, the Authority has been provided with a grant (£125k) to cover costs incurred in relation to the UK International Search and Rescue work undertaken by the Technical Rescue team. Other minor increases in grants and contributions total £5k.
- j) **Investment income (£1.032m Additional Income)** – As the bank base rate doesn't show any signs of reducing in the immediate future, this in part is helping the Authority generate better returns on its cash balances. As such the forecast for additional investment income has been increased from £853k in October to £1.032m.

**KENT AND MEDWAY FIRE AND RESCUE AUTHORITY**

**2023/24 Revenue Budget Variance Analysis – Functional Analysis**

Figures shown are in £'000

	<b>Revised Budget</b>	<b>Forecast Outturn</b>	<b>Total Variance</b>
Firefighting and Rescue Services	35,398	33,701	-1,697
Control	2,557	2,366	-191
Operational Policy and Resilience	11,105	10,957	-148
Fleet and Transport	3,738	3,539	-199
<b>Total Operational Response and Resilience</b>	<b>52,798</b>	<b>50,563</b>	<b>-2,235</b>
Customer Safety	3,290	3,584	294
Building Safety	3,010	2,992	-18
Customer Engagement	1,074	1,110	36
<b>Total Customer Safety, Building Safety and Engagement and Collaboration</b>	<b>7,374</b>	<b>7,686</b>	<b>312</b>
Corporate Management Board and Customer Support	2,334	2,439	105
Member Allowances and Expenses	78	78	0
People and Learning	3,183	3,065	-118
Business Change and Information Technology	6,917	6,883	-34
Property, Environment and Facilities	5,815	6,111	296
Finance, Insurance and Procurement	3,215	3,109	-106
Business Intelligence, Policy and Performance	850	836	-14
<b>Total Customer Services</b>	<b>22,392</b>	<b>22,521</b>	<b>129</b>
Pension Costs	2,101	2,271	170
Net Financing Costs	-761	-1,832	-1,071
Infrastructure Funding and Other Reserves	1,508	1,507	-1
Non-Ring-Fenced Grants	-234	-290	-56
Admin for Council Tax Support	114	114	0
<b>Total Pensions, Financing and Other Costs</b>	<b>2,728</b>	<b>1,770</b>	<b>-958</b>
<b>Net Budget</b>	<b>85,292</b>	<b>82,540</b>	<b>-2,752</b>

## KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

### Significant Variances and Movements in the 2023/24 Revenue Budget

#### Functional Variance Analysis

The forecast net underspend of £2.752m consists of a variety of underspends and overspends, and the reasons for the most significant variances, in terms of value and/or percentage of budget, are commented on below: -

#### Revenue Budget Variances

- k) **Firefighting and Rescue Services (£1.697m Underspend)** - The forecast underspend for on-call fire stations has increased from £0.804m (reported to Members in October) to £1.243m. The availability of our on-call firefighters continues to be a challenge, and like most other Fire Services across the UK, we are experiencing difficulties in recruiting and retaining on-call firefighters. This is impacting on our on-call fire engine availability, particularly during the day. Despite this we have maintained our overall appliance availability levels within our target operating model. This has been achieved by using part-time contracts and action to make additional firefighters available at key on-call stations. However, the overall impact of fewer on-call firefighters being available has been fewer incidents attended by them, and therefore an underspend against this budget line. We have started a project focused on a review of our on-call duty system, considering the issues being experienced in Kent and elsewhere. This review will aim to identify barriers to on-call motivation, engagement and retention and develop solutions to increase on-call availability or look at alternative ways of delivering the service. Whilst this review takes place, we will be looking to use the underspend in the on-call budget to provide additional resilience at our wholetime fire stations to ensure that we continue to provide a service to our customers that delivers against the response targets set by the Authority. In addition, the pay budget for wholetime fire stations is now forecast to underspend by £0.454m, mainly as a result of the cessation of some allowances following staff retirements and some staff opting out of the pension scheme.
- l) **Control (£191k Underspend)** - There have been more in-year vacancies within this team (up to 10 vacancies) than in previous years, and this has resulted in a significant vacancy saving due to the time it takes to recruit into these posts. Recruitment and initial training take time and resources and added to this, the recruitment process into Control involves additional checks by Kent Police that can mean delays in appointments. Kent Police have been working hard to speed this up and a process to pay for faster checks is in place, but the delays make



resource management difficult, and several people have found alternative employment whilst waiting. Six new recruits are now expected to fill current vacancies towards the end of the financial year or in the early part of the new financial year. Overall, the resourcing in Fire Control is being managed and the essential Fire Control function has been consistently maintained, we will continue to recruit as fast as possible to this essential organisational function.

- m) **Operational Policy and Resilience (£148k Underspend)** - See (g) regarding the forecast overspend on Equipment on Supplies (£399k), excluding equipment required for Home Fire Safety Visits, RTC cars for training and replacement furniture on fire stations as these are all reported under a different functional heading. See (i) regarding additional grants and contributions (£230k), excluding the Building Safety Regulator grant which is reported under a different functional heading. In addition, there is a forecast underspend of £317k on pay-related budgets due to a higher-than-expected number of in-year vacancies within the Operational Training and Development team.
- n) **Fleet and Transport (£199k Underspend)** - See (f), regarding the forecast underspend on vehicle fuel (£176k), which explains the majority of this forecast underspend.
- o) **Customer Safety (£294k Overspend)** - As reported to Members in October, this team has been restructured in-year resulting in an overspend on pay costs. In addition, see (g) regarding additional equipment purchases for Home Fire Safety Visits (£188k).
- p) **Corporate Management Board and Customer Support (£105k Overspend)** - There has been two new appointments to the Corporate Management Board this financial year, due to the retirement of two Assistant Directors. This forecast overspend primarily relates to the additional costs incurred as a result of the handover period for these two posts.
- q) **People and Learning (£118k Underspend)** - The majority of this forecast underspend is against the staff training budget, primarily where it has been identified that some training costs are eligible to be funded by grant (£72k). Other net underspends against various employee-related budgets total £82k. These forecast underspends are partly offset by a forecast overspend on fees and services (£36k) where additional legal advice has been sought in relation to various matters.
- r) **Property, Environment & Facilities (£296k Overspend)** - This variance mainly relates to Repairs and Maintenance (see (d)), Utilities (see (e)), Equipment and Supplies (g) in regard to fire station furniture (£34k) and other minor net overspends totalling £64k.

- s) **Finance, Insurance and Procurement (£106k Underspend)** - As reported to Members in October, in-year vacancies within the Procurement team and a number of staff who have taken flexible retirement and reduced their working hours has resulted in a forecast underspend. The previous forecast underspend (£182k) has been reduced as a result of an increase in costs due to maternity cover (Finance) and other backfill arrangements where a staff member in the Procurement team has been moved onto project work in relation to the Ashford Fire Station and Live Fire Training Facility project.
- t) **Pension Costs (£170k Overspend)** - See (c) regarding Direct Pension Costs.
- u) **Net Financing Costs (£1.071m Variance)** - This variance mainly relates to additional investment income (see (j)).
- v) **Non-Ring-Fenced Grants (£56k Underspend)** - This forecast underspend relates to an additional draw down from the Local Tax Income Guarantee Scheme Grant Reserve as the amount transferred to the reserve was higher than estimated when setting the budget.

## KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

### 2023/24 Infrastructure Budget Adjustments

Figures shown are in £'000	October Budget	February Budget Changes	Revised Budget	Forecast Outturn	Total Var.
<b>Infrastructure Capital Budget</b>					
Ashford Fire Station Redevelopment	2,083	-464	1,619	1,619	0
Control Location	15	0	15	15	0
Vehicle & Maintenance Unit lease	244	0	244	244	0
Estate Changes and Development	800	0	800	800	0
<b>Total Station Development Programme</b>	<b>3,142</b>	<b>-464</b>	<b>2,678</b>	<b>2,678</b>	<b>0</b>
Roofing Works	317	-1	316	316	0
Boilers and Heating Systems	110	-50	60	60	0
Generators	10	0	10	10	0
<b>Total Premises</b>	<b>437</b>	<b>-51</b>	<b>386</b>	<b>386</b>	<b>0</b>
Mobile Data Terminals	248	0	248	248	0
<b>Total Information and Comms Systems</b>	<b>248</b>	<b>0</b>	<b>248</b>	<b>248</b>	<b>0</b>
Appliances	1,346	48	1,394	1,394	0
Specialist Units and Vehicles	1,440	-319	1,121	1,121	0
Cars and Vans	246	479	725	725	0
<b>Total Vehicles and Equipment</b>	<b>3,032</b>	<b>208</b>	<b>3,240</b>	<b>3,240</b>	<b>0</b>
<b>Total Infrastructure Capital Budget</b>	<b>6,859</b>	<b>-307</b>	<b>6,552</b>	<b>6,552</b>	<b>0</b>
<b>Infrastructure Revenue Budget</b>					
Premises	727	-41	686	686	0
Information and Comms. Systems	1,703	-241	1,462	1,462	0
Operational Equipment	453	-324	129	129	0
<b>Total Infrastructure Revenue Budget</b>	<b>2,883</b>	<b>-606</b>	<b>2,277</b>	<b>2,277</b>	<b>0</b>
<b>Total Infrastructure Revenue &amp; Capital</b>	<b>9,742</b>	<b>-913</b>	<b>8,829</b>	<b>8,829</b>	<b>0</b>
<b>Funded from:-</b>					
Base Revenue Contributions	-3,792	0	-3,792	-3,792	0
Internal Borrowing	-2,327	464	-1,863	-1,863	0
Infrastructure Reserve	-1,664	596	-1,068	-1,068	0
One-off Funding & Grants	-19	10	-9	-9	0
Capital Receipts Applied	-1,940	-157	-2,097	-2,097	0
<b>Total Funding</b>	<b>-9,742</b>	<b>913</b>	<b>-8,829</b>	<b>-8,829</b>	<b>0</b>

## KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

### 2023/24 Infrastructure Capital Budget Adjustments - Explanations

Individual virements (budget transfers) that exceed £50k are required to be reported to Members. Any individual virements that are not technical budget adjustments that exceed £500k require prior Member approval. There are no virements that require Member approval.

Reportable virements are detailed below.

- a) **Ashford Fire Station Redevelopment (£464k decrease)** - A detailed explanation of the issues that have caused delays in this project was provided to Members in October. At the time, it was noted that the revised forecast was probably optimistic given the circumstances detailed in the report. Consequently, an additional £464k has now been slipped to 2024/25.
- b) **Boilers and Heat Pumps (£50k decrease)** - This budget has been slipped to 2024/25 whilst the requirements for installing heat pumps are further developed.
- c) **Specialist Units and Vehicles (£319k decrease)** - This budget has been reduced mainly due to the purchase of an Animal Rescue Unit (£250k) being slipped to 2024/25 whilst the business case is further developed.
- d) **Cars and Vans (£479k increase)** - This budget has been increased mainly due to the purchase of 29 operational vans being brought forward from 2024/25 to 2023/24. These vehicles are now expected to be delivered prior to 31 March 2024, so earlier than originally anticipated.
- e) **2023/24 Infrastructure Revenue Budget Adjustments (£606k decrease)** – Various Revenue Infrastructure budgets have been reduced due to slippage to 2024/25 on; the purchase of some operational equipment (£289k) (see Appendix 2 (a)); property-related climate change works (£62k) and the Command-and-Control Review and Implementation project (£76k). In addition, some expenditure budgets have been reduced due to forecast underspends on; the Customer and Premises Risk Management project (Dynamics), where in-house staff resources have been utilised rather than an external provider (£146k) and other minor net underspends across all headings totalling £33k. These budget adjustments are all offset by a corresponding reduction in the budgeted transfer from the Infrastructure Reserve (£596k) and a reduction in one-off funding (£10k).

# KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

## 2023/24 General and Earmarked Reserves

Figures shown are in £'000		Opening Balance 01-Apr-23	Forecast Transfer 2023/24	*Forecast Closing Balance 31-Mar-24
General Reserve	(A)	3,970	290	4,260
<i>Earmarked Reserves:</i>				
Government Grants	(B)	1,168	-308	860
Infrastructure	(C)	26,630	-1,068	25,562
Insurance and Resource	(C)	3,071	0	3,071
Rolling Budgets	(C)	619	-134	485
Service Transformation and Productivity	(C)	346	-308	38
Total Earmarked Reserves		31,834	-1,818	30,016
<b>Total Revenue Reserves</b>		<b>35,804</b>	<b>-1,528</b>	<b>34,276</b>
Capital Receipts	(D)	9,856	-1,962	7,894
<b>Total Capital Reserves</b>		<b>9,856</b>	<b>-1,962</b>	<b>7,894</b>
<b>Total Usable Reserves</b>		<b>45,660</b>	<b>-3,490</b>	<b>42,170</b>

\*The Forecast Closing Balance for Earmarked Reserves at 31-Mar-24 excludes any year-end transfer to reserves as a result of the forecast underspend on the 2023/24 revenue budget.

### Notes:

- A. Reserve held to provide a contingency to cushion the impact of unexpected costs.
- B. Resource provided by Government with any unspent amounts rolled forward.
- C. Reserve held to smooth the impact of expenditure on the revenue budget.
- D. Reserve available to fund capital expenditure.

**KENT AND MEDWAY FIRE AND RESCUE AUTHORITY**

**2023/24 Firefighters' Pension Fund**

Figures shown are in £'000	*Home Office Return (Aug 2022)	**Home Office Return (Aug 2023)	Forecast Outturn	Variance to Home Office Return (Aug 2022)
<b>Pension Outgoings:</b>				
Pension payments	27,122	28,844	29,880	2,758
<b>Total Expenditure</b>	<b>27,122</b>	<b>28,844</b>	<b>29,880</b>	<b>2,758</b>
<b>Pension Income:</b>				
Employee contributions	-4,085	-4,294	-4,208	-123
Employer contributions	-8,959	-9,163	-9,128	-169
In-year ill-health charge income	-307	-307	-389	-82
Non-abated pension income	-130	-130	-111	19
Transfer values received	0	0	-26	-26
Government top-up grant	-13,641	-14,950	-16,018	-2,377
<b>Total Income</b>	<b>-27,122</b>	<b>-28,844</b>	<b>-29,880</b>	<b>-2,758</b>
<b>Net Fund Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*The top-up grant received by the Authority in July 2023 for the 2023/24 financial year was based on 80% of the estimate submitted to the Home Office in August 2022.

\*\*A revised estimate for the 2023/24 financial year was submitted to the Home Office in August 2023, along with Pension Fund forecasts for 2024/25 to 2028/29.

By: Chief Executive

To: Kent and Medway Fire and Rescue Authority - 20 February 2024

Subject: DRAFT REVENUE AND CAPITAL BUDGETS 2024/25 AND  
DRAFT MEDIUM-TERM FINANCIAL PLAN 2024-28

Classification: Unrestricted

## FOR DECISION

### SUMMARY

This report sets out the proposals for the draft Revenue and Capital budgets and Council Tax charges for the 2024/25 financial year. Attached to this report is the draft Budget Book, which details the assumptions used to develop the Medium-Term Financial Plan (MTFP), the Capital Strategy, the Treasury Management and Investment Strategy and the Reserves Strategy. Also attached to this report is the Statement of Assurance by the Treasurer (Chief Financial Officer), which Members should consider and have regard to, when making decisions on the proposals contained within this report and the attached appendices.

Member approval is sought for the Revenue and Capital budget proposals, the Council Tax requirement and Council Tax charges for the 2024/25 financial year, the assumptions used in the development of the 2024-28 MTFP and each of the financial strategies which facilitate the delivery of the 2024-28 MTFP.

The key proposals that are presented to Members for consideration and approval are:-

- A net revenue budget requirement of £94.730m for 2024/25;
- A Council Tax increase of 2.99%.  
(This equates to an increase of £2.61 per annum (approximately 5 pence per week) on the Band D Council Tax charge, increasing the charge to £89.91 for 2024/25)

### RECOMMENDATIONS

Members are requested to:

1. Consider the Statement of Assurance by the Treasurer (Chief Financial Officer) (paragraph 3 and **Appendix 1** refer).

LEAD/CONTACT OFFICER: Director Finance and Corporate Services – Alison Hartley  
TELEPHONE NUMBER: 01622 692121 ext 8262  
EMAIL: [alison.hartley@kent.fire-uk.org](mailto:alison.hartley@kent.fire-uk.org)  
BACKGROUND PAPERS: None

2. Approve the revenue budget proposals and the resulting net revenue budget requirement of £94.730m for 2024/25 (paragraphs 15 and 16 and **Appendix 2** refer);
3. Approve a total requirement from Council Tax of £60.399m to be raised through the precept to meet the 2024/25 revenue budget requirement, which requires a Council Tax increase of 2.99%, resulting in the following annual charges for each Council Tax band (paragraphs 23 to 27 and paragraph 34 refers):-

Council Tax Band	Annual Charge
A	£59.94
B	£69.93
C	£79.92
<b>D</b>	<b>£89.91</b>
E	£109.89
F	£129.87
G	£149.85
H	£179.82

4. Authorise the Chief Executive and the Director of Finance, in consultation with the Chair of the Authority, to make any adjustments which may be required to the net revenue budget, arising as a result of any late changes to Council Tax, Business Rates or Government Funding (paragraph 28 refers);
5. Approve the Capital Budget of £12.752m for 2024/25 and related expenditure commitments following on in later years, together with the sources of funding identified to fund the expenditure (paragraph 2 and **Appendix 2** refer).
6. Approve the Capital Strategy (paragraph 2 and **Appendix 3** refer).
7. Approve the Annual Treasury Management and Investment Strategy, including the appropriate Prudential Indicators (paragraph 2 and **Appendix 4** refer).
8. Approve the Reserves Strategy (paragraph 2 and **Appendix 5** refer).
9. Approve the assumptions used to develop the Medium-Term Financial Plan for 2024-28 (paragraphs 29 to 32 and **Appendix 2** refer).



## COMMENTS

### Background

1. This report primarily summarises the proposed spending plan requirements for the financial period 2024/25 to 2027/28 together with details of the estimated resources that are available to fund these plans, for which Members approval is required. More detailed information is contained within the draft Budget Book and Medium-Term Financial Plan (MTFP) for 2024-28 attached at **Appendix 2**.
2. Members are also asked to consider and approve the three financial strategies attached to this report, each of which facilitate the delivery of the MTFP and ensure resources are aligned with the corporate priorities. These are set out in the Safety and Wellbeing Plan but it is also important to be mindful of the actions that may arise from the Community Risk Management Plan areas of focus. The three financial strategies that require Member approval are; the Capital Strategy (**Appendix 3**); the Treasury Management and Investment Strategy and the appropriate Prudential Indicators (**Appendix 4**) and; the Reserves Strategy (**Appendix 5**).
3. **Statement of Assurance** - Under Section 25 of the Local Government Act 2003, the Director Finance and Corporate Services, as the Treasurer to the Authority (and therefore its statutory Finance Officer), is required to give Members an opinion on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the Authority's proposed financial reserves. Section 25 also requires Members to have regard to this opinion in making their budget decisions. As such, set out in **Appendix 1** is a Statement of Assurance from the Director of Finance, including their opinion on the criteria set out under Section 25 of the Local Government Act 2003, for Members consideration.

### Autumn Statement 2023 and Local Government Finance Settlement 2024/25

4. **Autumn Statement 2023** - The Chancellor of the Exchequer delivered the Autumn Statement on 22 November 2023 alongside publication of the Office for Budget Responsibility's (OBR's) updated economic and fiscal forecasts. 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 de-couple the Business Rates multipliers, to freeze the Small Business Rates multiplier, and to index the Standard Business Rates multiplier. Although this complicates the Settlement, it does not significantly affect the overall funding for the Authority, as it was confirmed that Section 31 grant would be paid to local authorities to fully compensate for the loss of income resulting from the decision

to freeze the Small Business Rates multiplier for 2024/25. There were no new announcements on Council Tax referendum principles, so it was assumed that the core Band D threshold would be 2.99% for 2024/25, as previously announced in the December 2022 Policy Statement (this assumption was later confirmed when the Government released a new Policy Statement on 5 December 2023).

5. **National Context** - The Office for Budget Responsibility (OBR) published an Economic and Fiscal Outlook (EFO) report on the same day as the Autumn Statement. The report showed that the UK economy had performed better this year than was forecast, but that growth remained stagnant, with a strong possibility that the economy could slip into a shallow recession in 2024. Although the OBR forecasts are less negative than some other forecasters, it still reduced its growth forecasts for future years. Growth is now forecast to be 1.1% lower in both 2024 and 2025 than it was in the March budget, and 0.1% lower in 2026. The Consumer Price Index (CPI) has more than halved over the last twelve months (at 4% in December 2023) and the OBR expects inflation to return to its target level of 2% by 2025. New fiscal rules (set by the Chancellor in the Autumn Statement 2022) require debt to be falling as a percentage of GDP by 2027/28, with a supplementary target that public sector borrowing must be under 3% of GDP. Public Sector Net Borrowing is forecast to reduce from £84.6bn in 2024/25 to around £50bn in 2027-28, and then down to £35bn in 2028/29. Achieving these borrowing targets requires the economy to avoid recession, and the delivery of some very tight spending plans, which may significantly impact on local government funding settlements in future years.
6. **Provisional Local Government Finance Settlement** - 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.
7. The Government published the 2024/25 Provisional Local Government Finance Settlement on 18 December 2023. The nature of the one-year settlement makes medium-term financial planning highly uncertain, so planning must be sufficiently flexible to be able to respond to potential future funding changes accordingly. The provisional settlement was broadly in line with expectations following announcements in the Autumn Statement 2023 and the Policy Statement issued in December, with core funding increasing in line with September CPI of 6.62%. However, when the final figures were released the reduction to the Authority's Services Grant was bigger than expected (£499k) but it was confirmed that the Authority would receive an additional

Funding Guarantee Grant (£699k) which would ensure all authorities had at least a 3% increase in Core Spending Power (CSP) excluding changes from increases to Council Tax levels. However, on 24 January the Government announced an additional £600m of funding for local government. For this Authority, the additional funding announcement provided a welcome increase in the Funding Guarantee Grant (from 3% to 4%) which further increased the Authority's funding by £828k for 2024/25.

8. As expected, the existing Fire Pensions Grant (totalling £115m for all FRAs) has been rolled into the Core Funding Settlement at the current distribution levels, which means £3.536m has been rolled into the Revenue Support Grant for this Authority for 2024/25. The Authority will still receive other government grants outside of the core settlement, such as the Firelink grant, New Dimensions grant and Protection Uplift grant, so there remains some uncertainty over the future of these grants as they are subject to annual ministerial approval as they sit outside of the Core Funding Settlement. The Authority's grant allocations for 2024/25 were confirmed by the Home Office on 6 February 2024 and, as a result it was confirmed that the Authority's Firelink Grant would reduce by £118k (as expected); the New Dimensions Grant would reduce by £44k (unexpected) and; the Protection Uplift Grant would reduce by £74k (unexpected). In addition, the latest valuation results for the Firefighters' Pension Scheme have resulted in an increase of over 30% to employer contributions from 1 April 2024 (the employer rate is increasing from 28.8% to 37.6%). As such, the Government has confirmed that a new Fire Pensions Grant will be paid outside of the Core Funding Settlement in 2024/25, to cover to the cost of this increase across the Fire Sector (totalling £85.3m for all FRAs). Authority specific allocations are to be based on historic contribution data, so it is currently unknown if the cost increase (£2.921m) will be fully covered by the grant received by the Authority, although any differences are likely to be marginal. On 6 February it was therefore confirmed that the Authority would receive a new Pensions Grant totalling £2.757m for 2024/25 (approximately £164k lower than the budgeted increase in costs).
9. It is anticipated that growth in Core Spending Power (CSP) will be substantially lower from 2025/26 onwards as there will be significant pressure on a future government in the next spending review to manage pressures within the context of low economic growth. Therefore, beyond 2024/25, growth in CSP is much more likely to be driven by Council Tax increases rather than increases to government funding.
10. **Referendum Limits** - The finance settlement confirmed that all Fire and Rescue Authorities would have the flexibility to increase their Council Tax charge by up to 3% for 2024/25 without the need to hold a referendum. However, the Fire Sector was disappointed with this outcome, as they and the Home Office, had asked that the flexibility level be maintained at the same rate as last year, ie a maximum increase of

£5 on Band D. Consequently, for 2024/25 the Medium-Term Financial Plan (MTFP) proposes a Council Tax increase of £2.61 for a Band D property, which equates to a 2.99% increase. It has been assumed within the MTFP that the Council Tax charge will increase in line with referendum limits of 2% each year from 2025/26, as this seems the most reasonable and prudent approach to take at this stage, with so much uncertainty around future funding levels.

11. **Local Context** - The finance settlement only confirmed details of the Authority's funding levels for the 2024/25 financial year. With a lack of clarity over government funding in future years the Authority has, in its MTFP, assumed that the Settlement Funding Assessment (SFA) will increase by 1% from 2025/26 to 2027/28, in line with the expected reductions in Core Spending Power increases in future years. The Authority's Services Grant has been reduced from £602k in 2023/24 to £104k in 2024/25 and although the Authority will receive a new Funding Guarantee Grant (£1.527m) in 2024/25 it is assumed that both grants will be removed from 2025/26.
12. The Government remains committed to updating and reforming the way local authority funding is distributed to individual authorities and although potential changes have been postponed until after the current parliament and are now unlikely to be implemented before 2026/27, this adds to the significant uncertainties around funding levels beyond 2024/25.
13. **Provisional Local Government Finance Settlement 2024/25 Consultation** - Members will be aware that each year when the provisional settlement is announced there is the opportunity to comment on the proposals contained in that document. The response, which was agreed in consultation with the Chair, and submitted prior to the deadline, is set out below:

*In summary, we are in agreement with the proposals set out in the provisional settlement, more specifically those that affect Combined Fire Authorities, however, some additional comments regarding the settlement are set out below:*

- **Pensions Grant** – *it is most helpful that the existing pensions grant will now be rolled into the baseline funding, as that does provide more surety for the future. However, it would be helpful to be assured that the new pensions grant that is to be allocated (as a one-off in 2024/25) will also be incorporated into the baseline funding from 2025/26 onwards. The sizable increase of some 30% in Employer pension contributions for Firefighter colleagues in 2024/25, will no doubt have a detrimental financial effect on many fire authorities if this additional financial impact is not funded by central government going forward.*

- **Timing of Grant notifications** – *Many Authorities will be in the midst of preparing their budgets, so to not receive confirmation of the funding allocations in respect of all the S31 grants that are to be paid to the Fire Sector, makes setting a realistic budget challenging, as allocations are likely to be confirmed after budget papers have been produced. This alongside the new pensions grant does relate to a large amount of grant funding which is as yet still unknown/confirmed. So if at all possible earlier notification of such grants would be very much appreciated in future years.*
  - **Referendum Principles** – *It is helpful to have the referendum principles confirmed at the same time as the provisional settlement. Whilst many will no doubt be disappointed that Fire Authorities did not receive, for a second time, the flexibility to increase Council Tax by up to £5 on a Band D, this Authority does acknowledge the current economic pressures.*
  - **Other Grants** – *Continuation of the 3% Funding Guarantee is most welcome, particularly when taking into consideration the significant reduction in the Authority's Services Grant for 2024/25.*
  - **Business Rates** – *Whilst decoupling of the business rates multipliers is likely to result in a greater level of complexity in estimating business rates and grant income in future years, the Authority welcomes the decision to continue to provide grant funding to fully compensate for the loss of income following the decision to freeze the small business rates multiplier for 2024/25.*
14. The National Framework sets a requirement that Combined Fire and Rescue Authorities (FRAs) produce and publish Efficiency Plans. In addition, as part of the ongoing Spending Review FRAs in England were set targets to achieve efficiency savings of 2% and to increase productivity by 3%. To support transparency and ease of accessibility, the 2024/25 Fire Productivity and Efficiency Plans should be published as separate documents to the Medium-Term Financial Plan and made available on the FRAs website by 31 March 2024 (please see a separate report later on this agenda). The Home Office will co-ordinate and share Plans with the Department for Levelling Up, Housing and Communities as the Department has now requested that all local authorities produce such Plans so that they can be monitored and used to inform future funding Settlements.
15. **Revenue Budget** - As in previous years, the Authority's revenue budget is developed on an incremental basis. The previous year's budget is adjusted for the impact of pay and price increases plus any other identified pressures or savings. 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, as well as to increase the budget for the assumed pay award for 2024/25. The 2023/24 pay award for corporate colleagues also settled higher (average 5.2%) than that which had been budgeted, so these pay budgets have also been increased to reflect the higher than budget pay award for 2023/24 as well as the increase for the assumed pay award for 2024/25, which is 3% across all pay groups.

16. Also included within the budget proposals is additional growth for other unavoidable statutory commitments, as well as new service demands and the outcome of any projects or activities that have resulted in departmental savings. Expenditure that is to be funded from grants or reserves is included in the budget, but the amount does vary from year to year, so whilst it does not affect the amount of the net revenue budget to be met from Council Tax, it does impact on gross spending. Details of the changes made to the base revenue budget and the additional expenditure funded from grants and reserves are set out in the Budget Book (**Appendix 2**). As a result of these changes a net revenue budget of £94.730m for 2024/25 is presented to Members for approval.
17. The proposed revenue budget is shown in **Table 1** below. This sets out the key changes between 2023/24 and 2024/25. Full details of the budget-build assumptions are contained in the Budget Book (**Appendix 2**).

**Table 1 - Revenue Budget 2024/25**

	<b>£'000</b>
Base Revenue Budget brought forward	85,236
Pay, pensions, prices and other pressures	7,598
Savings	-2,795
Fire Pensions Grant Adjustment	3,536
<b>Base Revenue Budget for 2024/25</b>	<b>93,575</b>
Transfer to General Reserve	420
Temporary Budget Adjustments	735
<b>Net Revenue Budget for 2024/25</b>	<b>94,730</b>
<b>Net Revenue Budget for 2024/25 funded by:</b>	
Revenue Support Grant	11,352
Business Rates and Top-up Grant	20,904
Funding Guarantee Grant	1,527
Services Grant	104

Council Tax	60,399
Net Surplus on Collection Funds	444
<b>Total Funding for 2024/25</b>	<b>94,730</b>

18. **Transfer to General Reserve** - The 2024/25 Reserves Strategy contains a proposal to maintain the level of General Reserves at approximately 5% of the base revenue budget. Therefore, a transfer to the General Reserve of £420k is required in 2024/25.
19. **Temporary Budget Adjustments** - Temporary (or one-off) adjustments to budgets are not included in the base budget to be carried forward. An example of this is the budget for property valuations, which will require a temporary increase in the year that the External Valuer will be instructed to undertake a full valuation as opposed to using the rollover approach that is used in the intervening years at a lower cost.

### The Final Local Government Finance Settlement for 2024/25

20. The Budget Book (**Appendix 2**) discusses in detail the main elements of the final finance settlement published by the Government on 5 February 2024.
21. Details of the 2024/25 settlement compared to 2023/24 are set out in **Table 2**.

<b>Table 2 – Business Rates and Other Government Grant Funding</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>% Change</b>
Revenue Support Grant (RSG)*	7,330	11,352	54.9
Business Rates – Retained Baseline	6,981	7,288	4.4
Top-up Grant	8,480	8,892	4.9
<b>Settlement Funding Assessment (SFA)</b>	<b>22,791</b>	<b>27,532</b>	<b>20.8</b>
Business Rates - Retained Growth	-22	216	100.0
Business Rates - Section 31 Grant	3,942	4,508	14.4
Funding Guarantee Grant	0	1,527	100.0
Services Grant	603	104	-82.8
<b>Total Business Rates and Government Grants</b>	<b>27,314</b>	<b>33,887</b>	<b>24.1</b>

\*Note – RSG in 2024/25 now includes the Authority's share of the existing Fire Pensions Grant of £3.536m. This grant was previously paid to the Authority outside of the Settlement Funding Assessment (SFA).

22. **Business Rates - Section 31 Grant** - The Government continues to provide additional funding to authorities to compensate them for the continued impact of the historic cap on the small business rate multiplier and other reliefs given. The amount of grant expected for 2024/25 has increased to £4.508m, which includes an amount

of £1.690m for the impact on the Top-up Grant and £2.818m for the impact on Retained Business Rates.

## **Council Tax for 2024/25**

23. **Council Tax Consultation** - Consultation on the proposed level of the Authority's Council Tax charge for 2024/25 was undertaken as part of the Community Risk Management Plan consultation and survey. The consultation was opened to the public on 1 November 2023 and closed on the 1 February 2024. The consultation included a specific question on changes to Council Tax in 2024/25 and provided the four options below:
- (Option 1) - Freeze Council Tax for a year (no increase from 2023/24);
  - (Option 2) - Increase by an amount just under the current referendum limit of 3%;
  - (Option 3) – If flexibility allows, increase by an amount of between 2% and 5.6%, up to £5 a year on a band D household;
  - (Option 4) – Open ended option asking what % increase would you be willing to pay.
24. **Council Tax Consultation Response** - The Information Update report, which appears later on this agenda, provides an overview of the variety of methods that were used to promote this consultation, a summary of the total number of respondents and details to the responses to the questions that were asked as part of the consultation. However, in relation to the specific question on Council Tax increases: 22.9% of respondents selected option 1, 25.4% selected option 2, 44.9% selected option 3 and 6.8% answered option 4, but responses to this option are not quantifiable.
25. **Proposed Council Tax for 2024/25** - The Authority seeks to manage its resources to deliver an efficient and effective service to the people of Kent and Medway. To ensure that the budget proposals are sustainable over the medium-term and considering the responses to the Council Tax consultation exercise, it is proposed that Council Tax should be increased by 2.99%, resulting in an annual increase in a Band D property of £2.61 (just under 5 pence per week) making the Band D Council Tax charge £89.91 for 2024/25 and therefore Members are requested to approve this proposal.
26. The Budget Book (**Appendix 2**) explains how the Council Tax precept is calculated. The financial impact of the Council Tax changes; assumed collection rates; and a 2.99% increase in Council Tax for 2024/25, is shown in **Table 3**.



**Table 3 – Calculation of Council Tax 2024/25**

	£'000
<b>Net Revenue Budget Requirement for 2024/25</b>	<b>94,730</b>
Revenue Support Grant	11,352
Retained Business Rates and Top-up Grant	20,904
Services Grant	104
Funding Guarantee Grant	1,527
Net Surplus on Collection Funds	444
<b>Precept Requirement from Council Tax</b>	<b>60,399</b>
<b>Total Funds for 2024/25</b>	<b>94,730</b>
<b>Council Tax base for 2024/25</b>	<b>671,776.53</b>
Council Tax base for 2023/24	660,815.05
<b>Council Tax rate for Band D property 2024/25</b>	<b>£89.91</b>
Council Tax rate for Band D property 2023/24	£87.30
<b>Increase in Band D Council Tax charge £</b>	<b>£2.61</b>
<b>Increase in Council Tax charge (all Bands) %</b>	<b>2.99%</b>

27. The Council Tax for other property bands is calculated as a fixed proportion to Band D. The 2024/25 Council Tax proposed to be levied by the Authority for all other bands can be seen in **Table 4** below:

**Table 4 - The Authority's Share of Council Tax  
per Property Band for 2024/25**

<b>Council Tax Band</b>	<b>Pro Rata Band D</b>	<b>Annual Charge £</b>
A	6/9	59.94
B	7/9	69.93
C	8/9	79.92
<b>D</b>	<b>1</b>	<b>89.91</b>
E	11/9	109.89
F	13/9	129.87
G	15/9	149.85
H	18/9	179.82

28. At the time of drafting this report to Members, Council Tax figures provided by Kent District Councils and Medway Council are confirmed as final, but there are two Districts where Business Rates figures remain outstanding, so an estimate has been included in this budget report. Consequently, some of the figures contained within this report will change so, if available, an update will be provided at the meeting, to reflect the revised budget position once final Business Rates figures have been provided. It is still possible that a District may provide revised figures at a later date so, if after this meeting, any billing authority gives notice of any change to its Council Tax base; retained Business Rates income; or the declared surplus or deficit on its Council Tax or Business Rates Collection Fund accounts, then this is likely to change the Authority's net revenue budget requirement. Members of the Authority are therefore asked to agree that the Chief Executive and Director of Finance, in consultation with the Chair of the Authority, have authorisation to make any such changes which may be necessary due to late notification of changes to the funding position. Details of any adjustments will be reported to the next Authority meeting in July but should there be a need to adjust the revenue budget for 2024/25, as a result of any late notifications, then an email will be sent to Members detailing the revised position.

#### **Medium Term Financial Plan (MTFP) 2024/25 to 2027/28**

29. This Medium-Term Financial Plan (MTFP) covers the four-year period from 2024/25 to 2027/28 but government funding has only been confirmed for 2024/25 so there remains significant uncertainty regarding funding levels over the short to medium-term. The expectation of a Fair Funding review still remains on the horizon, and suggestions to date are that the earliest this may now impact is most likely to be 2026/27 but that said, some significant funding changes could still be implemented in 2025/26 so it would seem sensible to remain prudent regarding assumptions with funding levels remaining so uncertain, even in the short-term.
30. As detailed in paragraph 8, there are a number of grants that the Authority receives from the Home Office and therefore sit outside of the Core Funding Settlement. As these grants sit outside of the Settlement and are approved by ministers on an annual basis there is no guarantee that they will continue at the same level, or at all, in the future. The Authority's share of the new Fire Pensions Grant is confirmed at £2.757m and the New Dimensions Grant is confirmed at just under £1m, so they are significant grants for the Authority. The Firelink grant (originally c. £600k) was unexpectedly cut by 20% in 2022/23 (notification received after the budget had been set) and it will be removed completely over 5 years. In addition, the Protection Uplift Grant will be reduced by £74k and the New Dimensions Grant will be reduced by £44k for 2024/25,

so this highlights the reason for the uncertainty over any grants that sit outside of the Settlement.

31. As noted previously, the Authority takes a prudent approach in setting its Medium-Term Financial Plan (MTFP) and has therefore currently made an assumption that the Settlement Funding Assessment (SFA) and Business Rates compensation grants will only increase by 1% each year over the period of the MTFP. It has also been assumed that the Services Grant (£104k for 2024/25) and the Funding Guarantee Grant (£1.572m) will both be removed from 2025/26. Similarly, prudent assumptions are made for changes to the Council Tax, so the MTFP reflects an increase of just 1% to the Council Tax base each year and an increase of up to 2% in the Council Tax charge each year from 2025/26. In addition, no allowance has been made for any surplus or deficit on the Collection Funds from 2025/26.
32. The budget proposal for 2024/25 and the Medium-Term Financial Plan (MTFP) 2024-28 reflect the estimates of the potential costs to deliver the initiatives contained within the Community Risk Management Plan and the Safety and Wellbeing Plan. There may be a requirement to provide one-off funding to day-to-day budgets, from the Service Transformation and Productivity Reserve, in order to deliver the proposed initiatives, set out in the strategies, once firm business cases have been developed. Programmes of work over the medium-term include investment in the development of the Authority's estate and various other property improvements, the replacement of operational fleet and pool cars as they reach the end of their economic life, as well as a significant investment in various IT systems and new technology. The Authority has identified the funding sources that are required to deliver its revenue expenditure requirements over the medium-term, which currently includes internally resourcing the capital programme. The Budget Book (**Appendix 2**) includes a summarised MTFP, together with the relevant forward planning assumptions, for Members approval.

## IMPACT ASSESSMENT

33. The Medium-Term Financial Plan (MTFP) shows a balanced budget for 2024/25 without the need to drawdown additional funds from Earmarked Reserves to balance. Currently, the MTFP shows that additional Base Budget savings of just under £1.5m (in addition to the £1.5m already identified) will need to be identified to balance the budget in 2025/26. Beyond 2025/26, the MTFP is broadly balanced based on the current assumptions regarding possible funding levels, but these estimates do come with a high degree of caution as there are so many unknowns regarding future funding levels at this time.

34. Council Tax proposals have been subject to public consultation, the outcomes of which have been taken into account during the production of the budget proposals. All authorities are required by statute to set and agree their Council Tax precept level by no later than the 1 March each year and therefore this report asks Members for their approval to the proposed Council Tax rates for the forth coming financial year.
35. Environmental benefits, health and safety issues, and equality and diversity considerations are considered in developing new projects, whether for new investment or in support of budget savings.

## RECOMMENDATIONS

38. Members are requested to:
- 38.1 Consider the Statement of Assurance by the Treasurer (Chief Financial Officer) (paragraph 3 and **Appendix 1** refer);
- 38.2 Approve the revenue budget proposals and the resulting net budget requirement of £94.730m for 2024/25 (paragraphs 15 and 16 and **Appendix 2** refer);
- 38.3 Approve a total requirement from Council Tax of £60.399m to be raised through the precept to meet the 2024/25 budget requirement, which requires a Council Tax increase of 2.99%, resulting in the following annual charges for each Council Tax band (paragraphs 23 to 27 and paragraph 34 refers):-

Council Tax Band	Annual Charge
A	59.94
B	69.93
C	79.92
<b>D</b>	<b>89.91</b>
E	109.89
F	129.87
G	149.85
H	179.82

- 38.4 Authorise the Chief Executive and the Director of Finance, in consultation with the Chair of the Authority, to make any late adjustments which may be required to the net revenue budget, arising as a result of late changes to Council Tax, Business Rates or Government Funding (paragraph 28 refers);

- 38.5 Approve the Capital Budget of £12.752m for 2024/25 and related expenditure commitments following on in later years, together with the sources of funding identified to fund the expenditure (paragraph 2 and **Appendix 2** refer).
- 38.6 Approve the Capital Strategy (paragraph 2 and **Appendix 3** refer).
- 38.7 Approve the Annual Treasury Management and Investment Strategy, including the appropriate Prudential Indicators (paragraph 2 and **Appendix 4** refer).
- 38.8 Approve the Reserves Strategy (paragraph 2 and **Appendix 5** refer).
- 38.9 Approve the assumptions used to develop the Medium-Term Financial Plan for 2024-28 (paragraphs 29 to 32 and **Appendix 2** refer).

## KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

### Statement of Assurance by the Treasurer

1. Under Section 25 of the Local Government Act 2003, the Director Finance and Corporate Services, as the Treasurer to the Authority (and therefore its statutory Finance Officer), is required to give Members an opinion on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the Authority's proposed financial reserves.
2. Section 25 also requires Members to have regard to this opinion in making their budget decisions. As such, set out below is a Statement of Assurance from the Director of Finance, including their opinion on the criteria set out under Section 25 of the Local Government Act 2003;
3. **Budget Estimates** - Each year the Authority sets out a four-year financial plan known as the Medium-Term Financial Plan (MTFP), which reflects the financial impact of known and assumed commitments, pressures and savings over that four-year period and compares this to the estimated future funding levels.
4. As the MTFP looks to the future, not all costs are necessarily known, so best estimates are made of the assumed requirement, often being based on a combination of past experience, publicly available indicative information or information shared across the Fire Sector. For example, future pay awards are often not confirmed at the point of finalising the budget proposals, so best estimates are made of the anticipated increase each year.
5. In establishing the future Plan, the Authority always ensures that the MTFP is not only realistic and deliverable, but that it is operationally led and is sustainable over the medium-term. There is a robust and detailed approach to setting the budget, which includes presenting proposed assumptions to Members for consideration at the Authority meeting in October. All budget managers participate in the budget setting process and have a responsibility to identify pressures, commitments, and potential savings for future years in their own budget areas. Proposed budget changes are scrutinised by senior finance colleagues before being considered by Corporate Management Board.
6. **Risk Assessment** - The Provisional Local Government Finance Settlement only confirmed government funding for the financial year 2024/25 and although the Government is still committed to updating and reforming the way local authority funding is distributed to individual authorities, this has been further delayed so is now unlikely to impact until 2026/27 at the earliest. That said, some significant funding

changes could still be implemented in 2025/26 so it would seem sensible to remain prudent with our assumptions and Members should be aware that the MTFP could change significantly from 2025/26, possibly resulting in the need to find further savings, temporarily drawdown from reserves and/or reduce the funding available to meet future pressures. Members will however be kept updated on these issues.

7. **Financial Reserves** – Section 43 of the Local Government Finance Act 1992 requires that, when setting the budget for the forthcoming year, precepting authorities should have regard to the level of reserves needed to provide sufficient resources to finance future estimated expenditure, plus any appropriate allowances that should be made for contingencies.
8. Every year the Authority's Reserve Strategy is reviewed and updated to ensure that it remains relevant and appropriate. It is proposed that the level of general reserves is maintained at approximately 5% of the base revenue budget for 2024/25 providing a general reserve balance of just under £4.7m. There are also five earmarked reserves, with by far the largest being the Infrastructure Reserve, which is used to help fund the Authority's capital programme and large one-off IT investments. As there remains uncertainty around the timing and outcome of a Fair Funding Review and the Business Rate reset, the MTFP does contain assumptions, such as for future pay awards and inflation, so it is prudent to maintain an appropriate level of reserves which will help bridge the gap of any shortfall, until such time as a sustainable way forward is established. It is also important to set aside additional funding that could be utilised as a one-off resource to pump-prime initiatives that will improve efficiency and ways of working which will provide the Authority with longer-term financial savings.
9. **Robustness of Budget Estimates and Adequacy of Financial Reserve** - As Director Finance and Corporate Services, I have considered the financial management arrangements that are in place, the level of reserves, the budget assumptions, the financial risks facing the Authority and its overall financial standing. There are sound governance arrangements and robust systems of financial control in place within the organisation. This along with the quality of internal and external audit reports the Authority has received, and the good and outstanding assessments in the most recent HMICFRS inspection, means that I am confident that the Authority is prepared to meet the challenges facing it. Reserves are of particular importance in times of uncertainty and each year the level of reserves is supported by a robust financial risk assessment. In conclusion, it is the opinion of the Director Finance and Corporate Services, that the budget is robust and achievable and that the level of reserves are adequate.

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**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
<b>Base budget brought forward from 2023/24</b>		<b>85,236</b>
<b>Unavoidable pay related cost pressures</b> (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	
<b>Total unavoidable pay related cost pressures for 2024/25</b>		<b>5,269</b>
<b>Non-pay pressures</b> (see page 5)		
Inflation and other cost increases	1,315	
Other identified pressures and reduced income	1,014	
<b>Total non-pay pressures for 2024/25</b>		<b>2,329</b>
<b>Funding adjustment (Fire Pension Grant)</b> (see page 3)	3,536	<b>3,536</b>
<b>Savings and additional income</b> (see page 6)		
Net pay savings	-651	
Discretionary price increase removal	-136	
Other non-pay savings and additional Income	-2,008	
<b>Total savings and additional income for 2024/25</b>		<b>-2,795</b>
<b>Base Revenue Budget 2024/25 (to be rolled forward)</b>		<b>93,575</b>
<b>One-off budget adjustments for 2024/25</b> (see page 3)		
Temporary budget adjustments	735	
Transfer to General Reserve	420	
<b>Total one-off budget adjustments for 2024/25</b>		<b>1,155</b>
<b>Net Revenue Budget Requirement for 2024/25</b>		<b>94,730</b>

# 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 £735k 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 bowzers 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
<b>Pay Awards for 2022/23 and 2023/24</b> 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
<b>Pay Awards and Increments for 2024/25</b> 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
<b>Local Government Pension Scheme Employer Rate Increase</b> 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
<b>Firefighters' Pension Scheme Employer Rate Increase</b> 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
<b>Total Unavoidable Pay Related Cost Pressures for 2024/25</b>	<b>5,269</b>

# 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
<p><b>Inflation and Other Cost Increases</b></p> <p>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).</p>	1,315
<p><b>Other Pressures and Reduced Income</b></p> <p>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.</p>	1,014
<p><b>Funding Adjustment</b></p> <p>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.</p>	3,536
<b>Total Non-pay Pressures and Funding Adjustment for 2024/25</b>	<b>5,865</b>
<b>Total Pressures and Funding Adjustment for 2024/25</b>	<b>11,134</b>

# 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:-

<b>Net Pay Savings</b>	<b>£'000</b>
<b>Net Pay Savings</b> 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.	<b>-651</b>
<b>Total Net Pay Savings for 2024/25</b>	<b>-651</b>
<b>Non-pay Savings</b>	<b>£'000</b>
<b>Inflation on Discretionary Spend</b> Inflationary price increases on areas of discretionary spend, such as stationary, have been removed, where price increases can be contained within existing budget allocations.	<b>-136</b>
<b>Other Non-Pay Savings and Additional Income</b> 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.	<b>-2,008</b>
<b>Total Non-pay Savings and Additional Income for 2024/25</b>	<b>-2,144</b>
<b><u>Total Savings and Additional Income for 2024/25</u></b>	<b><u>-2,795</u></b>



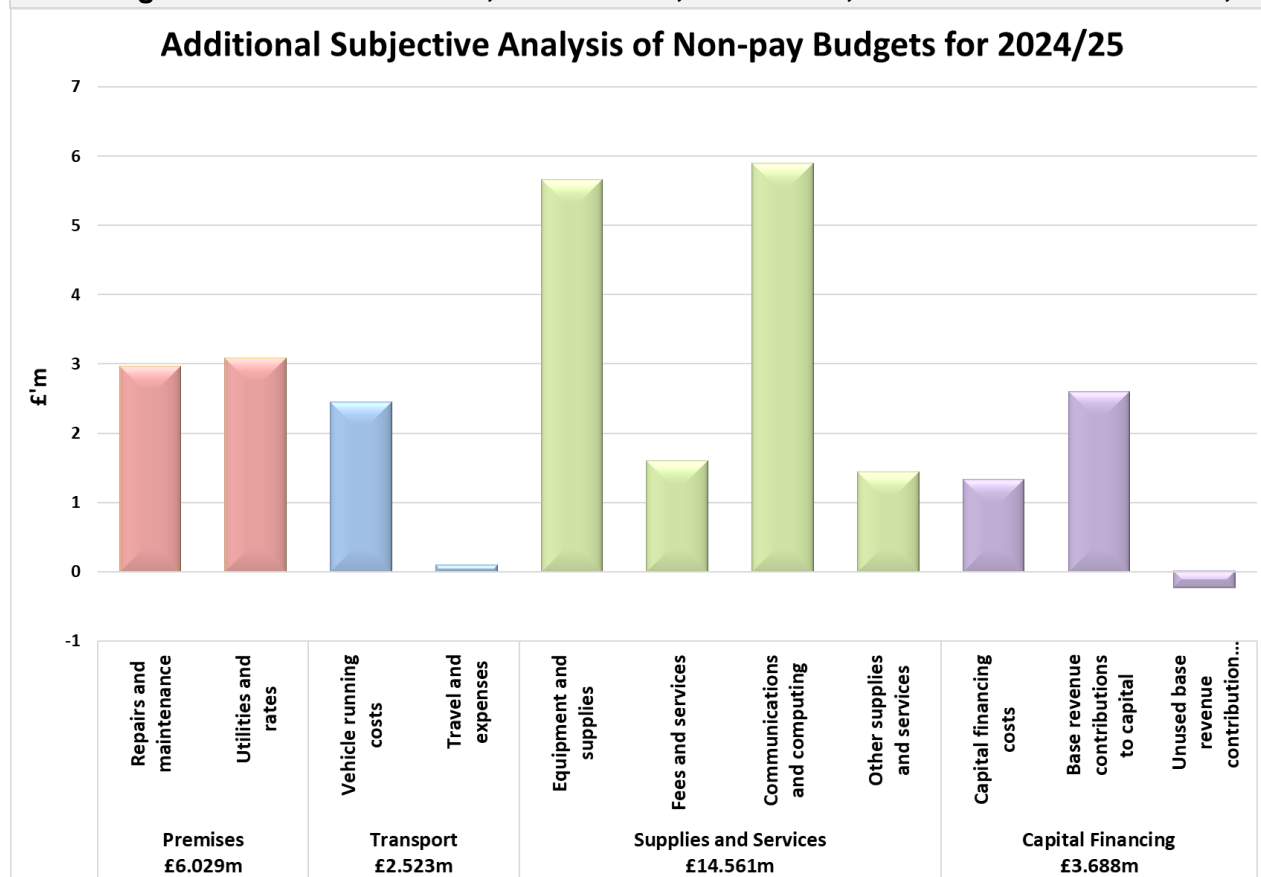
# BUILDING THE 2024/25 REVENUE BUDGET

## 2024/25 Subjective and Functional Budget Presentation

### Subjective and Functional Analysis

The Table and Chart below summarise the total net revenue budget of £94.730m 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
<b>Subjective:</b>					
Employee Pay Costs	58,162	7,663	12,094	0	<b>77,919</b>
Other Employee Costs	46	0	1,251	0	<b>1,297</b>
Direct Pension Costs	0	0	0	2,222	<b>2,222</b>
Premises Costs	223	3	5,803	0	<b>6,029</b>
Transport Costs	2,157	16	350	0	<b>2,523</b>
Supplies and Services	5,777	618	8,052	114	<b>14,561</b>
Capital Financing	0	0	0	3,688	<b>3,688</b>
Reserve Transfers	0	0	203	-4,576	<b>-4,373</b>
Income	-6,163	-482	-797	-1,694	<b>-9,136</b>
<b>Net Budget for 2024/25</b>	<b>60,202</b>	<b>7,818</b>	<b>26,956</b>	<b>-246</b>	<b>94,730</b>

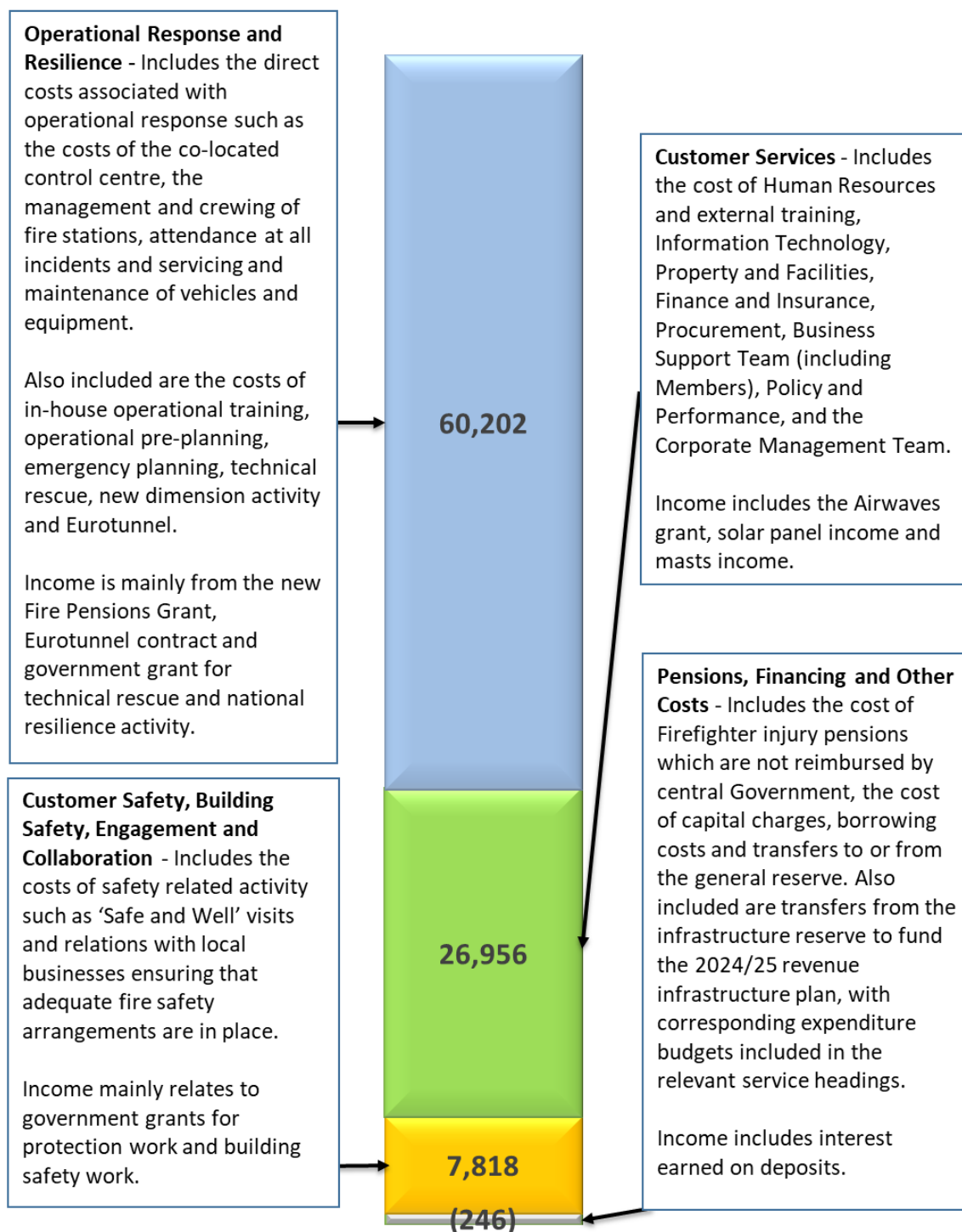


# BUILDING THE 2024/25 REVENUE BUDGET

## 2024/25 Subjective and Functional Budget Presentation

### Functional Analysis

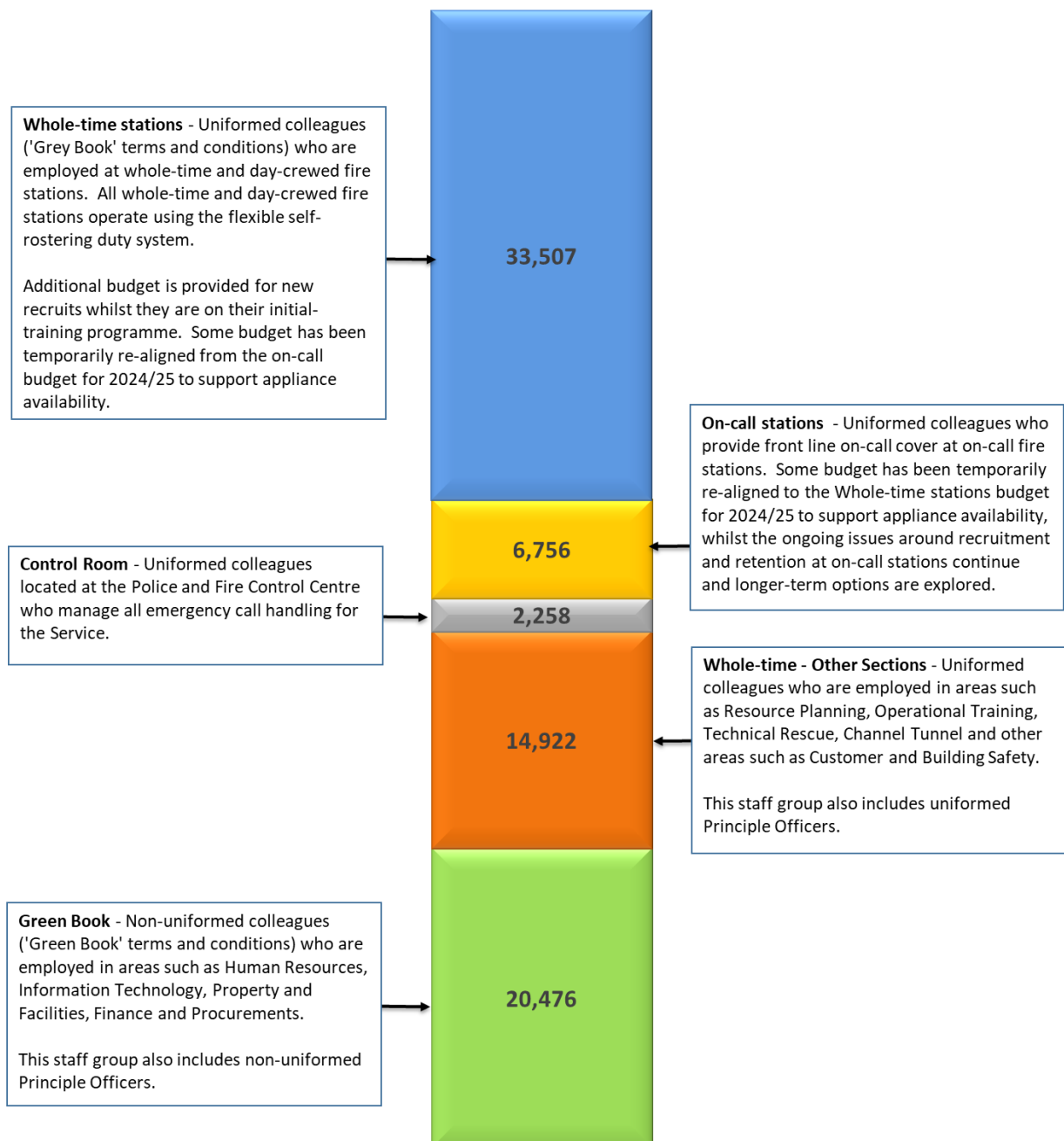
The Chart below summarises the total net revenue budget of £94.730m for 2024/25 by Function (in £'000's) and provides details of the activity areas under each functional heading;



# BUILDING THE 2024/25 REVENUE BUDGET

## 2024/25 Additional Subjective Analysis - Employee Pay Budgets

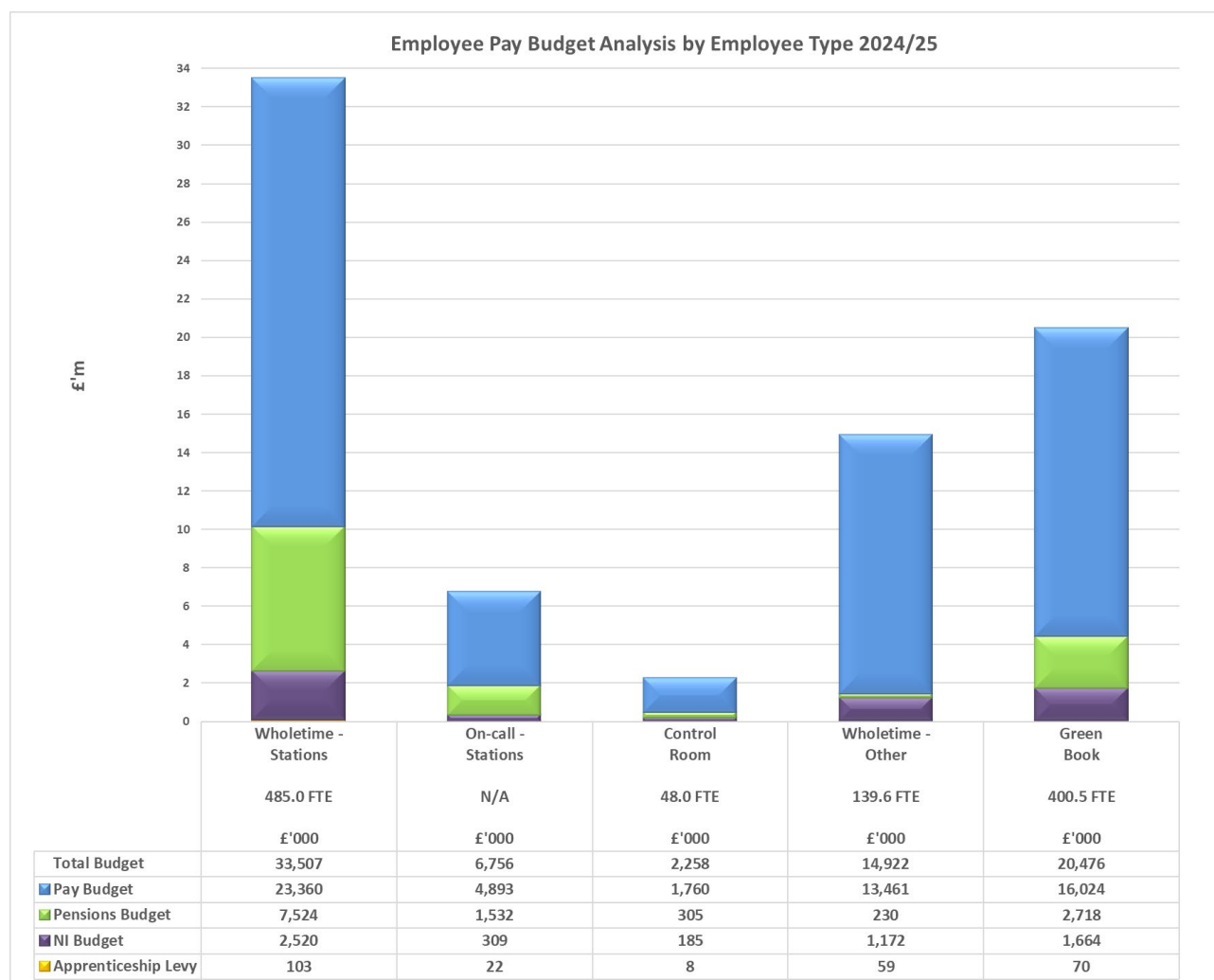
The budget assumes that pay will increase by 3% in 2024/25. Approximately 82% of the net revenue budget relates to employee pay costs (£777.919m). The budget allocated to each staff group and details of which personnel sit within each staff group is described below (in £'000's):-



# 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:-



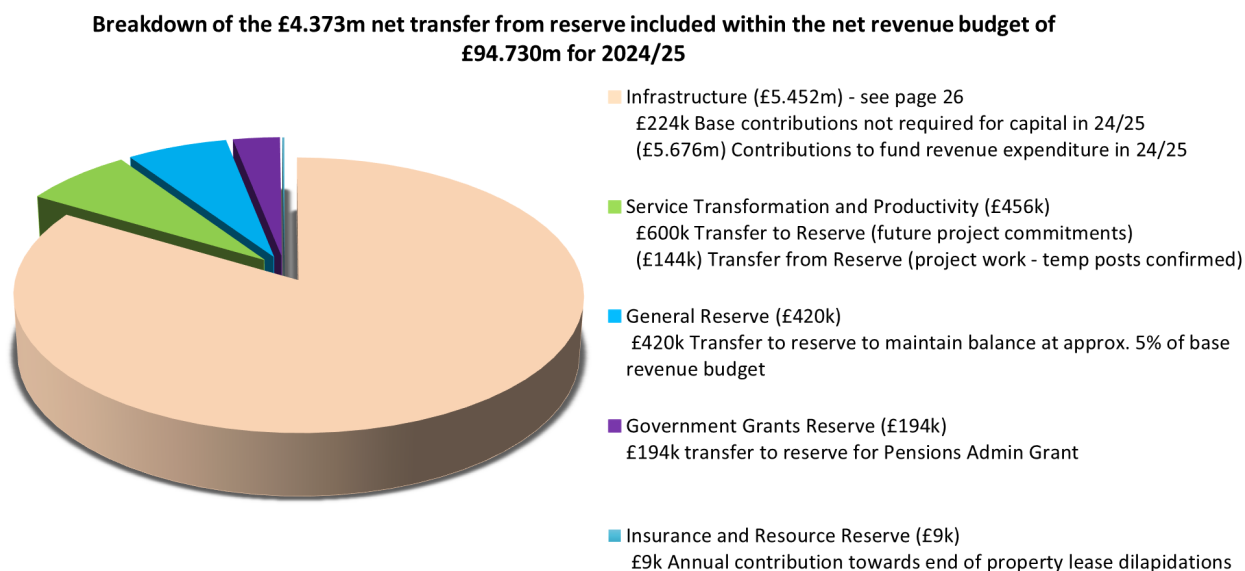
Pay Group	Operational Response and Resilience		Customer Safety, Building Safety, Engagement & Collaboration		Customer Services		Total Pay	
	FTE	Budget £'000	FTE	Budget £'000	FTE	Budget £'000	FTE	Budget £'000
WT - Stations	485.0	33,507	0.0	0	0.0	0	485.0	33,507
On-call - Stations	N/A	6,756	0.0	0	0.0	0	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
<b>Total Pay Budget</b>	<b>725.6*</b>	<b>58,162</b>	<b>154.5</b>	<b>7,663</b>	<b>193.0</b>	<b>12,094</b>	<b>1,073.1</b>	<b>77,919</b>

\* excludes WT trainee recruits

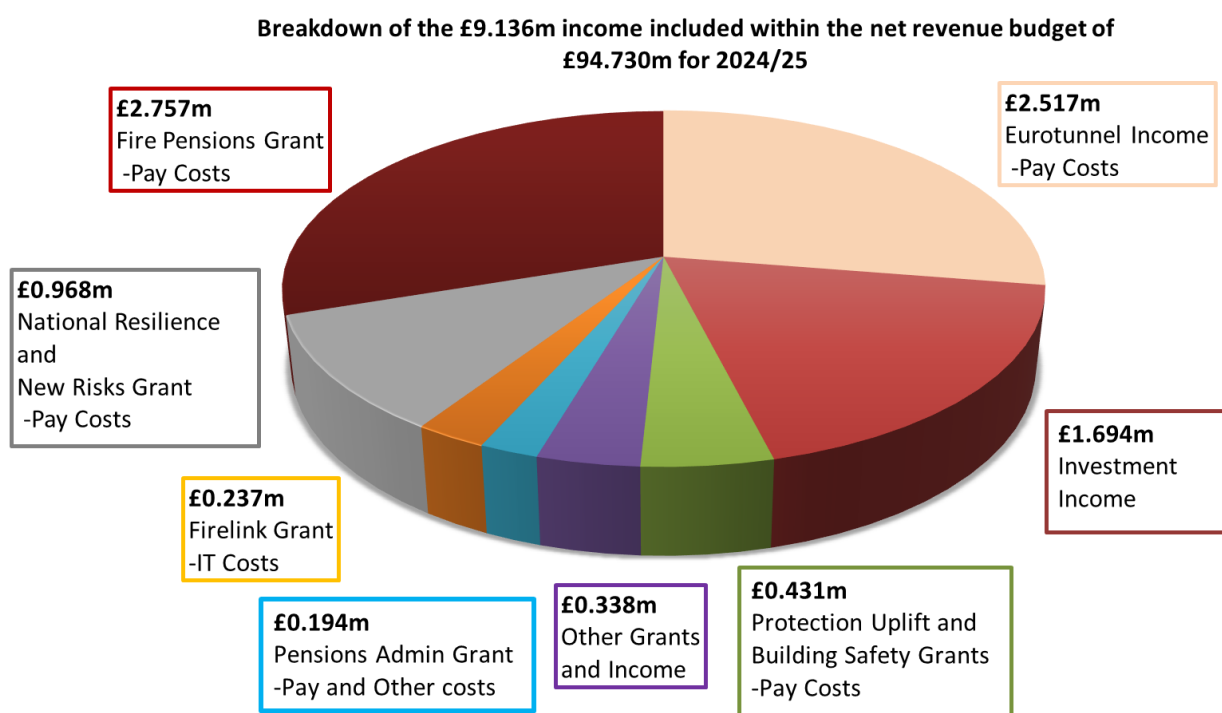
# BUILDING THE 2024/25 REVENUE BUDGET

## 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 £94.730m 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
<b>New Fire Pensions Grant</b> - 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
<b>National Resilience (formerly New Dimension) Grant</b> - This grant provides funding towards the cost of various resilience activities including the costs of the Technical Rescue team.	968
<b>Protection Uplift Grant</b> - This grant provides funding to support fire protection work and to respond to new burdens arising from the Fire Safety Act.	333
<b>Building Safety Grant</b> - This grant has been provided to bolster the building safety team and will cover the cost of 2 Inspecting Officer posts.	98
<b>Firelink Grant</b> - 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
<b>Pensions Admin Grant</b> - 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
<b>Apprenticeship Levy</b> - The Authority can draw down funds from the apprenticeship levy to fund the cost of eligible training expenses.	24
<b>Total Specific Government Grant Income</b>	<b>4,611</b>

# 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 £7.504m. 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 £444k 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 £4.508m.

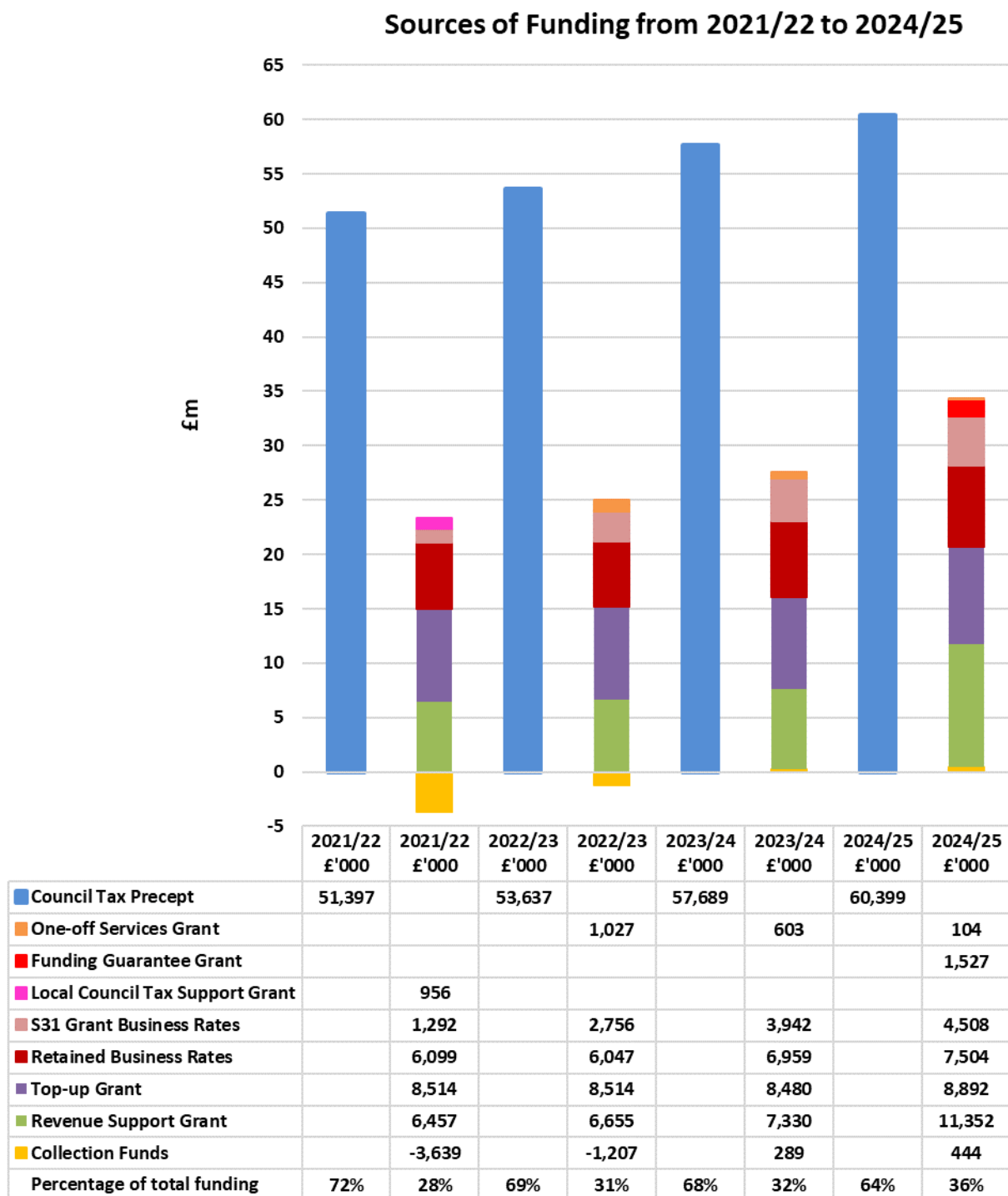
**Services Grant** - A reduced Services Grant will be provided to the Authority in 2024/25. The grant is not ring-fenced but it is intended to provide additional support for services provided. This grant is anticipated to be phased out from 2025/26 and a significantly reduced amount of £95k is expected 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% (£23.654m) 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:-





## 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
<b>Net Revenue Budget Requirement for 2024/25</b>		<b>94,730</b>
<b>Funding:</b>		
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	7,504	
Net Surplus on Collection Funds (see page 13)	444	
Funding Guarantee Grant	1,527	
Section 31 Business Rates Relief Grant	2,818	
Section 31 Compensation for Under-Indexation of Top-Up Grant	1,690	
<b>Total Funding Available for 2024/25</b>		<b>94,730</b>
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

Diagram showing four houses (A, B, C, D) with their respective proportions of Band D and annual C-Tax for 23/24 and 24/25.

House	Proportion of Band D	Annual C-Tax 23/24 (£)	Annual C-Tax 24/25 (£)
A	6/9	58.20	59.94
B	7/9	67.90	69.93
C	8/9	77.60	79.92
D	9/9	87.30	89.91

Diagram showing four houses (E, F, G, H) with their respective proportions of Band D and annual C-Tax for 23/24 and 24/25.

House	Proportion of Band D	Annual C-Tax 23/24 (£)	Annual C-Tax 24/25 (£)
E	11/9	106.70	109.89
F	13/9	126.10	129.87
G	15/9	145.50	149.85
H	18/9	174.60	179.82

## 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.

<b>General and Earmarked Reserves - Forecast Balances</b> (All figures are £'000)	<b>31/03/24 Forecast Balance*</b>	<b>31/03/25 Forecast Balance</b>	<b>31/03/26 Forecast Balance</b>	<b>31/03/27 Forecast Balance</b>	<b>31/03/28 Forecast Balance</b>
<b>General Reserve</b>	<b>4,260</b>	<b>4,680</b>	<b>4,700</b>	<b>4,820</b>	<b>4,920</b>
<b>Earmarked Reserves:</b>					
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
<b>Total Earmarked Reserves</b>	<b>30,016</b>	<b>25,223</b>	<b>22,190</b>	<b>16,903</b>	<b>9,444</b>
<b>Total General and Earmarked Reserves</b>	<b>34,276</b>	<b>29,903</b>	<b>26,890</b>	<b>21,723</b>	<b>14,364</b>
<b>Capital Receipts Reserve</b>	<b>7,894</b>	<b>8,128</b>	<b>6,345</b>	<b>0</b>	<b>0</b>
<b>Total Reserves</b>	<b>42,170</b>	<b>38,031</b>	<b>33,235</b>	<b>21,723</b>	<b>14,364</b>
<b>Net Change in Total Reserves</b>	<b>(3,490)</b>	<b>(4,139)</b>	<b>(4,796)</b>	<b>(11,512)</b>	<b>(7,359)</b>

\*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:

<b>Grant:</b>	<b>£'000</b>
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
<b>Estimated Total Government Grants Remaining at 31.03.2024</b>	<b>860</b>

## 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 (£216k) 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
<b>Total Pressures</b>	<b>3,475</b>	<b>2,686</b>	<b>2,557</b>

## 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	-1,499	-104	0
<b>Total Savings</b>	<b>-3,013</b>	<b>-245</b>	<b>-324</b>

**Other Savings to be Identified** - The MTFP is currently showing that £1.499m 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

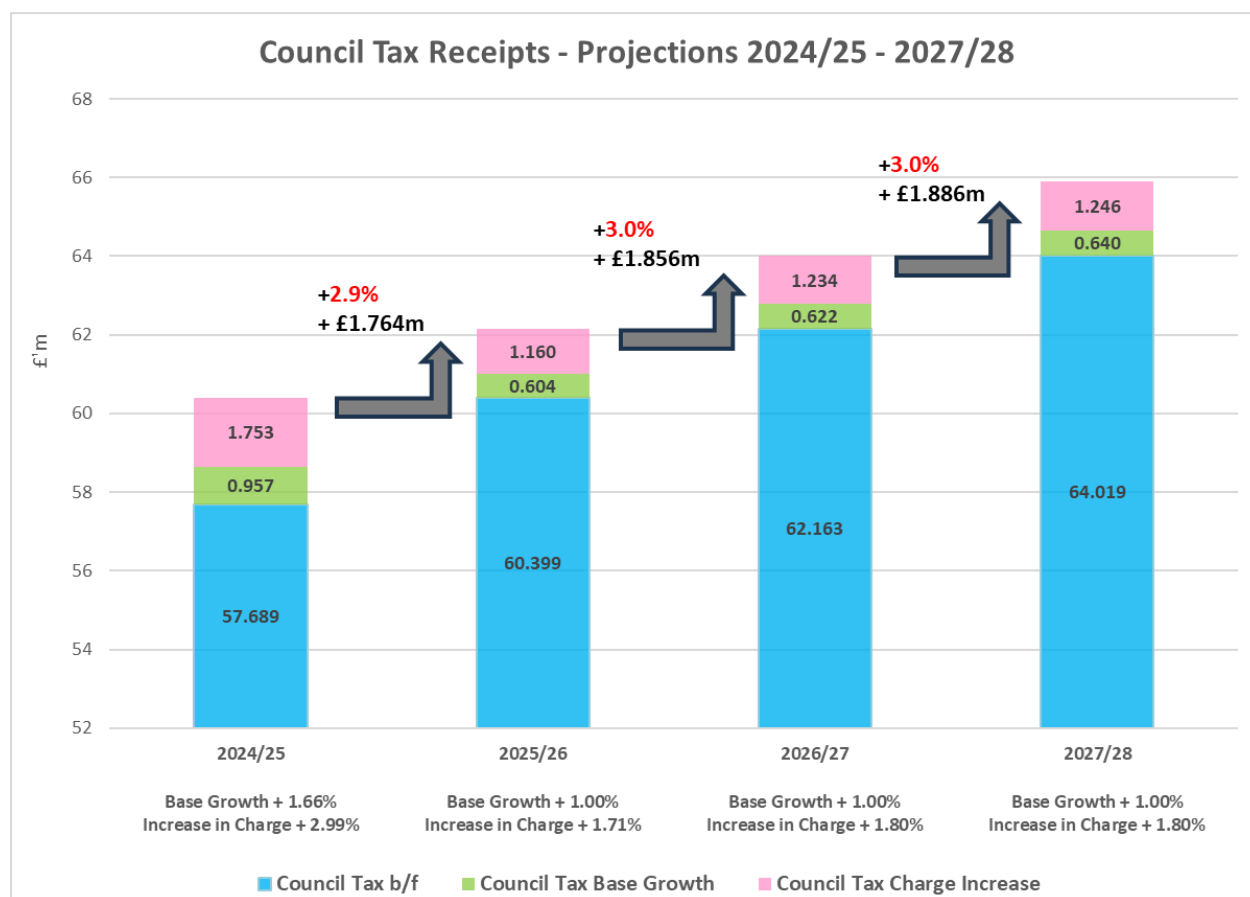
The Table below summarises the base budget changes in each of the financial years between 2024/25 and 2027/28. Also shown is a breakdown of funding sources and additional information with regards to increases in Council Tax receipts for the same years:-

(All figures are £'000)	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
Base Budget brought forward	85,236	93,575	94,037	96,478
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	-3,013	-245	-324
<b>Base Budget carried forward</b>	<b>93,575</b>	<b>94,037</b>	<b>96,478</b>	<b>98,711</b>
One-off Budget Adjustments	735	467	105	105
Transfer to General Reserve	420	20	120	100
<b>Net Revenue Budget</b>	<b>94,730</b>	<b>94,524</b>	<b>96,703</b>	<b>98,916</b>
Net change £	9,438	-206	2,179	2,213
Net change %	11.07%	-0.22%	2.30%	2.29%
<b>Budget funded by:-</b>				
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	7,504	7,360	7,434	7,508
Top-up Grant	8,892	8,982	9,071	9,162
Net Surplus on Collection Funds	444	0	0	0
Section 31 Business Rates Grant	4,508	4,553	4,599	4,645
<b>Total Funding</b>	<b>94,730</b>	<b>94,524</b>	<b>96,703</b>	<b>98,916</b>

## 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%
<b>Council Tax Base Growth £'000</b>	<b>957</b>	<b>604</b>	<b>622</b>	<b>640</b>
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
<b>Council Tax Charge Increase £'000</b>	<b>1,753</b>	<b>1,160</b>	<b>1,234</b>	<b>1,246</b>
<b>Additional Income from Council Tax £'000</b>	<b>2,710</b>	<b>1,764</b>	<b>1,856</b>	<b>1,886</b>



# 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

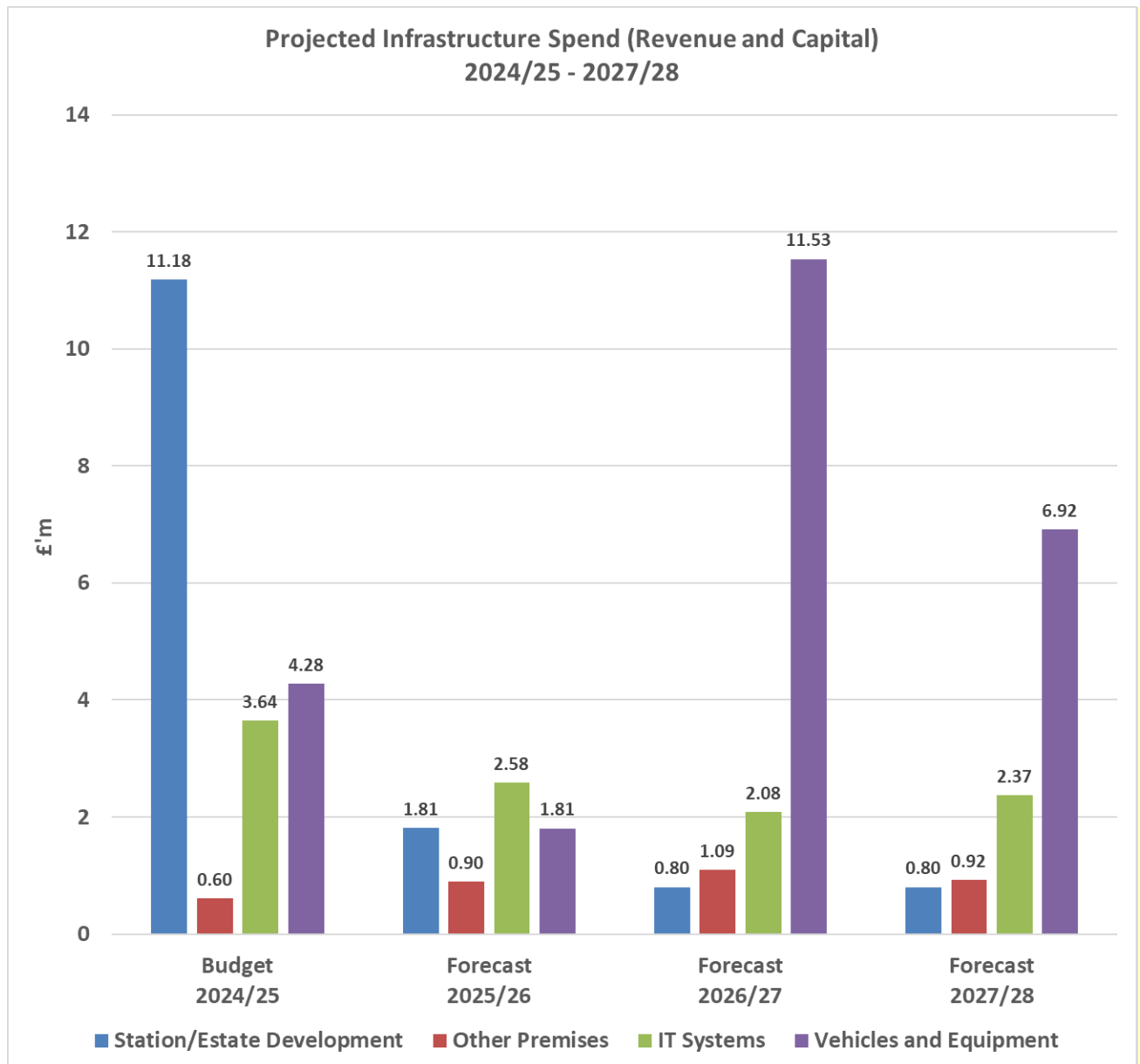
The Tables below detail the capital and revenue infrastructure spend provisionally planned between 2024/25 and 2027/28:-

<b>Capital Infrastructure Programme</b>					
(All figures are £'000)	2024/25 Budget	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	2024-28 Total
Station Development	10,384	1,012	0	0	11,396
Estate Redevelopment	800	800	800	800	3,200
<b>Total Station/Estate Development</b>	<b>11,184</b>	<b>1,812</b>	<b>800</b>	<b>800</b>	<b>14,596</b>
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
<b>Total Premises</b>	<b>210</b>	<b>318</b>	<b>650</b>	<b>530</b>	<b>1,708</b>
Operational Response Project – MDTs	0	600	0	0	600
Printers	0	0	0	200	200
<b>Total Systems</b>	<b>0</b>	<b>600</b>	<b>0</b>	<b>200</b>	<b>800</b>
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
<b>Total Vehicles and Appliances</b>	<b>1,358</b>	<b>1,656</b>	<b>10,767</b>	<b>5,597</b>	<b>19,378</b>
<b>Total Capital Expenditure</b>	<b>12,752</b>	<b>4,386</b>	<b>12,217</b>	<b>7,127</b>	<b>36,482</b>
<i>* A ten-year capital programme is detailed in the Capital Strategy</i>					
<b>Revenue Infrastructure Programme</b>					
(All figures are £'000)	2024/25 Budget	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	2024-28 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
<b>Total Revenue Expenditure</b>	<b>6,953</b>	<b>2,714</b>	<b>3,285</b>	<b>3,880</b>	<b>16,832</b>
<b>Total Revenue and Capital</b>	<b>19,705</b>	<b>7,100</b>	<b>15,502</b>	<b>11,007</b>	<b>53,314</b>

## 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
<b>Funded By:</b>					
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
<b>Total Funding</b>	<b>12,752</b>	<b>4,386</b>	<b>12,217</b>	<b>7,127</b>	<b>36,482</b>

#### Revenue Infrastructure Plan Funding

(All figures are £'000)	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2024-28 Total
<b>Funded By:</b>					
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
<b>Total Funding</b>	<b>6,953</b>	<b>2,715</b>	<b>3,285</b>	<b>3,879</b>	<b>16,832</b>

#### 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
<b>Balance at end of year (31 March)</b>	<b>8,128</b>	<b>6,345</b>	<b>0</b>	<b>0</b>

#### 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
<b>Balance at end of year (31 March)</b>	<b>20,110</b>	<b>18,675</b>	<b>13,417</b>	<b>6,336</b>

# CAPITAL STRATEGY

## Background

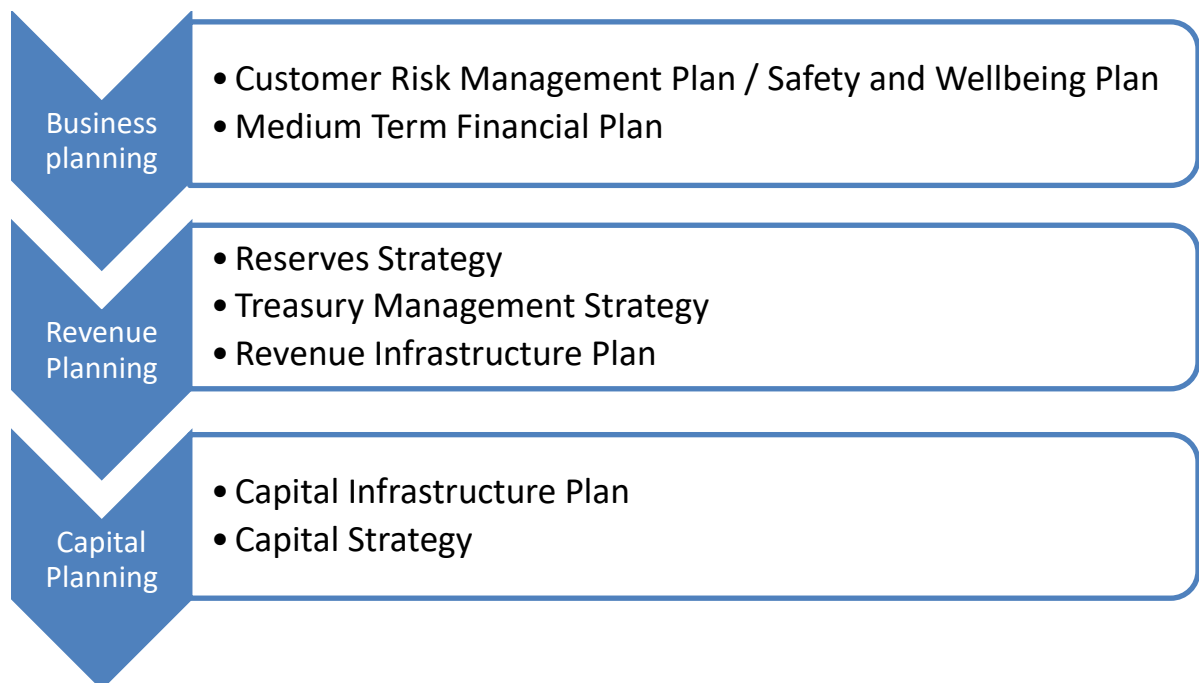
1. Statutory Requirement – The latest revision to the CIPFA Prudential Code for Capital Finance in Local Authorities was issued in December 2021, its key objectives remain, which are to ensure that decisions made around the capital programme are affordable, prudent and sustainable. The Authority continues to use the Code as required under Part 1 of the Local Government Act 2003, as a framework to demonstrate effective planning and proper appraisal of its capital finances.
2. A requirement of the Code is that authorities should produce a Capital Strategy which sets out an outline of the reporting requirements that it should be meeting. As this represents the long-term capital investment for the Authority it has been regularly reviewed and updated as necessary. Members last agreed the Capital Strategy at the February 2023 Authority meeting and were updated on the latest plans regarding Ashford Live Fire training facilities in October 2023. Since then, the tables have been updated to reflect the latest capital forecasts. The following paragraphs therefore set out the proposed updated Strategy for this Authority. Members are asked to consider and agree this updated Strategy.
3. **Purpose and Principles of the Strategy** - The Capital Programme for the medium term has been developed following the principles that are laid out in the Capital Budget Strategy which are shown below:
  - To ensure capital resources are aligned with the corporate priorities as set out in the Safety and Wellbeing Plan but it is also important to be mindful of the actions that may arise from the Community Risk Management Plan areas of focus.
  - To maintain the assets and infrastructure across the organisation.
  - To maintain an affordable 10 year rolling capital programme.
  - To undertake Prudential Borrowing only where there are sufficient monies to meet the full implications of capital expenditure, which include both borrowing and revenue running costs.
  - To consider collaboration with our partner organisations, such as Kent Police and SECamb, Network Fire Service Partnership (NFSP) and progress any other possible collaboration opportunities that may present themselves to enable greater efficiencies and improvements to the service.

Expenditure will be classified as capital if it meets the criteria set in Statute within the Local Government Act 2003 and CIPFA Statement of Recommended Practice. A

minimum limit of £10k is applied per item (unless a significant number of assets below this value result in a large amount of expenditure, with a life of more than a year). Any expenditure falling below the minimum will be treated as revenue expenditure. The outlay should result in either the acquisition, construction or enhancement of a fixed asset that provides a benefit to the Authority, in excess of a year.

Capital programme planning is reviewed and determined alongside the revenue budget planning process within the framework of the Medium-Term Financial Plan (MTFP).

## Strategic Planning Framework



4. **Business Planning** – The Authority’s key priorities and challenges are set out in our Safety and Wellbeing Plan, but the recent consultation on the Customer Risk Management Plan has also set our potential risks and challenges for the organisation, which will need to be considered and addressed going forward.

- In order to address our challenges, the Environment and Assets Plan and Vehicle and Equipment Replacement programme are key documents for consideration when developing the Capital Strategy as it is important that the Authority ensures that capital resources are directed at its existing assets to ensure that they are of good condition to achieve best use of them to deliver a better service. We are also looking to make our buildings and fleet more energy

efficient to achieve carbon neutrality by 2030. Where assets are identified as surplus to requirements they are disposed of in an appropriate manner, in line with the Authority's Disposal Policy, consequently generating a capital receipt which is, at some future point used to contribute to the capital expenditure of asset investments or developments.

This overarching Capital Strategy reflects the contents of the Corporate Risk Management Plan and supporting documents to achieve our longer-term ambition, as they define the anticipated investment and development in areas such as the Property Estate, Fleet and IT.

5. **Revenue Planning** - The revenue planning looks at the funding available from central government, council tax, business rates, external funding and reviews the level of revenue contributions available or required to be set aside in reserves to fund expenditure in the Capital Strategy to reduce the levels of borrowing. The Treasury Strategy sets out the cost and cashflow of expenditure, identifies any shortfall in funding that may require the authority to borrow and determines its affordability via a number of prudential indicators.
6. **Capital Planning** - Identifies the capital expenditure required to enable the business strategies to be delivered within in the 10-year Capital Strategy cycle. It also identifies the draw down required from the Infrastructure Reserve and Capital Receipts reserve required to fund it, with shortfalls in funding identified and consequently highlights if the Authority may need to consider borrowing.

## Governance and Funding

7. **Governance and Monitoring** - An important part of the governance arrangements is the frequent monitoring of the agreed capital programme and probably more importantly the transparency, accountability, and sustainability of the funding of the agreed programme. As such, members of the Authority are responsible for approving the Capital Strategy which sets out the considerations for such investments. It is a prerequisite that all expenditure incurred in the delivery of the capital programme must be compliant with the defined Financial and Procurement policies and procedures.
8. **Officers Responsibility** - Within the Authority, Corporate Management Board has an overall responsibility for the strategic development, management and monitoring of the capital programme. Wherever appropriate to do so, and more specifically for the larger projects, project boards are established, which consist of a wide range of professional expertise. These groups meet regularly to assess and monitor the progress of the projects to ensure the delivery of the defined capital investment.

9. **Available Capital Funding** - There are a variety of ways in which capital expenditure can be financed, but the main sources are often from a combination of revenue resources / reserves, capital grants, capital receipts and borrowing. There is also the option of leasing, but this will only be considered where it is a viable and cost-effective route to fund the asset in question. A brief explanation for each of these options is described below:
- a) **Revenue Contributions / Reserves** - The base revenue budget has a level of funding which may be used to support the funding of the capital programme. The Authority also has revenue resources set aside in the Infrastructure Reserve that can be used to fund capital projects.
  - b) **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 debt (including Minimum Revenue Provision) is taken into account when developing the Medium-Term Financial Plan.
  - c) **External Capital Grants** - Certain projects may have specific external funding in the form of grants that can be applied for and utilised on the defined capital project.
  - d) **Capital Receipts** - The Authority has a large property estate, the majority of which are fire stations, but the estate also includes day crewed houses, a training centre and administrative buildings such as Service Headquarters. The estate is managed by the Head of Property and Facilities and their team, all of whom ensure the buildings are well maintained and fit for their daily use. 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 to offset future debt or transitional costs. They cannot be used to fund day to day revenue expenditure.
  - e) **Lease Finance** - This option of financing may be considered if it is economically viable to do so. Consideration would be taken as to the availability of funding for such a purchase and its implications. However, financing of expenditure through any lease arrangement needs to consider the:
    - Value of expenditure.
    - Residual Value of the asset.
    - Life span of equipment matches the funding proposed.



We have recently signed a 5-year lease on a Unit to accommodate the Vehicle Maintenance and servicing that was brought in-house from 1 April 2023. Negotiations are still ongoing for the lease at the Police Coldharbour site for the space used by Control and the hut at SHQ that is used by Police. Previously these leases would have been accounted for within the revenue budget, but from the 1 April 2024 changes in accounting regulations (IFRS 16) require the Authority to recognise on the balance sheet any assets that they have the use and control over to deliver their services over a de-minimus level. This means that these arrangements will now be visible within the capital programme.

- f) **Internal borrowing** - The CFR (Capital Financing Requirement) measures the amount of capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income. It measures the underlying need to borrow for a capital purpose, although this borrowing is unlikely to need to take place externally, given the positive net cash flow position of the authority. The authority may judge it prudent, especially given the current high borrowing rates, to make use of cash that it has already invested in order to reduce borrowing levels. In doing this, the authority does not reduce the magnitude of the funds it is holding for these long-term purposes but simply adopts an efficient and effective treasury management strategy. This practice, often known as 'internal borrowing', is common in local authorities and means there is no need to externally borrow to pay for capital spending.

## Capital Receipts Strategy

10. **Statutory Requirement** - The Department for Levelling Up, Housing and Communities' (DLUHC) Statutory Guidance on the use of Capital Receipts requires local authorities to prepare and publish a Strategy before the start of each year, setting out their planned use. It is generally the case that all capital receipts must be utilised to support capital purchases only. However, in March 2016 the Government issued statutory guidance which allowed a variation to this requirement to allow for flexible use of capital receipts to fund some revenue expenditure that may generate on-going savings such as the sharing of back-office services, service reform, collaboration and driving digital delivery. In April 2022 the guidance was updated so that for each financial year the Authority is required to send details setting out their planned use of the flexibility. This was updated in August 2022 to extend this flexibility until 2024/25. This Authority currently has no requirement to apply for the flexible use of capital receipts to fund service reform as due to its long-term planning it was able to plan for such changes/efficiencies through the use of the infrastructure reserve, negating the need to utilise capital receipts.
11. **The utilisation of capital receipts** - The forecast capital receipts opening balance for the 2024/25 financial year is expected to be £8.4m with the potential for further receipts in the

next few years. These balances will be utilised in future years to help support the funding of the capital programme. They will help smooth out the peaks and troughs of the service demands and provide a balanced capital programme reducing the need to borrow.

## Description of Major Capital Projects

12. **The main capital projects / programmes of work** that are incorporated into the Authority's capital programme are identified below:

- **Mobile Data Terminals** - This is an operational response I.T project to install and upgrade data terminals in all our fire engines and response vehicles as well as Satnavs and tracking devices and was due to be completed during 2023/24 but due to delays finalising the communications equipment and connection issues will now be completed in 2024/25.
- **Vehicle Replacements** - We have a comprehensive long-term programme in place to replace our 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 our Safety and Wellbeing Plan. We have successfully reduced the types of frontline appliances down to two by combining the capabilities of our 'Rescue' and 'Heavy Rescue' appliances. Using the latest equipment, technology has enabled us to attend a wider range of rescue incidents. The replacement of 44 new appliances has been further slipped to 2026/27 to accommodate both the re-development of the business case and supplier delays in chassis production.

We have taken delivery of 5 new appliances in 2023/4 as well as 36 vans (includes 29 of the team allocated), 16 different specialist vehicles, including 4 wildfire vehicles, and 6 inflatable boats. Supplier delays of cars and small vans has been reducing so we were able to take delivery of 29 of the 34 team allocated vehicles that were expected in 2024/25.

During 2024/25 we expect to take delivery of 8 specialist vehicles, an inshore boat and a further 5 self-charging hybrid vehicles.

- **Building Works** - The Authority's property portfolio consists of more than 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. A number of reviews are still underway to determine property use across the estate and indicative funding requirements

have been incorporated into the capital programme, to ensure that any redevelopments are affordable and sustainable.

Redevelopment of the Ashford site, to provide a state-of-the-art Live Fire training facility is still progressing. Having now changed the main contractor, we are working with them to identify all areas where efficiencies to the plan can be made. A budget of £13m was agreed for this project and all parties are working hard to try and keep within this limit. We expect to have a firmer cost plan in place before contracts are signed.

Home and hybrid flexible working and increased use of virtual meetings technology has identified a reduced need for office space in the future and presents the Authority with increased collaboration opportunities with blue light partners or the potential to review if existing office space is deemed surplus to requirements.

13. Every project goes through a robust process of producing a business case, assessing risks and outcomes along with any savings or efficiencies that could be achieved. Projects are appraised after completion and a review of successes and lessons learned are documented.
14. Wherever possible we consider collaboration with our partner organisations, such as Kent Police and SECamb and progress any other possible collaboration opportunities that may present themselves to enable greater efficiencies and improvements to the service. We currently have a number of site sharing licences in place.

## Prudence and Sustainability

15. **Capital Expenditure** - The Prudential Code requires that the Authority shall ensure that all its capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt and consideration of risk and the impact on the Authority's overall fiscal sustainability.
16. The Authority is required to make reasonable estimates of the total capital expenditure that it plans to incur over the next 10 years, as a minimum. Budget Managers are asked to consider future works and capital expenditure requirements as part of the budget setting process. Usually at this stage the project will have indicative costs associated to it based on past project expenditure to enable development of the Capital Programme. As the project develops and the objectives and specifications are clearer the indicative costs are refined as the business case progresses.

17. All major acquisitions have a life assigned to them and where appropriate a replacement is included within the Capital Programme based on the historic cost or current market value, whichever is available at that time. As the replacement year moves closer an assessment is made of the business need and current condition of the asset. The original sums set aside will then be replaced with the revised estimates. This is undertaken on an ongoing basis for vehicles and equipment, IT projects and premises component replacements.
18. If the cost of a project increases, and additional funds are required and available, a change request is presented to the Project Board for approval. If the agreed amount is significantly increased, it will also be presented to members for approval.
19. The anticipated capital expenditure for the next 4 years is detailed below; however, it should be noted that the Authority plans to continue to invest in the improvement of its I.T. infrastructure across the organisation, but most of this will be classified as revenue costs. As such these costs are not reflected in the Capital Programme below:

<b>Estimates of Capital Expenditure (£'000)</b>	<b><u>2024/25</u></b>	<b><u>2025/26</u></b>	<b><u>2026/27</u></b>	<b><u>2027/28</u></b>	<b><u>2028/29</u></b>
Premises	11,394	2,130	1,450	1,330	900
IT	0	600	0	200	0
Vehicles	1,358	1,656	10,767	5,597	1,391
<b>Total Planned</b>	<b>12,752</b>	<b>4,386</b>	<b>12,217</b>	<b>7,127</b>	<b>2,291</b>

20. **Funding of Capital Expenditure** - All proposed expenditure set out in the Capital Programme is planned to be funded from a combination of revenue contributions to capital, capital receipts and the infrastructure reserve. The Ashford project will be funded from Internal Borrowing between 22/23 and 25/26 which will enable us to then borrow in future years, when borrowing rates should be more favourable, but this may be necessary earlier if our cash balances reduce and impact on cashflow. There are currently no allocations of capital grants expected in the near future.
21. **Total Capital Financing Costs** - One of the features of the Prudential Code arrangements is the need to calculate the Capital Financing Requirement (CFR). This figure covers unfunded capital expenditure which has not yet been permanently financed through the revenue account. The figures below reflect the unfunded spend on Ashford station as it is intended to fund this currently by internal borrowing for the short term until interest rates stabilise and reduce. It also includes the lease liability for the leased unit which is being utilised for Vehicle Maintenance.

<b>Capital Financing Requirement</b>	<b><u>2024/25</u></b>	<b><u>2025/26</u></b>
	<b><u>(£'000)</u></b>	<b><u>(£'000)</u></b>
Opening CFR	2,944	12,034
Capital Investment	12,752	4,386
Sources of Finance:		
Government Grants	0	0
Revenue contributions to Capital/Reserves	-2,368	-2,592
Long-term debtors taken on in relation to finance leases	-34	-35
Capital Receipts	0	-1,783
Minimum/Voluntary Revenue Provision	-1,260	-772
<b>Closing CFR</b>	<b><u>12,034</u></b>	<b><u>11,238</u></b>

**External Debt** - All borrowings are from the Public Works Loan Board (PWLb) and our current outstanding debt is as follows:

#### **PWLb OUTSTANDING LOANS**

<b>As at end March</b>	<b><u>2023/24</u></b>	<b><u>2024/25</u></b>	<b><u>2025/26</u></b>
<b>£'000s</b>	400	0	0

Current forecasts identify that the Capital Programme may need to undertake new external borrowing in the future if anticipated costs and planned works are as expected in the Capital Programme. The Treasury Strategy reflects the potential impact of any borrowing that may be required, but of course this will be kept under regular review.

22. **Risk Assessment** - The Authority has a sound financial plan in place, to deliver the Capital Programme over the coming years, which includes the use of earmarked reserves, revenue funding, capital receipts and new external borrowing. The UK economy is still suffering from inflationary pressures following the easing of Covid restrictions in most developed economies and the Russian invasion of Ukraine, although CPI has dropped from 10.1% in September 2022 to 6.7% in September 2023. A further risk is the situation in the Middle East with Israel and Gaza. This may impact on gas and electricity prices with the potential to raise inflation.

Many authorities are facing significant levels of funding pressures. DLUHC's recent consultation on capital risk mitigation measures, effective from April 2024, will provide government with the flexibility to intervene, where appropriate, based on their assessment of risk. Risk metrics will calculate various measures of an authority's debt, investments, and MRP (Minimum Revenue Provision). These will not impact on this Authority.

Other risk considerations are detailed in the table in the below:

Risk	Mitigation
Market	Within the funding programme assumptions on the use of the capital receipts are based on the future health of the property market and the Authority relies on expert advice to mitigate this risk.
Interest Rate	External Borrowing from any approved source will have an interest rate that the Authority will need to pay back over the duration of the profiled borrowing. To mitigate the risk of interest rate fluctuations only fixed rates will be considered.
Legislative	Changes in statute and regulations will impact on the capital projects, as they must comply with current legislation. As mitigation the Authority must horizon scan and remain aware of any changes in the pipeline, which might affect projects and make amendments accordingly through the proper governance channels.
Project Delivery	These are unforeseen delays and increases in costs. Apart from building in contingencies there is a range of measures that can mitigate the risks. Effective scrutiny of business cases at the outset will ensure robustness of projects. During the life of the project, risks are monitored with risk registers being properly maintained and updated. Regular highlight reporting to Corporate Management Board and Project Boards keeps key stakeholders informed and allows for any early intervention. In the case of complex major projects, such as Ashford, professional experts are brought into value analyse the methods and materials to ensure savings and effective delivery.
Climate Change	Climate change could see an increase in demand on natural resources, resulting in price rises and shortages as well as increasing the risks of flooding and wildfire.
Supply Chain	The fallout from both Brexit and Covid-19, as well as the war in Ukraine, saw an impact on the available labour and materials supply chain but this seems to now be easing. The war in Israel and Gaza may impact on this easing so it is therefore important that the supply chain is regularly reviewed as part of the contract management. To also mitigate risk for high level projects it may be necessary to place orders earlier than initially anticipated to ensure a timely delivery so as not to impact on project delivery.

The programme does not include the additional costs for our fleet to be zero emission compliant by 2030 as it is not possible to predict the impact on costs and emerging technology currently.

23. In order to, fully understand the risks and the need to contain the level of borrowing undertaken to minimise the revenue impact, the Authority has for some time now, moved away from a short term 4-year capital programme to a longer term 10-year capital programme (attached at **Annex 1**). This enables the Authority to identify where any funding shortfalls may arise in the programme that delivers corporate priorities, which may result in actions, such as increasing reserves in the short term to provide greater long-term stability to the programme or evaluation of the service needs against the asset strategy. Due to the complex and large-scale nature of capital projects, the original budgets must be based on estimations that often need revising as the project progresses. This in turn leads to re-phasing of the capital programme in order to keep the overall costs within the agreed bottom line. This is monitored and reported to Corporate Management Board quarterly and any key issues are subsequently reported to Members.
24. **Knowledge and Skills** - The Capital and Treasury programmes are managed by a team of professionally qualified accountants with extensive Local Government financial knowledge. A Continuous Professional Development (CPD) is a requirement of various professions and courses are attended to update knowledge on a regular basis. All project teams consist of various professionals, including Surveyors and Accountants and outside professional advice is bought in when required. Periodically Members are provided with relevant training on a range of financial topics, which is either provided by officers or external organisations.
25. **The Director of Finance and Corporate Services** is of the opinion that the current Capital Strategy provides core principles on which to build a capital programme that is affordable, prudent, and sustainable.

(All figures are £'000)

	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>2029/30</u>	<u>2030/31</u>	<u>2031/32</u>	<u>2032/33</u>	<u>2033/34</u>	<u>TOTAL</u>
Future Station Development	11,184	1,812	800	800	800	800	800	800	800	800	19,396
<b>Total Station Development</b>	<b>11,184</b>	<b>1,812</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>800</b>	19,396
Roofing Works	150	150	150	100	100	100	100	100	100	100	1,150
Drill Towers	-	-	100	-	-	-	-	-	100	-	200
Bay Doors	-	30	-	30	-	30	-	30	-	30	150
Fuel tank	-	47	-	-	-	570	-	-	-	48	665
Solar panels	-	-	100	100	-	-	-	-	-	-	200
Boilers/Ground source heat pumps	60	91	300	300	-	-	-	-	-	-	751
Generators	-	-	-	-	-	170	-	-	-	-	170
<b>Total Premises</b>	<b>210</b>	<b>318</b>	<b>650</b>	<b>530</b>	<b>100</b>	<b>870</b>	<b>100</b>	<b>130</b>	<b>200</b>	<b>178</b>	3,286
<b>Total Premises and New Builds</b>	<b>11,394</b>	<b>2,130</b>	<b>1,450</b>	<b>1,330</b>	<b>900</b>	<b>1,670</b>	<b>900</b>	<b>930</b>	<b>1,000</b>	<b>978</b>	22,682
Operational Response Project	-	600	-	-	-	-	800	-	-	-	1,400
Printers	-	-	-	200	-	-	-	-	-	-	400
<b>Total Systems</b>	<b>-</b>	<b>600</b>	<b>-</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>800</b>	<b>-</b>	<b>-</b>	<b>-</b>	1,600
Appliances	-	-	10,523	4,538	-	-	7,529	-	-	-	22,590
Cars and Vans	196	-	170	760	828	1,907	30	891	-	150	4,932
Specialist Vehicles	1,162	1,656	74	299	563	55	2,823	177	815	525	8,149
<b>Total Vehicles &amp; Appliances</b>	<b>1,358</b>	<b>1,656</b>	<b>10,767</b>	<b>5,597</b>	<b>1,391</b>	<b>1,962</b>	<b>10,382</b>	<b>1,068</b>	<b>815</b>	<b>675</b>	35,671
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>12,752</b>	<b>4,386</b>	<b>12,217</b>	<b>7,127</b>	<b>2,291</b>	<b>3,632</b>	<b>12,082</b>	<b>1,998</b>	<b>1,815</b>	<b>1,653</b>	<b>59,953</b>



<b><u>FUNDING</u></b>	<b><u>2024/25</u></b>	<b><u>2025/26</u></b>	<b><u>2026/27</u></b>	<b><u>2027/28</u></b>	<b><u>2028/29</u></b>	<b><u>2029/30</u></b>	<b><u>2030/31</u></b>	<b><u>2031/32</u></b>	<b><u>2032/33</u></b>	<b><u>2033/34</u></b>	<b><u>TOTAL</u></b>
<b>CAPITAL Funded from:-</b>											
Contributions from Revenue	2,592	2,592	2,592	2,592	2,592	2,592	2,592	2,592	2,592	2,592	25,920
Infrastructure Reserve movement	-224	0	3,280	4,535	-301	1,040	6,990	-594	-777	-939	13,010
Capital receipts applied	0	1,783	6,345	0	0	0	0	0	0	0	8,128
Internal borrowing	10,384	11	0	0	0	0	0	0	0	0	10,395
External borrowing	0	0	0	0	0	0	2,500	0	0	0	2,500
<b>Total Capital Funding</b>	<b>12,752</b>	<b>4,386</b>	<b>12,217</b>	<b>7,127</b>	<b>2,291</b>	<b>3,632</b>	<b>12,082</b>	<b>1,998</b>	<b>1,815</b>	<b>1,653</b>	<b>59,953</b>
	-	-	-	-	-	-	-	-	-	-	

## **ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2024/25**

### **Introduction**

1. Treasury management is defined by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice as:  
  
"the management of the Authority's borrowings, investments and cash flows, its banking, money market and capital market transactions; the effective control of risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
2. There are two parts to the treasury management operations, the first is to ensure that the Authority's cash flow is adequately planned, with cash being available when it is needed to support business and service objectives. Surplus monies are placed in low-risk counterparties or instruments in line with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return. The second main function of treasury management is the funding of the Authority's capital plans. The Capital Strategy provides a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning to ensure that the Authority can meet its capital spending obligations.
3. The CIPFA Code of Practice on Treasury Management (TM) and the CIPFA Prudential Code require local authorities to determine and set the Authority's Treasury Management Strategy, its Strategy relating to investment activity, and Prudential Indicators on an annual basis. The Authority currently has cash backed reserves and balances of circa £38.8m, so it is important that robust and appropriate processes are in place to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund. Set out below are the key elements of the Strategy covering the borrowing requirements and investment arrangements.
4. The Authority's Investment Strategy has regard to the TM Code and the Guidance. It has two objectives: the first is security, in order to ensure that the capital sum is protected from loss, ensuring that the Authority's money is returned; and the second is portfolio liquidity, in order to ensure that cash is available when needed. Only when the proper levels of security and liquidity have been determined can the Authority then consider the yield that can be obtained within these parameters.
5. This Strategy has been created based on the CIPFA 2021 Prudential and Treasury Management Codes, which requires the Authority to prepare a Capital Strategy. The Capital Strategy is a document in its own right which will be reported separately to the Authority as part of the February budget papers. This Authority does not envisage any commercial investments and has no non-treasury investments.

## Policy Statement

6. The Authority regards the successful identification, monitoring and control of risk to be the main criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
7. The Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives including its Customer and Risk Management Plan and long term Capital Strategy. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurements, within the framework of effective risk management.

## National Guidance and Governance

8. This Strategy complies with the CIPFA Treasury Management in Public Services Code of Practice and Cross-Sectoral Guidance Notes (“the TM Code”), and guidance on Local Government Investments issued by the Secretary of State for Communities and Local Government under section 15(1)(a) of the Local Government Act 2003 (“the Guidance”). Specific decisions on the timing and amount of any borrowing will be made by the Authority’s Director, Finance and Corporate Services in line with the agreed Strategy.
9. **Governance:** The Authority is required to receive and review a number of financial reports each year, which cover the following:
  - (a) **An Annual Treasury Management and Investment Strategy:** This Strategy forms part of the February 2024 budget report to Authority. This Strategy therefore includes: -
    - the Capital Programme together with the appropriate prudential indicators.
    - the Minimum Revenue Provision (MRP) policy, which details how residual capital expenditure is charged to revenue over time.
    - the Treasury Management Strategy, which defines not only how the investments and borrowings are to be organised, but also sets out the appropriate treasury indicators; and
    - an Investment Strategy which sets out the parameters on how deposits are to be managed.
  - (b) **A Mid-year Treasury Management Report:** This will usually be presented to Members of Audit and Governance for review in the autumn prior to submission to

the Authority meeting and provides an update on the Capital Programme, amending prudential indicators and/or the Strategy, if necessary.

- (c) **A Year-end Annual Report:** This provides the final outturn position for the year in relation to investments and deposits made during the year, prudential and treasury indicators, and a summary of the actual treasury activity during the year.

- 10. A quarterly review by Corporate Management Board (CMB) monitors the treasury management and prudential indicators as part of the Authority's general revenue and capital monitoring reporting.

### **External Support**

- 11. **Treasury Management Advisor:** The Authority uses Link Group (previously known as Capita Asset Services) as its external Treasury Management Advisor. The Authority recognises that the responsibility for treasury management decisions remains with itself and will ensure that undue reliance is not placed upon the external advisor. The current contract expires at the end of September 2024.

### **THE CAPITAL PRUDENTIAL INDICATORS 2024/25-2027/28 AND THE MINIMUM REVENUE PROVISION (MRP) STATEMENT**

- 12. The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the Capital/Infrastructure Plan is reflected in the Prudential Indicators, which are designed to assist Members' overview and confirm capital expenditure plans.
- 13. **Capital Expenditure:** This can be funded from a variety of sources such as directly from the revenue budget, capital receipts (money received for the sale of the Authority's assets) capital grants or from borrowing. The Authority's Capital Plan, and the revenue and capital resources being used to finance it, are shown in **Table 1** below. Where there is a difference between planned expenditure and cash resources, this will result in an increase in the net financing need and hence the potential need to consider external borrowing. The Authority will only ever borrow to fund capital expenditure. Given that interest rates remain high, it is prudent to consider internal borrowing as opposed to external borrowing until such time as interest rates reduce.

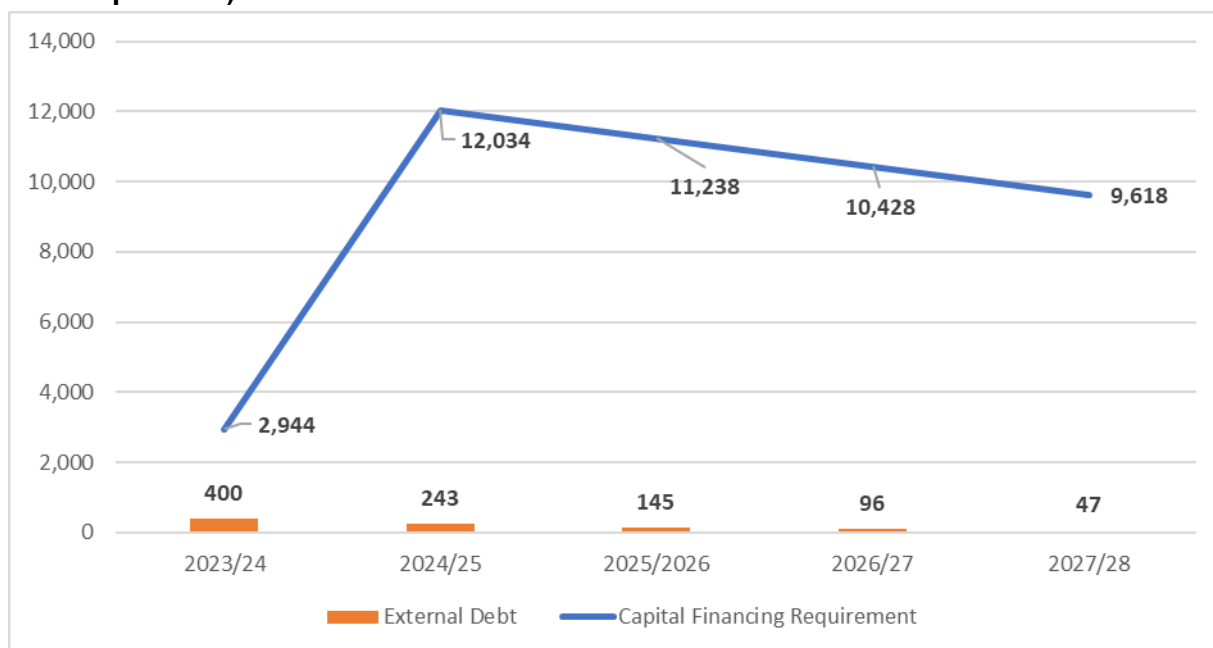
<b>Table 1</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Capital Expenditure</b>	<b>Forecast</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Expenditure	<b>6,552</b>	<b>12,752</b>	<b>4,386</b>	<b>12,217</b>	<b>7,127</b>
Funded By:					
Revenue / Infrastructure funding	-2,592	-2,368	-2,592	-5,872	-7,127
Capital Receipts	-2,097	0	-1,783	-6,345	0
One off Capital Funding	0	0	0	0	0
Borrowing	0	0	0	0	0
<b>Net Financing Need (Borrowing) for the Year</b>	<b>1,863</b>	<b>10,384</b>	<b>11</b>	<b>0</b>	<b>0</b>

14. **The Authority's Borrowing Need [the Capital Financing Requirement (CFR)]:** The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Authority's indebtedness and its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through revenue or capital resource will increase the CFR. The CFR projections are shown in **Table 2**.

<b>Table 2</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Capital Financing Requirement</b>	<b>Forecast</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Opening CFR	1,654	2,944	12,034	11,238	10,428
Movement in CFR	1,290	9,090	-796	-810	-810
<b>Closing CFR</b>	<b>2,944</b>	<b>12,034</b>	<b>11,238</b>	<b>10,428</b>	<b>9,618</b>
<b>Movement in CFR represented by</b>					
Net Financing Need (Borrowing) for the Year	1,863	10,384	11	0	0
Less: Provision for Principal (MRP)	-573	-1,294	-807	-810	-810
<b>Movement in CFR</b>	<b>1,290</b>	<b>9,090</b>	<b>-796</b>	<b>-810</b>	<b>-810</b>

\*The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which reduces the indebtedness in line with each asset's life.

### Capital Financing Requirement Profile vs External Debt Profile (year-end position)



Note: External Debt includes other long-term liabilities such as leases

15. **Core Funds and Expected Investment Balances:** The application of resources (capital receipts, reserves, etc.) to finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments/deposits. Detailed below in **Table 3** are estimates of the year-end balances for each cash-backed resource, working balances and the net amount of capital expenditure funded from internal resources (historical under-borrowing). The sum of these balances is the amount estimated as available for investment.
16. Working balances comprise of the estimated net difference between amounts owed to or by the Authority (debtors and creditors and other amounts paid or received but not yet charged to the accounts). The amount under-borrowed in this table relates to historical capital expenditure that was identified as needing to be funded from borrowing in earlier years, but where a decision was made to use internal cash balances instead of external debt (this is shown calculated in **Table 2** above), less the actual amount of external debt at the end of each year. **Table 7** further below details how the under-borrowing is then calculated.

<b>Table 3</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Reserves and Balances</b>	<b>Forecast</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General reserve	4,260	4,680	4,700	4,820	4,920
Earmarked reserves	30,016	25,223	22,190	16,903	9,444
Insurance Provision	60	60	60	60	60
Capital grants unapplied	0	0	0	0	0
Capital Receipts	7,894	8,128	6,345	0	0
<b>Total Core Funds</b>	<b>42,230</b>	<b>38,091</b>	<b>33,295</b>	<b>21,783</b>	<b>14,424</b>
Working Capital Deficit	-887	-887	-887	-887	-887
Under borrowing	-2,544	-11,791	-11,063	-10,289	-9,516
<b>Expected Investments</b>	<b>38,799</b>	<b>25,413</b>	<b>21,345</b>	<b>10,607</b>	<b>4,021</b>

17. **Financing Cost to Net Revenue Stream:** This indicator shows the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. It is an indication of how affordable the borrowing required to fund the capital programme is and shows the trend in the cost of capital, (borrowing and other long-term obligation costs), against the net revenue stream.

<b>Table 4</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Financing Costs to Net Revenue Stream</b>	<b>Forecast</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Ratio of Financing Costs	0.70%	1.38%	0.85%	0.84%	0.82%

18. **Minimum Revenue Provision (MRP) Policy Statement:** The Department for Levelling Up, Housing and Communities (DLUHC) sets out the regulations around determining the annual charge that must be made to the revenue account in order to repay what has been borrowed to fund capital expenditure. This charge is called the Minimum Revenue Provision (MRP). As explained above the MRP calculation has an impact on the year end value of the CFR and the Code is clear that the outstanding debt cannot be greater than the CFR. The Policy for MRP is detailed below:

- (a) **Borrowing for capital expenditure incurred before 1 April 2008** - The MRP is calculated as 4% of the opening CFR balance for the year.
- (b) **Borrowing for capital expenditure (including lease agreements on balance sheet) post 2008** - The Authority will calculate the MRP for all new borrowing (internal or external) using the Asset Life method. This method uses the estimated life of the asset to calculate a yearly revenue charge which ensures sufficient provision is set aside to reduce the borrowing need over the life of the asset. Repayments for leases on the balance sheet are applied as MRP.

If the Authority were to undertake no new external borrowing, the outstanding external debt will be cleared by 2025. At this moment in time, it is prudent that

future borrowing is funded temporarily through internally borrowing against the Authority's available balances for investment.

19. **MRP Overpayments:** As defined in the Code the Authority has always set aside additional funding, on top of the regulated MRP, to repay the borrowing of money to fund capital. This additional funding that is set aside is called a Voluntary Revenue Provision (VRP). A change introduced by the revised DLUHC MRP Guidance, allows for any charges made over the statutory minimum revenue provision (MRP), to be reclaimed for use in the budget. Up until the 31 March 2023 the total VRP overpayments were £6.7m. These overpayments have allowed for prudent voluntary repayments to reduce the indebtedness of the Authority within a shorter timescale providing greater financial stability in the long term.
20. **Forecast for Bank Rate:** Forecasts on the Bank Rate are constantly being reviewed given the current economy and political climate. As at 6 November the Bank Rate is thought to have peaked at the current 5.25%, however as inflation remains above the Bank of England target rate of 2%, the interest rate is not forecast to fall until the quarter ending September 2024. There are a number of risks that could require these forecasts to be revised, such as supply routes being disrupted by the conflict in the middle east, renewed rising utility prices, continued wage growth. With the high level of uncertainty prevailing on several different fronts, these forecasts will need to be kept under regular review.

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00

21. **Limits on External Debt:** The Treasury Indicators set limits for interest rate exposures in relation to borrowing and the maturity structure of long-term borrowing. The objective of these indicators is to restrain the activity of the treasury function within certain limits, thereby managing the risk of re-financing and adverse movements in interest rates.
22. **Interest Rate Exposures for Borrowing:** All the borrowing undertaken by the Authority has been on a fixed rate of interest with the Public Works Loans Board (PWLb). Currently the Authority is not looking to borrow externally due to high borrowing rates, however as capital projects progress and their figures are finalised within the capital strategy this requirement will be reviewed and reported. It is likely that any external borrowing undertaken would be on a fixed rate of interest due to the need for certainty and affordability over future payments.
23. **Interest Rate Exposures for Deposits:** The Authority primarily deposits its cash balances on a fixed rate basis and therefore limits its exposure to any reductions in interest rates. Whilst security of the deposit still remains a prerequisite, interest rates are forecast to remain at a higher level for a while yet and therefore surplus cash will be invested across a range of durations up to one year so as to provide a degree of certainty in respect of the level of return achieved. The Authority defines fixed rate investments as those where the interest rate does not fluctuate during the period of the investment. Up to 100% of surplus cash can be invested in fixed rate deposits but to provide maximum



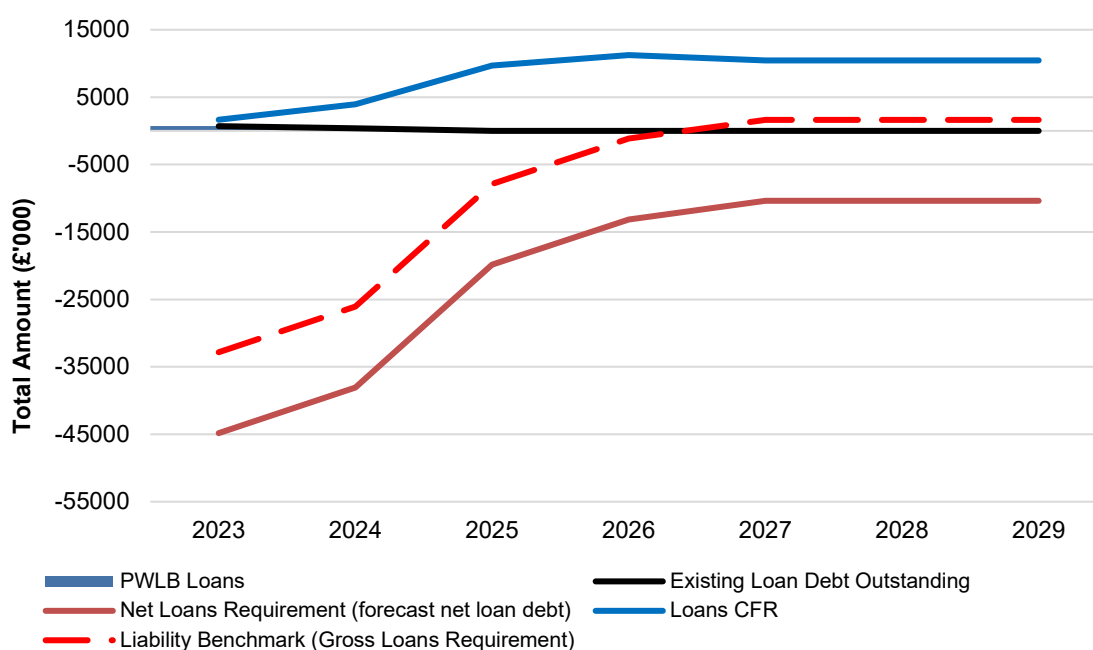
investment flexibility, up to 100% of surplus cash may also be invested in variable rate investments if deemed appropriate.

<b>Table 5</b> <b>Limit of Deposit Exposure</b>	<b>2023/24</b> <b>Limit</b>	<b>2024/25</b> <b>Limit</b>	<b>2025/26</b> <b>Limit</b>	<b>2026/27</b> <b>Limit</b>	<b>2027/28</b> <b>Limit</b>
Fixed Interest Rates	100%	100%	100%	100%	100%
Variable Interest Rates	100%	100%	100%	100%	100%

24. **Maturity Structure of Borrowing:** The current maturity profile of the Authority's existing loans, as at 31 March 2024 is set out in **Table 6** below.

<b>Table 6</b> <b>Existing Loan Profile</b>	<b>Amount</b> <b>£'000</b>	<b>Percentage</b> <b>Maturing</b>
2024/25	400	100%
<b>Total borrowing to be repaid</b>	<b>400</b>	<b>100%</b>

25. **Debt Liability Benchmark:** the liability benchmark indicator is a projection of the optimum amount of loan debt outstanding which the Authority needs each year into the future, in order to fund its existing debt liabilities, planned prudential borrowing and other cash flows.
26. As the Authority is currently operating with a net cash surplus, the indicator is a measure of the forecast net investment requirement and guides the appropriate size and maturity of investments needed – there is currently no need to borrow externally for capital financing purposes.



1. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.

2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

## BORROWING

27. **Borrowing Arrangements:** The Authority has been actively trying to reduce its cash balances by deferring long term borrowing. The Authority will continue with this prudent strategy which has resulted in savings in borrowing interest costs, and thus has minimised the risk of counterparty loss. The Authority is currently under-borrowed by £2,544k and, based on current interest rates has saved approximately £150k per annum by not borrowing this money.
28. **Timing of Borrowing:** Officers engaged in treasury management monitor interest rates on a daily basis and receive advice from the Authority's Treasury Management Advisor on changes to market conditions, so that borrowing and investing activity can be undertaken at the most advantageous time. It is not anticipated that the Authority will undertake any new external borrowing in 2024/25. If borrowing is required, given the high borrowing rates and the Authority's high cash balances, it is proposed to undertake internal borrowing in the interim.
29. **Volatility to Inflation:** The Authority will keep under review the sensitivity of its treasury liabilities to inflation and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.
30. **Periods of Borrowing:** In general, the period of borrowing is linked to the life of the assets acquired, although regard is also given to the maturity profile of borrowing to mitigate the risks that might arise on any re-financing. However, on occasions, borrowing decisions may be taken to borrow over shorter or longer periods where this is considered to be the cheapest option in the long term.
31. **Sources of Borrowing:** The Authority could borrow from the Public Works Loan Board (PWLb), other Local Authorities, the money markets, the Municipal Bonds Agency or through Finance Leasing depending on which terms are the most favourable overall.
32. **External Debt:** The Authority's current debt portfolio position for the next five years is detailed in **Table 7** below. It shows the actual external debt against the underlying capital borrowing need (the CFR) highlighting any over or under-borrowing.

<b>Table 7 Current Debt Portfolio</b>	<b>2023/24 Forecast £'000</b>	<b>2024/25 Estimate £'000</b>	<b>2025/26 Estimate £'000</b>	<b>2026/27 Estimate £'000</b>	<b>2027/28 Estimate £'000</b>
<b>Borrowing as at 1 April</b>	<b>701</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>
New Borrowing	0	0	0	0	0
Other Long-term liabilities (OLTL)	0	243	209	174	138
Expected change in OLTL	0	0	-34	-35	-36
Loans Repaid	-301	-400	0	0	0
<b>Borrowing as at 31 March</b>	<b>400</b>	<b>243</b>	<b>175</b>	<b>139</b>	<b>102</b>
Less closing CFR	-2,944	-12,034	-11,238	-10,428	-9,618
<b>Under borrowing</b>	<b>-2,544</b>	<b>-11,791</b>	<b>-11,063</b>	<b>-10,289</b>	<b>-9,516</b>

33. The Authority's debt should not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) for the current year and the next two financial years. This allows the Authority the flexibility to borrow for future years whilst ensuring that borrowing is not undertaken for revenue purposes. The level of actual borrowing and the CFR will often be different for a combination of reasons. It could be due to timing differences between amounts set aside for the repayment of debt and the actual timing of loan repayments, but it could also be due to a decision to defer the borrowing relating to capital expenditure that has already been incurred.
34. **The Director, Finance and Corporate Service** reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans and the proposals within the budget report.
35. **The Operational Boundary for External Debt:** This is the limit which external debt is not normally expected to exceed. The proposed Operational Boundary for external debt is based on the Authority's plans for capital expenditure and financing, and is consistent with its treasury management policy, statement and practices to provide sufficient headroom to switch funding for capital projects from reserves, receipts and revenue contributions to external borrowing.
36. The Authority has some projects where there is the potential to lease rather than buy, and so the limit recognises that such leases may be classified as finance leases. Accounting changes with regard to leases (IFRS16) mean that some existing lease arrangements, that in the past have been accounted for within the revenue budget, may now be reflected on the Authority's balance sheet as a liability for the commitment of the contract so this now needs to be considered as part of the Treasury Strategy under the other long-term liabilities heading. Risk analysis and risk management strategies have been considered, as have estimates of the Capital Financing Requirement and estimates of cash flow requirements for all purposes when determining this limit.

37. **The Director, Finance and Corporate Services**, has confirmed that the Operational Boundary is based on expectations of the maximum external debt of the Authority according to probable - not simply possible - events and is consistent with the maximum level of external debt projected by estimates. This indicator is a key management tool for in-year monitoring and acts as an “alert” for the possibility of an imminent breach of the Authorised Limit. The Operational Boundary for external debt excluding investments is shown in **Table 8** below.

<b>Table 8 Operational Boundary</b>	<b>2023/24 Forecast</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>	<b>2027/26 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	10,000	20,000	35,000	35,000	35,000
Other long term finance liabilities	3,000	3,500	3,500	3,500	3,500
<b>Total</b>	<b>13,000</b>	<b>23,500</b>	<b>38,500</b>	<b>38,500</b>	<b>38,500</b>

38. **Authorised Limit for External Debt:** The Authorised Limit provides for additional headroom over and above the Operational Boundary to allow for unusual and unexpected cash movements. This represents a limit beyond which external debt is prohibited. The Authorised Limit for the Authority’s total external debt, excluding investments, is shown in **Table 9** below.

<b>Table 9 Authorised Limit</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>	<b>2027/28 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	14,000	24,000	39,000	39,000	39,000
Other long term finance liabilities	3,000	3,500	3,500	3,500	3,500
<b>Total</b>	<b>17,000</b>	<b>27,500</b>	<b>42,500</b>	<b>42,500</b>	<b>42,500</b>

39. **Borrowing in Advance of Need:** The Authority will not borrow in advance of its needs in order to profit from any short term interest rate advantage. Any decision to borrow in advance will be within the approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds. The risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual treasury reports.

40. **Debt Rescheduling:** Whilst short term interest rates may be cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of the debt repayment (premiums incurred). The reasons for rescheduling may include the generation of cash savings in annual interest payments or to amend the maturity profile of the portfolio. The premium now charged by the PWLB generally makes restructuring debt for interest rate reasons unattractive. Consideration would be given to debt restructuring if there was a significant change in the PWLB's policy. Any debt rescheduling will be reported to the Authority at the earliest opportunity following the rescheduling.
41. **Gearing:** Gearing is used as a measure of financial leverage and indicates how much of the Authority's activities are funded by debt. The higher the percentage, the more risk the Authority has, as it must continue to service this level of debt. Gearing is calculated as (total debt/total assets). The Authority's current gearing level is a very low 0.21%.
42. **Borrowing Strategy:** The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flows has been used as a temporary measure. This strategy is prudent as borrowing rates are currently high, expected to fall over the medium term, and counterparty risk is also still an issue that needs to be considered.
43. Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The Director, Finance and Corporate Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. Any decisions taken will be reported to the Authority at the next available opportunity.

## ANNUAL INVESTMENT STRATEGY

44. **Investment Policy - Management of Risk:** The Authority's Investment Strategy has regard to the CIPFA Treasury Management Code 2021 and the CIPFA Treasury Management Guidance Notes 2021. It has two main objectives: the first is security, in order to ensure that the capital sum is protected from loss; and the second is portfolio liquidity, in order to ensure that cash is available when needed. Only when the proper levels of security and portfolio liquidity have been determined can the Authority then consider the yield that can be obtained within these parameters. Where appropriate the Authority will also consider the value available in periods up to 12 months with high credit rated financial institutions. The Authority will ensure that robust due diligence procedures cover all external investment. This Strategy is reviewed and updated annually.
45. The Treasury Management Code of Practice details that the term "investments" used in the definition of treasury management activities also covers other non-financial assets

which an organisation holds primarily for financial returns, such as investment property portfolios. The Authority does not hold non-financial assets primarily for financial returns, nor does it propose to do so.

46. The above guidance places a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -
- Minimum acceptable **credit criteria** are applied to generate a list of highly credit worthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
  - **Other Information** - ratings will not be the sole determinant of the quality of an institution, it is important to continually assess and monitor the financial sector and take account of the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this the Authority engages with its Treasury Advisors.
  - **Other Information sources** used will include the press and other such information pertaining to the banking sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.
47. **Volatility to Inflation:** The Authority will keep under review the sensitivity of its treasury assets to inflation and will seek to manage the risk accordingly in the context of the whole Authority's inflation exposures.
48. **Specified or Permitted Investments:** These are investments of not more than one-year maturity, or those which could be for a longer period but where the Authority has the right to be repaid within 12 months if it wishes. All such investments will be sterling denominated. These are considered low risk assets where the possibility of loss of principal or investment income is small and will include deposits with: -
- the UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
  - other local authorities.
  - Money Market Funds (CNAV and LVNAV).
  - banks, building societies and other financial institutions of **high credit quality**.
49. **High Credit Quality:** The Authority's Treasury Management Advisor provides a creditworthiness service which, taking into account the ratings provided by the credit agencies, market data, market information and information relating to government support for banks, provides a recommendation on counterparty, group and country limits

as well as investment duration. Officers have considered this, together with other information available and views on risk, in order to produce a counterparty list. The Authority defines “high credit quality” as being: -

- UK Banks
  - UK part-nationalised banks.
  - Institutions domiciled in the UK that have been classified by Link Group as being appropriate for deposit durations of between 100 days and one year; that have a minimum sovereign long-term rating of A- and have, as a minimum, the following credit rating from at least one of Fitch, Moody's and Standard and Poor's (where rated): -
    - (a) Short term – F1 (or equivalent).
    - (b) Long term – A- (or equivalent).
  - The Authority's own banker for transactional purposes, or except if the bank falls below the above criteria, in which case balances will be minimised in both monetary size and time.
  - Institutions domiciled in a foreign country where that country has a sovereign rating of AAA.
50. **The Monitoring of Investment Counterparties:** The credit rating of counterparties will be monitored regularly, based on credit rating information received from Link Group. On occasions ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list. If this requires revision of the Treasury Strategy, then this will be reported to the Authority for approval.
51. **Investment Duration for Deposits:** The longest duration for any investment will be one year. The Authority will only use specified investments, the criteria for which are set out in paragraphs 48 and 49 above and may restrict the period of investment to a period shorter than the maximum.
52. The Strategy for 2024/25 will be to use only those institutions detailed on the counterparty list, shown in **Table 10** below:

**Table 10 – Investment Duration for Deposits**

<b>Permitted Forms of Investment 2024/25</b>	<b>Minimum Credit Criteria</b>
Cash Deposits with the Debt Man. Office	N/A
UK Treasury Bills	N/A
Call Accounts/Notice Accounts	UK Banks, UK part-nationalised bank or an institution rated by Link Group as suitable for investment for 100 days or more
Term Deposits	
Certificates of Deposit	N/A
Money Market Funds CNAV	AAA
Money Market Funds LVNAV	AAA
<b>Term Deposits with Other UK Local Authorities</b>	<b>AA</b>

<b>Counterparty List 2024/25</b>	<b>Counterparty Limit</b>
Debt Management Office (incl. Treasury	Unlimited
RBS Group: Royal Bank of Scotland/Nat West	£7m Group Limit
Lloyds Bank: Lloyds TSB/HBOS, Corporate Markets	£7m Group Limit
Barclays Bank plc	£5m
Coventry Building Society	£5m
HSBC Bank plc	£7m
Leeds Building Society	£5m
Nationwide Building Society	£5m
Skipton Building Society	£5m
Yorkshire Building Society	£5m
Santander UK plc	£7m
Close Brothers Ltd	£5m
Goldman Sachs International Bank	£5m
Standard Chartered Bank	£5m
Handelsbanken plc	£5m
SMBC Bank International plc	£5m
Al Rayan Bank plc	£5m
National Bank of Kuwait International plc	£5m
Australia and New Zealand Banking Group	£5m per institution but £5m Country Limit
Commonwealth Bank of Australia	
National Australian Bank Ltd	
Westpac Banking Corporation	
Macquarie Bank Ltd.	
Bank of Montreal	£5m per institution but £5m Country Limit
Bank of Nova Scotia	
Canadian Imperial Bank of Commerce	
National Bank of Canada	
Royal Bank of Canada	
Toronto Dominion Bank	
Danske A/S	£5m per institution but £5m Country Limit



Bayerische Landesbank	£5m per institution but £5m Country Limit
Commerzbank AG	
Deutsche Bank AG	
DZ BANK AG Deutsche Zentral-Genossenschaftsbank	
Landesbank Baden-Wuerttemberg	
Landesbank Berlin AG	
Landesbank Hessen-Thueringen	
Landwirtschaftliche Rentenbank	
Norddeutsche Landesbank Girozentrale	
NRW.BANK	
ING Bank N.V.	£5m per institution but £5m
ABN AMRO Bank N.V.	Limit
BNG Bank N.V.	
Cooperatieve Rabobank U.A.	
Nederlandse Waterschapsbank N.V.	
DNB Bank ASA	£5m per institution but £5m Limit
DBS Bank Ltd	£5m per institution but £5m
United Overseas Bank Ltd	Limit
Oversea-Chinese Banking Corp. Ltd.	
Svenska Handelsbanken	£5m per institution but £5m Country Limit
Skandinaviska Enskilda Banken	Limit
Swedbank	
UBS AG	£5m per institution but £5m Limit
Bank of America N.A	£5m per institution but £5m
The Bank of New York Mellon	Limit
JP Morgan Chase Bank	
Wells Fargo Bank	
Citibank	
Other Local Authorities	£5m per Local Authority - £20m limit
Money Market Funds (CNAV and LVNAV)	£5m per fund - £25m limit

Banks that qualify using this credit criteria as at the date of this report are shown above. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

53. **Investment Returns Expectations:** The Authority is expecting investment income of approximately £2,424k for 2023/24, averaging a return of 5.06% for the year. With Interest rates not forecast to fall until the second half of 2024, it is likely that the forecast return will remain fairly stable. However, it should be noted that political and economic events around the economic recovery, supply shortages, rising gas prices, labour shortages could result in changes to these assumptions, consequently these will be regularly monitored and Members will be kept updated through the mid-year Treasury report.
54. Returns on Treasury Bills have improved since last year. They offer a high degree of security and are currently returning an average rate of 5.52%. The Authority continues to make use of Money Market Funds (MMFs) which are included in the treasury strategy. They offer a high degree of security, being AAA-rated, with instant access and carry rates currently of circa 5.24%. The rates generally track the base rate. They are deemed to be a good way of diversifying cash and spreading risk as the credit rating agencies put strict limits on how much they can have in any one counterparty and what the average duration of the underlying portfolio can be.
55. There are three types of Money Market Funds, which are: -
- **Constant Net Asset Value (CNAV)** – Short term funds that have a high level of investment in government assets. Units in the fund are purchased or redeemed at a constant price.
  - **Low Volatility Net Asset Value (LVNAV)** - Short term funds that are primarily invested in money market instruments, deposits and other short-term assets. Units in the fund are purchased or redeemed at a constant price so long as the value of the assets do not deviate by more than 0.2% (20bps) from par (i.e. 1.00)
  - **Variable Net Asset Value (VNAV)** – Funds that are invested in money market instruments and deposits and other Money Market Funds. The funds are subject to looser liquidity rules and may invest in assets with a longer maturity than CNAV and LVNAV funds. Units in the funds are purchased or redeemed at a variable price.
56. A review has been undertaken of the available funds and the Authority will only invest in CNAV and LVNAV Money Market Funds as they are considered more appropriate for the Authority's investment risk appetite.
57. **Local Authority Loans:** As set out above, the Authority does make provision to allow loans to be made available to other Local Authorities, however the maximum duration for any loan will be one year, in line with the maximum timeframe for other deposits set out in this Strategy. Prior to agreeing to any such loan, the Authority will undertake appropriate due diligence to establish the financial stability of the Authority that requires the loan. Reviews will be undertaken on issues such as past audit reports / opinions, balance sheet reviews, any adverse public reporting.

58. The maximum duration for investments suggested by Link Group can be revised at any time, which means that the Authority could find that the remaining duration of a fixed term investment is greater than the maximum suggested at that time. When there is a change to reduce the suggested duration downwards, and early redemption would cause a penalty or loss of interest, the investment will be allowed to run to maturity. If the suggested duration is changed to zero, the investment will be monitored and the need for early redemption reviewed.
59. Some of the institutions on the Authority's counterparty list charge for transferring the investment income into the Authority's main bank account. Where such charges apply, it is not cost-effective to transfer the investment income out of these accounts on a monthly basis. For these institutions, therefore, investment income will be transferred annually. As a consequence, the counterparty limit may be exceeded during the year by up to the amount of the annual interest due for the year.
60. The Authority has a weighted maturity average of just under 70 days and therefore, as the closest available benchmark, uses the backward looking 3 month Compounded SONIA (Sterling Overnight Index Average) Index to compare itself. The reason the Authority chooses to look at the backward-looking Compound SONIA is that it is based on real data, and not a forecast rate like the forward-looking data is. Currently the portfolio is outperforming the benchmark with a rate of 5.41% against the SONIA rate of 5.22%.
61. **Training:** The Authority has processes in place to ensure that the appropriate level of training is delivered to both Members and staff who are involved in the delivery and scrutiny of the treasury management function. A training session on the latest economic forecast and changes to the Prudential Code and Treasury Management practices was provided by Link Group to the Audit and Governance members at the September 2022 meeting, with a subsequent update at the September 2023 meeting. Officers within the Finance team with direct responsibility, regularly attend seminars and conferences to ensure specialist Treasury and Investment knowledge is kept up to date and a number of them have also completed their CIPFA Treasury e-learning modules.
62. **Current Portfolio** - below sets out the investment portfolio of the Authority as at 26 January 2023.

<b>Table 11 – Current Portfolio</b>	<b>Fixed Deposits</b>	<b>Call Account</b>	<b>Notice Call Account</b>	<b>Money Market Funds</b>	<b>Total</b>	<b>Average Interest Rate</b>
	£'000	£'000	£'000	£'000	£'000	
Debt Management Office (including Treasury Bills)	5,840	0	0	0	<b>5,840</b>	<b>5.52%</b>
<b>RBS Group: Royal Bank of Scotland/ Nat West</b>	5,000	100	0	0	<b>5,100</b>	<b>5.58%</b>
<b>Barclays Bank plc</b>	0	0	5,000	0	<b>5,000</b>	<b>5.40%</b>
<b>Santander UK plc</b>	5,000	0	0	0	<b>5,000</b>	<b>5.50%</b>
<b>HSBC</b>	0	0	5,000	0	<b>5,000</b>	<b>5.15%</b>
<b>Standard Chartered Bank</b>	1,000	0	0	0	<b>1,000</b>	<b>4.79%</b>
<b>Lloyds Bank</b>	5,690	810	0	0	<b>6,500</b>	<b>5.43%</b>
<b>Landesbanken</b>	2,000	0	0	0	<b>2,000</b>	<b>5.49%</b>
<b>Goldman Sachs International Bank</b>	5,000	0	0	0	<b>5,000</b>	<b>5.53%</b>
<b>Aviva Sterling Liquidity Fund</b>	0	0	0	5,000	<b>5,000</b>	<b>5.32%</b>
<b>Blackrock Sterling Liquidity Fund</b>	0	0	0	3,805	<b>3,805</b>	<b>5.24%</b>
<b>Total Per Deposit Type</b>	<b>29,530</b>	<b>910</b>	<b>10,000</b>	<b>8,805</b>	<b>49,245</b>	<b>5.41%</b>
Average Interest Rate Per Deposit Type	5.48%	4.93%	5.28%	5.29%		

## IMPACT ASSESSMENT

63. All financial implications associated with servicing the Authority's loans are able to be contained within the overall budget.

## RESERVES STRATEGY AND ANNUAL REVIEW 2024/25

### Background

1. **Statutory Requirement** - Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 requires that, when setting the budget for the forthcoming year, precepting authorities should have regard to the level of reserves needed to provide sufficient resources to finance estimated future expenditure, plus any appropriate allowances that should be made for contingencies. The Fire and Rescue Services National Framework for England includes a requirement for all Combined Fire and Rescue Authorities to publish a Reserves Strategy and outlines the detail which should be included.
2. **Professional Guidance** - Best practice guidance on the use and management of reserves and balances is provided by CIPFA and the Local Authority Accounting Panel (LAAP) guidance, specifically LAAP Bulletin 99 - 'Local Authority Reserves and Balances' issued in July 2014. In recent years, Ministers have made many references to the levels of reserves held by local authorities and continue to ask authorities to consider the use of reserves to effectively manage their budgets.
3. **Role of External Auditors** - The External Auditors are not responsible for prescribing the optimum or minimum level of reserves for individual authorities or for authorities in general, but they are required to review and report on the level of reserves and balances. The External Auditors' view as to whether an authority has strong financial management and sound financial standing will be supported by their review of the process used to determine and approve the level of reserves.
4. **Annual Review** - Members of the Authority annually review the Reserve Strategy to ensure that it remains relevant and up to date, reflecting the medium to long term needs of the Authority. The Authority holds a number of different reserves, each of which are explained in this Strategy, and all support the prudent and sustainable approach to budget setting, which has existed for many years. Over the years use has been made of Earmarked Reserves to manage spend profiles across financial years, especially when there are large capital build projects in place, however, the Authority has also seen the use of reserves as an aid to support the transformation, improvement and collaboration agenda, which is helping make the service fit for the future. Reserves have also been set aside to provide additional one-off funding to support the delivery of longer-term efficiencies and better ways of working.
5. **Reserve Balances** - these have been identified as a key indicator of financial health and the Authority continues to have an appropriate level of reserves to deal with identified risks. As a minimum, there are sufficient balances to support the budget requirements and they provide an adequate contingency for budget risks. The Strategy

and the outcome of the annual review of reserves are set out in the paragraphs that follow.

6. **Members Approval** - Members are requested to consider and approve this Strategy and the annual review of the General and Earmarked Reserves as set out in this report.

## **Reserve Strategy**

7. **National Framework Requirements** - The Fire and Rescue Services framework is prescriptive over the details that should be included in a Reserve Strategy. It is clear that General Reserves should be held by the Authority and used to balance funding (in exceptional circumstances), support spending priorities and to manage risk. The Strategy should be specific about how the level of the General Reserve has been determined and provide justification if there is a need for the level to be in excess of five percent of the revenue budget. The Strategy should also include details of current and future planned reserve levels, their value and purpose, set out over the timeframe of the Medium-Term Financial Plan.

8. **Strategic Context for this Authority** - There are several reasons why this Authority holds a number of reserves, these include, to:-

- mitigate potential future risks such as increased demand and costs;
- help absorb the costs of future liabilities;
- temporarily plug a funding gap should resources be reduced suddenly;
- enable the Authority to resource one-off policy developments and transformation initiatives without causing an unduly disruptive impact on Council Tax;
- spread the cost of large-scale projects which span a number of years.

Reserves only provide one-off funding so the Authority aims to avoid using reserves to meet ongoing financial commitments other than as part of a sustainable medium-term budget plan.

9. **Long-Term Sustainability** - Reserves are an essential tool to ensure long-term budget stability, particularly at a time when government funding levels beyond 2024/25 remain highly uncertain. Due to the fact, that funding for future capital spend is held within the Infrastructure Reserve, the overall level of Earmarked Reserves held by the Authority is currently still high, but these will reduce significantly as the capital programme progresses.
10. **Types of Reserves** - There are three different types of reserve, and these are described below:-
  - (a) **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. Any use of the General Reserve is always subject to Members' prior approval.

- (b) **Earmarked Reserves** - are sums specifically set aside to not only provide funds to meet future known or predicted expenditure or liabilities, but to also support the transformation of the service to ensure it is fit for the future. Earmarked Reserves are typically used to smooth the impact on the revenue budget (and Council Tax) of expenditure that would otherwise cause significant fluctuations in the annual budget requirement, such as expenditure on the replacement of vehicles and equipment or large-scale build projects. Earmarked Reserves are also of use where there may be plans to introduce a policy change or a service improvement which initially requires a one-off increase in expenditure for which additional resources are required, or where there is a future budget liability or pressure which is known but for which the timing of payments or change in funding is uncertain. Reserves are key tools to manage these risks. There is a clear protocol setting out the purpose of each Earmarked Reserve, how and when the Reserve can be used, procedures for the Reserve's management and control, and a process and timescale for review of the Reserve to ensure continuing relevance and adequacy;
  - (c) **Capital Receipts** - These are effectively an Earmarked Reserve and as such are set aside for a defined purpose. The value of this reserve is generated from the income receipt from the sale of capital assets and as such these resources can generally only be used for reinvestment in other capital assets.
11. **Risk Assessment to Determine the Adequacy of the General Reserve** - A comprehensive financial risk assessment to assess the adequacy of the Authority's General Reserve is carried out annually to determine the extent to which the Authority is exposed to uninsured and unbudgeted losses. A well-managed multi-purpose authority will strive to maintain as low a level of General Reserve as possible, whilst still covering its financial risks. As a single-purpose authority, the Authority has no opportunity to use cross-service subsidies to meet unanticipated expenditure and so, proportionally, its General Reserve may be slightly higher than for a multi-purpose authority. The Authority has a robust approach to managing risk and there are effective arrangements for financial control in place. That said, given the high level of influence that third parties, such as the Local Government Employers and Government departments have on its income and expenditure, there is always a risk that the Authority will unexpectedly become liable for expenditure that it has not budgeted for.
12. The annual risk assessment looks at the risks in the context of the Authority's overall approach to risk management and internal financial controls. This information is then used to determine the optimal level of reserve holdings needed to meet the requirements of the contingency and working balance.
13. **Analysis of Need for the Working Balance** - The Authority's General Reserve and Earmarked Reserves are largely cash-backed and as a result any instance of

exceptional expenditure or a delay in receiving income is unlikely to lead to the Authority having to borrow temporarily (or go overdrawn).

- (a) **Expenditure** - A significant proportion of the Authority's budget is related to employee and pension payroll costs which are paid monthly and so the cash flow is evenly spread across the financial year. The Authority receives its business rate demands in April each year for immediate payment which significantly raises the cash flows out of the Authority in April. Capital expenditure will generally be on large-value assets (and usually planned well in advance) so the timing of these purchases can result in large cash outflows falling in some months. The Firefighter Pension Fund Account is balanced by top-up grant from Government, with any difference between payments made and income received reflected in the Authority's cash position.
- (b) **Income** - Precepts, business rates and revenue grant payments are paid to the Authority in regular instalments throughout the year.

- 14. **Earmarked Reserves** - The Authority currently has five Earmarked Reserves, each of which has been set aside for a specific purpose. The relevance of, and balance in, each reserve is reviewed annually, and Members are informed of the latest plans for the balances held in such reserves over the medium-term.

#### **Annual Review of Reserves**

- 15. **General Reserve** - Detailed at **Annex A** is the annual financial risk assessment. **Annex A** indicates the likelihood of each risk occurring and the potential financial risk to which the Authority could be exposed. It would be very unlikely for all of the risk areas to impact at the same time, but it is conceivable that a number of them could be co-dependent. For example, a failure of part of the banking system could result in delayed payments to suppliers, supplier failure and loss or delayed recovery of deposits. A key supplier may not be able to deliver the goods or services necessary for the safe delivery of firefighting services, impacting on the safety and wellbeing of staff, which might then lead to industrial action. Due regard is therefore given to the likelihood of each risk occurring and the optimum level of the General Reserve.
- 16. The risk assessment has been reviewed for its relevancy to future years spanned by the Medium-Term Financial Plan (MTFP) and includes consideration of:-
  - (a) The ability of the Authority to make difficult decisions to manage financial and other challenges.
  - (b) The ability of the Authority to deliver statutory responsibilities from the resources available, avoiding legal challenges and protests from stakeholders.
  - (c) Financial issues, setting a balanced budget, strong financial controls, avoiding the need to reduce reserves to unacceptably low levels, able to pay debts when due.



- (d) The possibility of industrial action that might arise in response to pay restraints, changes to terms and conditions, pension related issues and job losses.
  - (e) External factors such as a major supplier failing due to general economic conditions, which might lead to significant service disruption and reputational damage to the Authority. The impact of the pandemic continues to be being felt by many suppliers.
  - (f) Incremental factors where multiple, smaller, failures in individual areas lead to an eventual critical mass of tipping points.
  - (g) A doomsday scenario where a further banking/financial crisis leads to even greater levels of austerity, over a significantly longer timeframe.
17. **Proposal for the Level of the General Reserve** - Taking all of the above into consideration, together with the risk assessment at **Annex A**, it is proposed that, at least for the medium term, it would be appropriate to maintain the General Reserve balance at approximately 5% of the base revenue budget. Therefore, it is proposed that the General Reserve balance is increased by £420k, up from £4.260m to £4.680m for 2024/25 and as such Members are asked to agree to this proposal.
18. **Earmarked Reserves** - The Authority currently holds five earmarked reserves. **Annex B** details each reserve and provides a brief explanation of the purpose of each reserve and the potential or planned use of the respective reserve.
19. **Earmarked Reserve Balances over the Medium Term** - **Annex C** sets out the balances, at the current point in time, estimated to be in place at 31 March 2024. This position currently excludes any year-end adjustment that may be required as a result of the final underspend on the 2023/24 revenue budget. The final movement on Earmarked Reserves for 2023/24 will be shown in the Annual Statement of Accounts, which it is hoped will be reported to the Audit and Governance Committee in September 2024, however the precise timing will be subject to confirmation of the external audit timetable. In line with the proposed policies on the control and management of these funds, the limits will be reviewed on an annual basis against prevailing risk assessments and other information.

## Annual Risk Assessment of the Adequacy of General Reserves

The following % assessments have been applied to the likelihood value to estimate a net impact:

**Low Risk (25%)** - A risk that is unlikely to occur, or where the organisation has taken steps to mitigate potential risk.

**Medium Risk (50%)** - A risk that could possibly occur, moderate concern and impact.

**High Risk (75%)** - Has occurred regularly before or it may have a significant financial impact which the organisation cannot control.

Likelihood and value of risk £'000	Net Impact £'000
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### Risk

#### 1. Natural Disasters, National Emergencies and Prolonged Periods of Operational Activity

1.1	The Bellwin Scheme provides financial assistance to local authorities in the event of a national emergency or disaster, subject to an authority contributing to the total costs by an amount equivalent to 0.2% of its approved budget.	Low 190	50
1.2	In addition, there could be local large-scale incidents or periods of high activity due to local weather patterns which would not meet the criteria laid down within the Bellwin Scheme. Government currently covers 100% of eligible expenditure above the threshold but only in limited circumstances will claims against capital expenditure be allowed.	Medium 1,000	500
1.3	It is difficult to anticipate the cost of a potential disaster that could have a detrimental effect on the Authority, but it could be significant. Costs might include enhanced welfare and protective equipment, plus increased legal claims in the event that service delivery is detrimentally affected.	Medium 250	125

#### 2. Unanticipated Business or Economic Pressures

2.1	The Authority has a wide range of contractual arrangements which could see a financial loss in the event of the bankruptcy of a supplier or a customer. The Authority maintains a bad debt provision based on aged debtor analysis, but it would be insufficient to fully fund a loss from a major contract.	Low 2,300	575
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2.2	Public sector procurement bodies are increasingly likely to be subject to challenge and litigation from unsuccessful bidders in tendering exercises or from suppliers not invited to submit bids in the first place. In the event, that this should arise, the Authority would need to cover the legal costs of responding to such potential challenges and to account for any potential reparation costs awarded to successful claimants by the courts.	Medium 200	100
2.3	In the event that a key system, such as the control mobilising system or system networks, were to fail, it is possible that urgent consultancy or replacement equipment would be required, and this could, due to the short notice, be costly.	Low 1,500	375
2.4	The Authority has a range of both revenue and capital projects planned over the period of the MTFP – so there is the risk of cost overruns for a variety of reasons e.g. unforeseen ground conditions, planning approvals, technology risk, supply chain disruption. Furthermore, recent surveys and exploratory work in relation to contaminates, has identified some ground contamination which may require remediation works. This is currently impacting on the ability to get Public Liability insurance to cover certain contaminants.	Medium 1,200	600
<b>3. Pension Liabilities</b>			
3.1	The budget provides for two ill-health retirements (one higher tier and one lower tier), but with the increase in normal pension age there is a possibility that this could increase.	Medium 100	50
3.2	The McCloud legal case may result in additional pension liabilities falling on the Fire Authority, particularly in relation to Compensation payments which are not chargeable to the Firefighters' Pension Fund.	Medium 100	50
<b>4. Inflationary Increases</b>			
4.1	Whilst an allowance has been made for inflation against specific budget lines and inflation is currently falling, some suppliers may need to increase their charges by more than currently anticipated following a prolonged period of levels of high inflation.	Medium 400	200
4.2	The level of interest rates prevailing during the financial year impacts on both rates for long-term borrowing and the level of investment income achieved. A 50-basis point (0.5%) difference in short term rates could change the investment income by £100k - £200k depending on the level of cash balances held. To date, all of the Authority's long-term borrowing has been at fixed interest rates thus eliminating any exposure to interest rate risk.	Low 200	50

## 5. Legal Issues

5.1	Given the nature of the work of the Authority there is a possibility that it could suffer a major health and safety or environmental failure. Although this could result in a substantial cost, the Authority's Risk Register has details of the controls that are in place to mitigate this risk.	Low 3,000	750
5.2	It would be prudent for the Authority to make provision for an unfavourable outcome of any legal action taken against it, which could be made on a range of different grounds, including breaches of data protection, equal pay, discrimination and corporate manslaughter. Such awards are usually significant and a sum of up to £500k would not be unusual.	Low 500	125
5.2	Under the Regulatory Reform (Fire Safety) Order 2006, FRAs are responsible for enforcement, and thus the risk of legal challenge to such action could arise, the costs of which could exceed existing revenue budget provision.	Low 100	25

## 6. Employment Issues

6.1	Issues that might arise in respect of pay settlements or other factors which might lead to industrial action would, in the first instance, may be managed within the revenue budget. However, if the requirement for such additional resources was excessive, then there may need to be a call on the Reserves to meet the additional one-off costs.	Medium 1,000	500
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## 7. Funding Issues

7.1	The changes to the funding mechanism for local government, introduced following the Local Government Resource Review, transferred potentially significant levels of financial risk to the Authority. These risks relate to the localisation of Council Tax Benefit and the Business Rates Retention Scheme where significant fluctuations in income might arise from the appeals process, business growth/reduction and collection rates. These areas could expose the Authority to a financial risk as anticipated funding may not materialise.	Medium 1,000	500
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## 8. Cyber Security / Fraud

8.1	Cyber threats are constantly evolving and although the Authority has undertaken additional measures to enhance protection against such threats a cyber breach could result in a financial loss or additional costs for the Authority.	High 1,000	1,000
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<b>Estimated Financial Exposure</b>	<b>5,575</b>
<b>Proposed Reserve Balance for 2024/25</b>	<b>4,680</b>

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<b>Earmarked Reserves</b>
<p><b>Government Grants Reserve</b> - The Authority has received grants from the Government, which include funding in support of National Resilience work, Building Safety and the Emergency Services Mobile Communications Programme (ESMCP). Any unspent grant balances are carried forward in reserves at the end of each financial year to fund any future costs associated with the relevant initiative.</p>
<p><b>Infrastructure Reserve</b> - This reserve is by far the largest as it is used to fund both revenue and capital investment in infrastructure assets (premises, environmental improvements, IT and communications equipment, as well as vehicles and operational equipment) and includes a programme of investment in station improvements, IT and replacement vehicles over the medium-term. The funding held in this reserve will be utilised as and when expenditure is incurred so will reduce over the medium-term.</p>
<p><b>Insurance and Resource Reserve</b> - This reserve is utilised to help smooth the volatility of settling insurance claims each year and also the annual variability in legal costs in relation to the enforcement of building safety regulations. Additionally, the reserve is also used to support significant one-off costs that may arise, for example for higher levels of pay awards, compared to that planned for in the MTFP or significant increases in inflation in some areas of supplies, which again may arise after the budget is agreed. The financial settlement for 2024/25 was a one-year settlement so government funding for future years remains highly uncertain meaning this reserve may be required to temporarily balance the budget where there is a timing difference in cuts to funding and the delivery of base budget savings. In addition, some funding will 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.</p>
<p><b>Rolling Budgets Reserve</b> - Members approved the establishment of a reserve to carry forward budget for which there was planned spend but for which the goods or services had not been delivered by the close of the respective financial year (typically over £2,000). The reserve is simply used to roll the amount forward into the accounts of the following year to fund the payment once the purchase has been completed.</p>
<p><b>Service Transformation and Productivity Reserve</b> - This reserve will be used as a one-off funding resource to help pump-prime new transformation initiatives to generate longer-term efficiencies or to fund improvements to the Service which may arise in-year or be planned for future years. It will also help support collaborative initiatives with other blue light services and partner agencies, which is likely to include the procuring of professional project management support. It will also fund a number of fundamental reviews across the Service which will help ensure that it stays fit for the future.</p>

**Forecast Reserve Balances over the Medium Term**

	Balance at 31.3.23 £'000	Forecast Net Transfers 2023/24 £'000	Forecast Balance at 31.3.24* <sub>1</sub> £'000	Forecast Balance at 31.3.25 £'000	Forecast Balance at 31.3.26 £'000	Forecast Balance at 31.3.27 £'000	Forecast Balance at 31.3.28 £'000
<b>General Reserve</b>	<b>3,970</b>	<b>290</b>	<b>4,260</b>	<b>4,680</b>	<b>4,700</b>	<b>4,820</b>	<b>4,920</b>
Govt. Grants	1,168	-308	860	1,054	347	347	0
Infrastructure	26,630	-1,068	25,562	20,110	18,675	13,418	6,337
Insurance and Resource	3,071	0	3,071	3,080	3,089	3,098	3,107
Rolling Budgets	619	-134	485	485	0	0	0
Service Transformation & Productivity	346	-308	38	494	79	40	0
<b>Sub total E. M Reserves</b>	<b>31,834</b>	<b>-1,818</b>	<b>30,016</b>	<b>25,223</b>	<b>22,190</b>	<b>16,903</b>	<b>9,444</b>
<b>Capital Receipts</b>	<b>9,856</b>	<b>-1,962</b>	<b>7,894</b>	<b>8,128</b>	<b>6,345</b>	<b>0</b>	<b>0</b>
<b>Total Reserves</b>	<b>45,660</b>	<b>-3,490</b>	<b>42,170</b>	<b>38,031</b>	<b>33,235</b>	<b>21,723</b>	<b>14,364</b>

Note 1: Forecast Earmarked Reserve balances at 31.3.24 exclude any transfer to reserves as a result of the forecast underspend (£2.752m) on the 2023/24 revenue budget.

By: Chief Executive

To: Kent and Medway Fire and Rescue Authority – 20 February 2024

Subject: PRODUCTIVITY AND EFFICIENCY PLAN 2024/25

Classification: Unrestricted

## **FOR DECISION**

### **SUMMARY**

Sections 4.6 and 5.3 of the [Fire and Rescue National Framework for England](#) require that fire and rescue authorities (FRAs) publish an annual efficiency plan.

In January 2024 the Home Office issued updated guidance about how FRAs are to prepare efficiency plans. The name has also been updated to a 'Productivity and Efficiency Plan'.

The Authority has prepared this in accordance with the new guidance and Members are asked to approve the revised Productivity and Efficiency Plan for 2024/25.

### **RECOMMENDATION**

Members are requested to:

1. Approve the Productivity and Efficiency Plan 2024/25 (paragraphs 1 to 10 and **Appendix 1** refer).

LEAD/CONTACT OFFICER: Director Finance and Corporate Services - Alison Hartley  
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BACKGROUND PAPERS: None

## COMMENTS

### Background

1. Sections 4.6 and 5.3 of the [Fire and Rescue National Framework for England](#) require that fire and rescue authorities (FRAs) publish an annual efficiency plan.
2. For combined FRAs the National Framework gave free rein over the content, format and structure of their plans, including the decision about whether or not to combine them with the Medium-Term Financial Plan.
3. Whilst having close links to the Medium-Term Financial Plan, our previous efficiency plan was presented as stand-alone document. This decision was based on the view that doing so allowed us to set out our approach about the way we undertake our financial planning with the appropriate level of detail and context. The previous plan was approved by Members at the meeting of the Fire Authority on 21 February 2023.
4. However, in early January 2024 the Home Office issued updated guidance about how FRAs are to prepare efficiency plans. This marks a significant change as it now provides a more prescriptive approach about the format and content. It also updates the name to a 'Productivity and Efficiency Plan'. On the 24 January the Government issued a further £600m funding boost to Authorities for 2024/25, of which the fire sector benefitted, but it highlighted that 'the additional funding was to be used to address the pressures facing councils and improve performance. It should not be put aside for later use or spent on areas that are not a priority. Separately, councils will be asked to produce productivity plans which will set out how they will improve service performance and reduce wasteful spend'. The fire sector has been producing efficiency plans for some years now, but it is clear that there will be an increased focus on these plans, across the whole public sector.
5. The new guidance requires plans to be organised around two sections; the first focussing on efficiency and second on productivity.
6. For the first section, focusing on efficiency, FRAs are required to complete Home Office supplied tables covering budget, reserves and efficiency. This is supplemented by a narrative describing how we are improving efficiency across the following specified areas: collaboration, return on investment projects, charging policies, asset management and investment in technology, resourcing, procurement, and local initiatives specific to the Authority.
7. Section two focuses on productivity and sets out four questions that all FRAs are required to answer. These questions are centred on the commitment made as part of the Spending Review 2021/22 by the National Fire Chiefs Council and the Local Government Association on behalf of the fire sector in England to work to increase the productivity of wholetime firefighters by 3%.



8. The Home Office have stated that in the future they intend to share examples of well written plans so that other FRAs can see examples of plans that are either clearly laid out or which provide interesting and innovative ideas on productivity and efficiency. Once any examples are made available, the Authority will carefully consider these in the planning and preparation of its future plans.
9. The revised and updated plan meets the requirements set out in the Fire and Rescue National Framework and the updated guidance from the Home Office.
10. The Productivity and Efficiency Plan 2024/25 is attached at **Appendix 1** for Members' approval.

### **IMPACT ASSESSMENT**

11. There are no resource implications or other impacts.

### **RECOMMENDATION**

12. Members are requested to:
  - 12.1 Approve the Productivity and Efficiency Plan for 2024/25 (paragraphs 1 to 10 and **Appendix 1** refer).

## Productivity and Efficiency Plan 2024/25

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### Introduction

1. In line with previous plans, the Productivity and Efficiency Plan 2024 presents a general overview of the national and local economic environment in which KFRS (Kent Fire and Rescue Service) are operating and the effect of this upon our planning and delivery of services over the medium term. The aim is to offer a degree of context about the way we undertake our financial planning but to also set out that our focus is to ensure the efficient and effective delivery of our services to all our customers. Ensuring our services are delivered as efficiently as possible whilst also considering our outputs and outcomes is an important driver to improving productivity.
2. Consequently, this Statement describes the financial constraints that we are operating within, sets out the concept of efficiency and productivity as an underpinning principle of how we operate, and provides examples of improvements we have made in addition to those we are striving to achieve in the future. Further information about many of the areas described here may be found in the [Medium Term Financial Plan 2024/25 – 2027/28](#).

### The National Funding Environment

3. **National Picture** – The Office for Budget Responsibility (OBR) published an Economic and Fiscal Outlook (EFO) report on 22 November 2023, the same day that the Autumn Statement was delivered by the Chancellor of the Exchequer. The EFO report showed that the UK economy had performed better this year than was forecast, but that growth remained stagnant, with a strong possibility that the economy could slip into a shallow recession in 2024. Although the OBR forecasts are less negative than some other forecasters, it still reduced its growth forecasts for future years. Growth is now forecast to be 1.1% lower in both 2024 and 2025 than it was in the March budget, and 0.1%

lower in 2026. The Consumer Price Index (CPI) has more than halved over the last twelve months (at 4% in December 2023) and the OBR expects inflation to return to its target level of 2% by 2025. New fiscal rules (set by the Chancellor in the Autumn Statement 2022) require debt to be falling as a percentage of GDP by 2027/28, with a supplementary target that public sector borrowing must be under 3% of GDP. Public Sector Net Borrowing is forecast to reduce from £84.6bn in 2024/25 to around £50bn in 2027-28, and then down to £35bn in 2028/29. Achieving these borrowing targets requires the economy to avoid recession, and the delivery of some very tight spending plans, which may significantly impact on local government funding settlements in future years.

4. **Funding Settlement** – The Government published the 2024/25 Provisional Local Government Finance Settlement on 18 December 2023. The nature of the one-year settlement makes medium-term financial planning highly uncertain, so planning must be sufficiently flexible to be able to respond to potential future funding changes accordingly. The provisional settlement was broadly in line with expectations following announcements in the Autumn Statement 2023 and the Policy Statement issued earlier in December, with core funding increasing in line with September CPI of 6.62%. The reduction to the Authority's Services Grant was bigger than expected (£508k) but it was confirmed that the Authority would receive an additional Funding Guarantee Grant (£699k) which would ensure all authorities had at least a 3% increase in Core Spending Power (CSP) excluding changes from increases to Council Tax levels. However, on 24 January the Government announced an additional £600m of funding for local government. For this Authority, the additional funding announcement provided a welcome increase in the Funding Guarantee Grant (from 3% to 4%) which further increased the Authority's funding by £873k for 2024/25.
5. **Efficiency Target** – As part of the Spending Review 2021/22, the National Fire Chiefs Council (NFCC) and the Local Government Association made a commitment, on behalf of the fire sector in England, to create 2% of non-pay efficiencies and to increase productivity in the fire sector by 3% by 2024/25. The narrative that follows sets out the improvements and efficiencies that have been made to date.

## **The Medium-Term Financial Plan (MTFP)**

6. **Future Funding assumptions** – The provisional finance settlement only confirmed details of the Authority's funding levels for the 2024/25 financial year. With a lack of clarity over government funding in future years the Authority has, in its MTFP, assumed that the Settlement Funding Assessment (SFA) will increase by 1% each year from 2025/26 to 2027/28, in line with the expected reductions in Core Spending Power increases in future years. The Authority's Services Grant has been reduced for 2024/25 and although the Authority will

receive a new Funding Guarantee Grant it is assumed that both grants will be removed from 2025/26.

7. **Funding Reforms** – The Government remains committed to updating and reforming the way local authority funding is distributed to individual authorities. Potential reforms to the Fair Funding review and the Business Rate reset, have now been delayed until the new parliament is elected later this year. So, it is expected to be 2026/27 at the earliest before any fundamental changes are implemented, so inevitably this brings challenges and uncertainties around funding levels beyond 2024/25.
8. **The MTFP** – This is our financial plan which reflects and supports the delivery of our operational and frontline plans set out in our Safety and Wellbeing Plan. It covers the period 2024/5 – 2027/28 and is a fundamental part of our corporate planning process and very much reflects the financial impact of delivering our key challenges / strategies. It ensures that we have the requisite financial resources (Capital and Revenue) to maintain our emergency service cover to the public, whilst delivering our planned improvements.
9. **Capital** – The MTFP reflects both capital and revenue expenditure and income. The capital budget sets out the planned purchase of assets, such as vehicles, equipment, property and information systems.
10. **Revenue** – This is funding needed to cover day-to-day running costs of the service. The MTFP allows us to take a well-structured and considered approach to any investments in people or infrastructure, and to be aware of any potential significant costs that could arise from changes to legislation or government policy. The development of the four-year MTFP is always service led, to allow us to achieve the best possible service, whilst also being achievable and sustainable over the medium term.
11. For 2023/24 our day-to-day revenue budget was £85.3m and approximately 68% of this amount is derived from Council Tax. Our single largest expenditure is on pay-related costs, which account for approximately 82% of our budget. For 2024/25 the proposed day to day budget increases to £94.7m, but £3.5m of this increase relates to a presentational change due to the existing Fire Pensions Grant being rolled into Revenue Support Grant for 2024/25.
12. **Funding pressures in the Future** – Looking forward, it is expected that there will be a number of revenue cost pressures over the medium-term. These include: the effect on local government funding of the government's spending review; the business rate review; increased employer pension contributions; the annual inflationary staff pay increases; the cost of recruiting new full-time firefighters; inflationary increases relating to non-pay expenditure, such as contracts and utility costs; and the need to maintain our infrastructure assets to

an appropriate standard. To be able to meet these costs, we must constantly look to save money where appropriate to do so, including generating efficiencies by continuing to explore new ways of delivering our services.

## Section 1. Efficiency

13. **Budget** – Set out below is a summary breakdown of the different sources of income which the Authority is expecting to receive in 2024/25.

### REVENUE BUDGET 2024/25

<b>Funding:</b>	<b>£'000</b>	<b>£'000</b>
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	7,504	
Net Surplus on Collection Funds	444	
Funding Guarantee Grant	1,527	
Section 31 Business Rates Relief Grant	2,818	
Section 31 Compensation for Under-Indexation of Top-Up Grant	1,690	
<b>Total Funding Available for 2024/25</b>		<b>94,730</b>

<b>(All figures are £'000)</b>	<b>Operational Response and Resilience</b>	<b>Customer Safety, Building Safety, Engageme</b>	<b>Customer Services</b>	<b>Pensions, Financing and Other Costs</b>	<b>Total Net Budget</b>
<i>Subjective:</i>					
Employee Pay Costs	58,162	7,663	12,094	0	<b>77,919</b>
Other Employee Costs	46	0	1,251	0	<b>1,297</b>
Direct Pension Costs	0	0	0	2,222	<b>2,222</b>
Premises Costs	223	3	5,803	0	<b>6,029</b>
Transport Costs	2,157	16	350	0	<b>2,523</b>
Supplies and Services	5,777	618	8,052	114	<b>14,561</b>
Capital Financing	0	0	0	3,688	<b>3,688</b>
Reserve Transfers	0	0	203	-4,576	<b>-4,373</b>
Income	-6,163	-482	-797	-1,694	<b>-9,136</b>
<b>Net Budget for 2024/25</b>	<b>60,202</b>	<b>7,818</b>	<b>26,956</b>	<b>-246</b>	<b>94,730</b>

14. **Reserves** - The Authority holds three different types of reserves, that is the General Reserve, Five Earmarked Reserves and Capital Receipts, the purposes for which are clearly set out in the Authority's Reserve Strategy. Detailed in the table below are the forecast balances in each of these reserves over the next five years:

#### Forecast Reserve Balances over the Medium Term

	Balance at 31.3.23 £'000	Forecast Net Transfers 2023/24 £'000	Forecast Balance at 31.3.24* <sub>1</sub> £'000	Forecast Balance at 31.3.25 £'000	Forecast Balance at 31.3.26 £'000	Forecast Balance at 31.3.27 £'000	Forecast Balance at 31.3.28 £'000
<b>General Reserve</b>	<b>3,970</b>	<b>290</b>	<b>4,260</b>	<b>4,680</b>	<b>4,700</b>	<b>4,820</b>	<b>4,920</b>
Govt. Grants	1,168	-308	860	1,054	347	347	0
Infrastructure	26,630	-1,068	25,562	20,110	18,675	13,418	6,337
Insurance and Resource	3,071	0	3,071	3,080	3,089	3,098	3,107
Rolling Budgets	619	-134	485	485	0	0	0
Service Transformation & Productivity	346	-308	38	494	79	40	0
<b>Sub total E. M Reserves</b>	<b>31,834</b>	<b>-1,818</b>	<b>30,016</b>	<b>25,223</b>	<b>22,190</b>	<b>16,903</b>	<b>9,444</b>
<b>Capital Receipts</b>	<b>9,856</b>	<b>-1,962</b>	<b>7,894</b>	<b>8,128</b>	<b>6,345</b>	<b>0</b>	<b>0</b>
<b>Total Reserves</b>	<b>45,660</b>	<b>-3,490</b>	<b>42,170</b>	<b>38,031</b>	<b>33,235</b>	<b>21,723</b>	<b>14,364</b>

\*1 – Forecast balances as at 31.3.24 do not include any transfer to reserves that will be required at year end as a result of the revenue budget underspend.

15. **Efficiency** - The table below sets out the forecast revenue efficiency target for the last 2 years and 2024/25, alongside the areas which are expected to generate these efficiencies.

	2022/23 £'000	2023/24 £'000	2024/25 £'000
Net Revenue Budget	77,429	85,292	94,730
Less: Total Direct Pay/Pension Costs	-68,447	-72,479	-80,141
Non-pay/pension Budgets	8,982	12,813	14,589
<b>Efficiency Target (2% of Non-pay/pension Budgets)</b>	<b>180</b>	<b>256</b>	<b>292</b>
Efficiency Savings:			
Reduction in Support Staff	-203	-387	-257
Indirect Employee Costs	-	-	-29
Shared Premises	-	-19	-
Transport Costs	-5	-	-11
Procurement Savings	-1	-32	-41
Technology	-	-	-24
Activities bought in-house	-	-	-18
<b>Total Efficiency Savings</b>	<b>-209</b>	<b>-438</b>	<b>-380</b>
<b>Efficiency Savings as % of Non-pay/pensions Budgets</b>	<b>2.33%</b>	<b>3.42%</b>	<b>2.60%</b>

16. **Further Efficiencies in the Capital Programme** – In addition to the savings presented in the Table above, the Authority has also achieved efficiency savings in the Capital Programme. For example; rather than buying brand new vehicles to support wildfire incidents, four second-hand vehicles will be purchased, saving £140k and putting the vehicles on the run 10 months earlier than if they were purchased new; a review of water rescue equipment has generated a saving of £178k, where the requirement for dedicated inshore and offshore boats and trailers has changed to a 'boat in a bag' being stowed on the water safety units, which has also enabled the disposal of the offshore boat; the number of response vehicles has been reduced from the 74 (purchased in 2012) to only 66 now being replaced, saving £216k; the life of the Hose Layer has been extended by 5 years, saving £141k, and the requirement for 2 hose layers has been reduced to 1, saving another £260k.
17. **External validation** – Importantly, the effectiveness of our approach has been recognised and validated by both HMICFRS (His Majesty's Inspectorate of Fire & Rescue Services) and our external auditors, Grant Thornton.

18. **External Auditors** – We were also held up as an exemplar in the first of the new CIPFA (Chartered Institute of Public Finance and Accountancy) ‘value for money’ assessments undertaken by our external auditor Grant Thornton.

Undertaken as part of the 2020/21 review of the final accounts, this focussed on ascertaining if we have made proper arrangements for securing economy, efficiency and effectiveness in our use of resources. As part of this assessment, we were required to provide enhanced evidence of how we have achieved value for money.

The auditor’s report was complimentary about KFRS’ performance in this area. The full report is available to read online via the link below (Item Number B1, page 11).

[https://www.kent.fire-uk.org/sites/default/files/dam/documents/kmfra/ctte\\_papers/kmfra\\_auth\\_2022-02-18\\_agenda-and-reports.pdf](https://www.kent.fire-uk.org/sites/default/files/dam/documents/kmfra/ctte_papers/kmfra_auth_2022-02-18_agenda-and-reports.pdf)

This trend has continued with the latest External Auditor’s Annual Report covering 2022/23. In this, our auditors have again determined that KFRS has no significant weakness identified in any of the three reporting criteria (financial sustainability, governance; improving economy, efficiency and effectiveness).

19. **HMICFRS** – When the results of the inspection were published in January 2023, HMICFRS judged KFRS as outstanding in the efficiency category, which looks at how an FRS spends public money and uses its resources. Furthermore, KFRS was graded as outstanding in both of the diagnostic questions within this category (‘Making best use of resources’ and ‘Making the fire and rescue service affordable now and in the future’). HMICFRS judged KFRS to be:

*“Outstanding in the way that it uses its resources and manages its budgets to provide an efficient fire and rescue service for the public.”*

The inspection by HMICFRS was undertaken over a period of six weeks and provided an exhaustive and robust external validation and accreditation of our effectiveness and efficiency. The full report is available to read online via the link below.

<https://www.justiceinspectorates.gov.uk/hmicfrs/frs-assessment/frs-2021/kent/>

## **Narrative on efficiency plans**

20. A focus on operating as efficiently as possible is key to ensuring our day-to-day effectiveness and a sustainable long-term future. Whilst not all savings are



cashable, the examples below clearly highlight and provide strong evidence of our well-embedded and comprehensive approach to productivity and efficiency.

## **Collaboration**

21. **Overview** - Partnership working and collaboration has reached a point where it is now a key feature of how we operate. Its importance cannot be overstated as it allows us to maximise the benefits and assistance we provide to our customers. Partnership working has made KFRS more efficient as it has allowed us to achieve a level of scope and scale that would have been impossible had we been working alone. We will continue to work with our partners and, where appropriate, seek new partners, since we know that by working in partnership, we are able to deliver better services to the community and improve efficiency.
22. This is evident in our front-line emergency response, where we operate from a shared 999 control room with Kent Police. This arrangement continues as we have now relocated our control room, at the end of January 2024, along with the Police Control Room to a new shared location.
23. The non-cashable benefits include improved facilities for our colleagues, improved effectiveness of response to major incidents, and enhanced management and performance information.
24. In the longer-term we are part of the NFSP (Networked Fire Services Partnership), which comprises Kent, Hampshire and Isle of Wight FRS, Devon and Somerset FRS, and Dorset and Wiltshire FRS. This group is working on a command and control project which aims to deliver a combined, secure and resilient command and control system (not control room) to handle all 999 calls for the four partner services and allows the partners to mobilise resources to provide greater resilience. This will provide a fire-centric mobilising system to improve ways of working, resilience and collaboration with partners through implementation of Integrated Multi-Agency Incident Transfer (MAIT), partnership.
25. **SECamb** - Another example of a critically important area of front-line collaborative activity is the support that we provide to the South East Coast Ambulance Service (SECamb) by responding to life-threatening medical emergencies when our firefighters are available to do so.
26. **Shared Premises** - We currently share the use of our sites with partner agencies including SECamb, Kent Police and Kent County Council (detailed in our shared facilities register). Although we take no payment for this, it represents a cost saving to other partner emergency services and government agencies. This also provides a business benefit for frequent liaison and collaboration with other agencies working in the same communities.

27. Examples of this in action include allowing SECamb to deliver their tactical commander and other specialist training at our locations. Officers from KFRS attended this training, in order to enhance their own training and professional development in relation to JESIP (the Joint Emergency Service Interoperability Programme).
28. **4F Group** - We work closely with our neighbouring fire services and are a member of the 4F Group. This is made up of the fire and rescue services from Kent, Surrey, East Sussex and West Sussex and we work collaboratively on a range of projects and initiatives. At the time of writing, we are working on a project to jointly purchase five incident command units (large vehicles that function as mobile command centres) and new breathing apparatus sets for firefighters. More information about these two collaborative procurement projects is set out in the 'Procurement' section.
29. KFRS lead the South East Incident Command Training and Assessment Group. This collaborative group is made up of the fire services in the region and through this we jointly share resources such as assessors, tutors, command scenarios and ensure any developments are undertaken and co-ordinated across the south east region.
30. We have worked hard to develop strong and lasting working relationships with Kent Police, SECamb, other fire and rescue services, local authorities, NHS clinical commissioning groups, and many other agencies. These are partnerships that are delivering real improvements to our customers throughout Kent and Medway.

### **Charging policies**

31. Our Charging Policy sets out that the Authority will not seek to run any enterprise or provide any service for the purpose of profit making. In relation to cost recovery, where this is pursued, the Authority would not seek any gain beyond recouping costs. Of the minimal cost recovery we undertake, this primarily relates to cross border working with London, when we each provide a frontline resource, to the others area, when requested to do so by London or vice-a-versa.
32. We do not have a trading arm and we have no plans to engage in such activity. This is because we are dedicated wholly to public services and exceptional circumstances aside, see no role for undertaking commercial enterprise. Moreover, we do not accept commercial sponsorship from any organisation in any form for any products or services we deliver.

### **Asset Management and Investment in Technology**

33. **Customer Risk Management System** - We are investing in merging risk and customer information into one system for Building Safety, Risk Information

Team and Customer Safety (Prevention and Protection). Previously the teams were on separate legacy systems and as a result the organisation has moved all three areas into a single platform to enable new ways of working, information sharing and improving opportunities for collaboration amongst the teams resulting in better outcomes for customers.

34. This will result in improved visibility of risk information for operational colleagues and improved ways of working between teams improving the outcomes for customers.
35. **Workforce Planning** - We are also moving to a new workforce planning system which will support our flexible duty system in a more effective way than before. The expectation is that this will reduce administrative time and will be a more efficient and effective way of workforce planning for the frontline. This will lead to a reduction in the reliance on spreadsheets and manual interventions, whilst providing increased and more accurate management information to enable informed decision making.
36. **Data Terminal Software** - The internal development of improved software for the mobile data terminals on our fire engines, is significantly enhancing the streamlined data available to crews on the frontline appliances when attending an incident. The improved software provides greater clarity of messages from Control, access to other essential data such as risk information and an overall greater end user experience in terms of ease of use. The fact that we have had the skill set to be able to develop this in-house has been of significant benefit to the organisation and saved financial resources too.
37. **Asset Management System** - Work is also underway to implement an asset management system for our operational equipment. This will provide a tag and scanning approach rather than utilising pen and paper and will enable us to keep track of standard test procedures, ensuring all compliance testing is efficiently undertaken and faults on any equipment are documented and then rectified. This provides the opportunity to keep a full audit trail of the whole working life of each piece of significant operating equipment, which saves significantly on previous manual processes to record this information.
38. **Property Asset System** - Progress is also being made in bringing into use a new computer aided facilities management (CAFM) system, to support the Property team in managing their asset base and recording repairs against each property. This is still at the development stage, but it is hoped that it will be introduced later this year. Administrative time will be significantly reduced and the monitoring and reporting processes will be far more timely and effective.
39. **Technology** - Our internal video channel (called Video Streams) was launched in 2023. This provides colleagues with round-the-clock access to a wide range of easily accessible training material and content which suits varied learning

styles. This has led to further efficiencies through enabling us to move parts of our face-to-face training online.

40. **Power App** - In relation to Home Fire Safety Visits, we have introduced a Microsoft Power App. This has replaced the previous paper-based forms, giving us a secure and more efficient and effective process, as customer information can be recorded at the time of the visit, hence saving significant administrative time in not having to document information again at the office.

## **Resourcing**

41. **Training contracts** – Our Technical Training and Professionalism team (TT&P) now offer split 50/50 contracts between Training and Service Delivery, alongside the embedded associate instructor model, which has 20 associate coaches (trainers) providing between one and three days training per month. We have also engaged retirees, who have the necessary experience and qualifications, to return on Green Book (business support) contracts as tutors. These flexible approaches allow us to access, and benefit from, the skills and knowledge of experienced individuals, at the times when they are needed. This improves productivity through enabling the effective management of working time.
42. **Flexible Rostering** – We were one of the first fire and rescue services to move away from a traditional, fixed ‘watch system’ to a flexible rostering model, which allows us to resource in a flexible way to meet changes in demand across the whole of our geographical area. As well as continuing to refine and improve this, we also regularly review the vehicle fleet that we need to attend fires and support our customers. We are able to flex the number of fire engines up and down constantly to meet demand which helped us successfully deal with all the large wildfire incidents across Kent and Medway we were called to during the summer of 2022.
43. **Wildfire response** – We are working with landowners and farmers across Kent and Medway to help prevent or at least reduce the possibility of future wildfires. Due to climate change, we believe that we are more likely to see these types of incidents more frequently during the summer months. For this reason, we are reviewing the specialist equipment and off-road capability we have to ensure that we remain as effective and efficient as possible in the face of climate-related changes to operational demand.
44. **On-call** – In addition, with our on-call colleagues, we have continued to refine the contractual offer to improve availability, although the recruitment of on-call firefighters does remain a challenge. We made changes to how we use our on-call firefighters, giving them more flexibility to provide us with additional hours. This has given us better and more consistent availability at the times when we need it.

## Procurement

45. **Category management** – The adoption of ‘category management principles’ in procurement has allowed us to establish a better platform to engage with the marketplace and to progress more collaborative procurement with our partners, which is leading to better value for money and more competitive contracts. It is our well-versed Category Managers who then monitor spend on live contracts to ensure opportunities for savings can be realised throughout the life cycle of the contract.
46. **Personal Protective Equipment** – Working together also allows us to share best practice and expertise and to consider opportunities for joint procurement. One important example is the collaborative framework for firefighters’ Personal Protective Equipment (PPE) that we have been working on. This collaborative approach is more efficient and offers greater savings opportunities. This is because instead of individual fire services purchasing PPE on an ad hoc basis, the participants have adopted a set of nationally agreed standard specifications for PPE, which are then accessed through an agreed framework. Currently 22 fire services are signed up to the New Collaborative PPE Project. Co-ordinating our approach in this way allows us to meet the government’s requirement to save money whilst continuing to provide the best equipment possible to our firefighters. This collaborative PPE framework is now being looked at again for its second iteration with KFRS once again leading the procurement for this. We are also looking to tie in with the expiring CCS (Crown Commercial Services) framework to provide one nationwide PPE solution for all FRs.
47. **National ladder framework** – The national ladder framework was implemented and continues to be managed by us on behalf of the fire sector and other blue light services. Detailed research was gathered from FRs which ensured the requirements met the needs of the sector. To date, 14 FRs have completed the framework’s confidentiality agreement and four have signed call-off agreements. The framework continues to be advertised through Workplace (Meta’s online collaborative software tool) and other forums as a collaborative opportunity for the fire sector.
48. **National procurement of smoke alarms** – We are part of a national procurement framework for smoke alarms. As well as the benefit of reducing the cost per alarm compared to purchasing outside of the procurement framework, using the national framework led to a change in supplier which resulted in fewer faults and as such fewer returns were made in relation to faulty alarms. This also includes the specialised alarms we provide for customers who are deaf or have hearing impairments.

## Local Initiatives that are specific to KFRS

49. There are a considerable number and variety of local initiatives that contribute to improving productivity and efficiency within our service. Several examples, along with a summary of the headline benefits, are set out below.

- **Joint AFA (automatic fire alarm) reduction initiative across teams** – The Home Fire Safety Task Force works with the Building Safety Team to help try and prevent future deaths among vulnerable adults in sheltered accommodation by identifying reasons for regular AFAs sounding in certain properties. Gathering this information helps us to target our resources more efficiently.
- **Evening working** - Changes to evening and weekend working in the Safe and Well Team is helping to provide a more consistent and timely level of support to our customers.
- **Calling Ahead** – By scheduling in calls ahead of safe and well visits, and providing set times to call to remind customers of appointments, this helps provide a more supportive customer service and reduces the number of cancellations.
- **Standardising the approach to visits** – This enables Safe and Well Officers to have consistent approach to booking revisits (set timescales between visits) based on risk. It provides further guidance for Safe and Well Officers to remind them of the importance of giving feedback to other agencies and arranging joint visits when appropriate.
- **Electronic Tablets** – The use of these on home visits reduced administrative time and streamlined the process for the customer, enabling a more efficient method of collecting the information at each visit.
- **Online Forms** – The Safeguarding Referral form was added to the Tablets carried on our fire engines and by our Customer Safety Team. This made the referral process far quicker and more streamlined.
- **Recording electrical safety issues** – Increasing the categorisation on the Dynamics IT system enables better and more detailed risk reporting.
- **Joint learning events** - These events with the Kent and Medway Safeguarding Adults Board lead to much improved interagency discussions and communication, to better support the customer outcomes.
- **Volunteers** – They help in a variety of ways. One example has been the help that they have provided in gaining customer contact information to help reduce the number of cold calls by Safe and Well Officers. This reduces void calls and enables more visits to be arranged.
- **Targeting Tool for School Safety Education** – this is a tool informed by census data and internal data, that prioritises those most at risk from a fire related injury.

## Section 2. Productivity

50. In June 2023, KFRS completed and submitted the Wholetime firefighter utilisation survey, setting out utilisation across crewing, operational activity, prevention and protection, training and other activities. We recognise that the issue of ensuring that our firefighters are utilised as productively as possible is essential to ensuring an effective operational response. To this end we have, and are, committed to increasing wholetime firefighter activity and productivity. Three examples of where we have done this are set out below, covering the following: Wholetime firefighter recruitment pathway; Complex rescues in partnership with SECamb; and Home Fire Safety Visits.
51. **Wholetime firefighter recruitment pathway** - Trainee firefighters spend a short period of time at our central training centre to undertake a basic skills course that allows them to safely ride a fire appliance as an additional crew member. They then spend time at an operational station training with the firefighters based there. Following a syllabus set by training centre, this is interspersed periods at training centre for more core skill modules, such as breathing apparatus, water and road traffic collision rescue. This is a similar approach to training our on-call firefighters which we have used successfully for many years.
52. The wholetime pathway replaces the traditional 16 week (often residential) recruit course and brings with it a number of efficiency benefits, both cashable and non-cashable. There is a saving in residential accommodation costs, compared to previous residential courses. There is also a saving in training centre salaries and training venue costs as consolidation training periods are now run on station for trainees by on duty wholetime firefighters. This approach frees up trainers to run other essential courses and training venues to accommodate them.
53. Station-based wholetime firefighters use some of their time to deliver skills consolidation, this couples and extends with the station-based training they already undertake. This means that more of their shift periods are dedicated to training (work) activity in order to achieve this delivery. Trainee recruit firefighters attend incidents, intelligence gathering response assurance visits and community safety visits at a much earlier stage in their careers, rather than the post 16 weeks that is built into the traditional model of firefighter development. This allows trainees to be involved in customer facing activity both earlier on and between training sessions.
54. This model also means trainees are able to provide extra capacity to duty crews, which allows the delivery of more community safety visits in any period of such activity. In practical terms this means crews are able to split into pairs and undertake more fire safety visits in the same area, or more visits within a

defined period of time. It also means at incidents they are able to undertake fire ground activities such as the provision of water via hydrants, pitching ladders and delivering equipment to qualified firefighters at the scene of operations.

55. Traditionally to run a wholetime trainee firefighters' course there was a critical mass number to make the course viable, often at around 20 trainees. To achieve this we had to either recruit 20 trainees over establishment to have them qualified and in place ahead of retirements or run under establishment until 20 vacancies were being carried and then recruiting and training new firefighters.
56. Both options brought considerable additional costs, either 20 extra salaries or the overtime payments to colleagues to cover the up to 20 vacancies for five months or more. By having a wholetime recruit pathway split into the same modules as the on-call firefighter pathway we have the flexibility to recruit any number from one wholetime firefighter and train them alongside new on-call colleagues. This approach delivers maximum efficiency around training costs and the considerable cost of the wholetime establishment.
57. **Complex rescues in partnership with SECamb** - During the covid-19 pandemic KFRS worked closely with SECamb to allow fire crews to act as a force multiplier for the ambulance service. At what would have been traditionally multi-ambulance crew attendance incident, in order to provide sufficient personnel a fire crew replaced the second ambulance. This freed capacity for the SECamb, allowed them to attend a second medical emergency.
58. The legacy from this pandemic partnership is our approach to complex rescues. Previously fire crews supported ambulance crews where either a large (bariatric) patient required removal from a property or a standard patient where the premises were complex or very large. No training was undertaken by either service, and there was no sharing of equipment or guidance. Consequently, there were considerable numbers of injuries being incurred by both firefighters and ambulance colleagues.
59. SECamb and KFRS have worked closely together to risk assess, develop guidance, equip and train to resolve this issue. By taking a similar approach to that used at road traffic collisions (paramedics look after clinical needs and firefighters carry out the rescue and casualty lifting) we developed the concept of 'complex rescue in the built environment'. Our firefighters are trained to use both SECamb and KFRS equipment and the incident commanders have a range of tactical options they can deploy, essentially escalating equipment and resources as required.
60. In terms of efficiencies, we have seen a notable increase in requests from SECamb to attend complex rescues. So far these rescues have been delivered



primarily by wholetime firefighters. This joint work means that more ambulances are available to attend more 999 calls, thus helping more customers. There are many occasions when an ambulance crew will now work with a fire crew to address the needs of a patient. As a direct consequence the number of lifting-related injuries (principally back injuries) with resultant days lost to sickness and injuries claims has fallen dramatically for both organisations.

61. **Response Assessment Intelligence Visits (RAV-Int)** - This is a method for operational colleagues to record Building Safety, firefighter or Customer Safety concerns and send them to the relevant department for action. We have changed our approach from the old 7(2)d familiarisation visits, to introducing targeted risk information visits to premises by wholetime firefighters. These are also supported by our Risk Information Team and closely linked with Building Safety Inspecting Officers.
62. As a result, we now have firefighters able to productively allocate more of their time to assessing the built environment for risks and response plans as well as supporting Building Safety with intelligence and information gathering. This improves our response to incidents and aides our roles as the fire safety regulator. This is an efficiency as it utilises wholetime firefighters for more of their duty time in a targeted way. With the completion of the first RAV-Int visit in May 2022, by April 2023 we had reached a milestone in completing our 2000th RAV-Int visit. This programme has been recognised nationally and by HMICFRS for its innovation and effectiveness all of which results in a more productive use of our colleagues' time and expertise.

## Summary

63. The need to continually operate in an efficient and productive manner are key aspects in ensuring both the day-to-day effectiveness of KFRS and a sustainable long-term future. We recognise and are committed to the prudent management of our finances and spending decisions. This approach, taken in combination with effective and appropriate partnership working, ensures that we have the resources needed to support our colleagues, whilst being able to purchase and maintain our vehicles, equipment, and buildings – the combination of which allow our team to do their jobs as effectively as possible. Taken together, this ensures that we can continue our duty to keep the people of Kent and Medway as safe as possible.
64. This Authority will continue to regularly review the service it provides to all its customers, internally and externally, to ensure it is able to provide the most effective and efficient service possible. In order to do this, we will continue to review all activity, large and small, to understand outputs and outcomes. This will also help us ensure that we are productive in our use of people and financial resources. Consequently, this plan will be reviewed on an annual basis to highlight our progress.

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By: Chief Executive

To: Kent and Medway Fire and Rescue Authority – 20 February 2024

Subject: PAY POLICY STATEMENT 2024/25

Classification: Unrestricted

## **FOR DECISION**

### **SUMMARY**

Sections 38 to 43 of the Localism Act 2011 requires that the Authority prepares and publishes a Pay Policy Statement for each financial year before the start of that financial year, and this report seeks approval to the Statement for 2024/25.

### **RECOMMENDATIONS**

Members are requested to:

1. Approve the Pay Policy Statement for 2024/25 (paragraph 3 and **Appendix 1** refer).

LEAD/CONTACT OFFICER: Assistant Director, HR & Culture – Lyndsey Jell  
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BACKGROUND PAPERS:

## COMMENTS

1. **Background** - Sections 38 to 43 of the Localism Act 2011 requires all local authorities to prepare and publish an annual Pay Policy Statement. The requirements in the Act originate from the recommendations set out in the Hutton Review of Fair Pay in the Public Sector. This recognised not only the need for high-calibre leaders but also the requirement for fair levels of pay reflecting individuals' contributions whilst also reassuring the public that this was being achieved.
2. The Hutton Review expressed concern over pay governance practices, in particular placing an emphasis on the pay and benefits received by Chief Executives. The Act specifically refers to the relationship between these and the lowest-paid employees by requiring that the ratio between the two is identified. Members will be aware that, under the Accounts and Audit Regulations 2015, the Authority is already required to publish, as part of its Annual Statement of Accounts, details relating to senior employee salaries, defined as £50,000 and above. For the purposes of the Pay Policy Statement, it is not intended to replicate this information but to provide the necessary link to it through the website.
3. **Pay Policy Statement for 2024/25** - The proposed Pay Policy Statement for 2024/25, as attached at **Appendix 1**, reflects the establishment figures as at 31 October 2023, and sets out the pay awards that were agreed in relation to 2023/24. The Statement also provides Members with the assurance that the Authority currently pays all of its employees at least an hourly rate of £12.02, which is above the national living wages of £10.42 in 2023/24 and £11.44 as of April 2024. Members are therefore asked to agree the Pay Policy Statement for 2024/25.
4. **Communication** - Once the Pay Policy Statement has been approved it will be placed on the Authority's website so that it is available for the public to access. There are a number of links to other sources of information shown in the Statement and these will be included when the document has been agreed and published.

## IMPACT ASSESSMENT

5. The draft Pay Policy Statement puts into context, for members of the public, the arrangements the Authority has in place for setting and amending the pay of its employees. The Pay Policy Statement meets all current guidance issued by the Government to produce such documents.

## RECOMMENDATIONS

6. Members are requested to:
  - 6.1 Approve the Pay Policy Statement for 2023/24 (paragraph 3 and **Appendix 1** refer).

## Kent and Medway Fire and Rescue Authority Pay Policy Statement - 2024/25

### Introduction

The Pay Policy Statement has been compiled in accordance with Sections 38 to 43 of the Localism Act 2011. The Act requires Kent and Medway Fire and Rescue Authority to publish a Pay Policy Statement annually. The information contained in this Statement is based on the position as of 31 October 2023, unless otherwise stated. The purpose of a Pay Policy Statement is to provide information to the public on the pay arrangements that apply to employees of the Authority, including the Chief Executive and their direct reports. The Statement also includes information on how decisions to set or change pay are made.

### Structure of the Workforce

As of 31 October 2023, 1610 people worked for us. These employees span various pay groups which perform a variety of roles and have different working patterns to meet our business needs. In its simplest form these are employees who either have an operational role (such as firefighters working on fire stations, 999 operators in our Control Room and technical colleagues working in specialist areas) and wear a uniform; or those who provide administrative and customer service functions such as finance, property, information technology systems and human resources, and do not wear a uniform. A summary of the numbers in each of these categories is set out below in **Table 1**. The Authority has a third group of employees, namely the Chief Executive, and three Directors; one of whom is uniformed and the other two non-uniformed, which are not shown in the table below.

**Table 1: Number of Colleagues Employed by Category as of 31 October 2023**

Colleague Group	Definition	Number of Colleagues in Group
<b>Whole-time Firefighters</b>	Firefighters who work an average of 42 hours a week to crew stations 24 hours a day either as firefighters located at the station, or as firefighters located at the station during the day and responding from their own homes on an on-call basis at night, or who work in specialist areas such as Building Safety. This figure also includes operational officers that do not work on fire stations.	728 (704.7 full-time equivalents)
<b>Control colleagues</b>	Uniformed colleagues who handle 999 calls and are based at the Fire and Rescue / Police Control Centre.	39 (38.5 full-time equivalents)
<b>On-call Firefighters</b>	A duty system where firefighters respond from their own homes or workplaces located near to the fire station on an on-call basis.	460 (full-time equivalents not applicable)
<b>Customer Services, front line prevention and protection colleagues</b>	Colleagues who typically do not wear a uniform and largely work in administrative and professional support functions. A proportion provide fire prevention and road safety advice and offer home safety services and specialist advice for those more at risk.	379 (356.4 full-time equivalents)

## **Part 1: Pay**

### **Pay Policy**

The overarching framework for pay and conditions of service for colleagues employed by the Authority is governed by three National Joint Councils (NJC). These are:

- the NJC for Local Authority Fire and Rescue Services
- the NJC for Local Government Services
- the NJC for Brigade Managers of Local Authority Fire and Rescue Services.

The principal role of each of these national bodies is to reach agreement on a national framework of pay and conditions of service for authorities to apply locally. Each NJC is made up of people who represent the employers and others who represent employees; the latter typically being trade union representatives. The frameworks of pay and conditions set by each of these national bodies are locally referred to as the Grey Book (generally applies to uniformed colleagues); the Green Book (generally applies to colleagues who do not wear a uniform); and the Gold Book (applies to the Chief Executive and three Directors) respectively.

Each NJC acknowledges that its national framework of pay and conditions will need to be adjusted locally to reflect local needs. Where appropriate this will be undertaken through local agreement, with recognised trade unions where they exist, or alternatively through local decision-making processes.

The Equality Act 2010 gives women (and men) a right to equal pay for equal work. The Authority undertook an equal pay audit in 2017 to ensure that its pay and benefits policy and practices were not being applied inconsistently. There were no areas of concern identified as a result of the audit. A more recent equal pay audit took place in the latter half of 2022/23 and the outcomes will be reported to a future Authority meeting.

From 2017, Regulations included in the Equalities Act 2010 means that any organisation that has 250 or more employees has a legal responsibility to publish and report specific figures about their gender pay gap. The gender pay gap shows the differences in the average pay between men and women (in percentage terms) within an organisation across all types of work/colleague groups. (It is not the same as Equal Pay which is the difference between men and women who carry out the same or similar jobs or work of equal value).

Public Sector organisations must provide a snapshot for gender pay gap reporting at the 31 March for any given year. We have published our data for the snapshot as at 31 March 2023. Our data was published before the deadline date. The data did not identify any areas for concern, but it did reveal that the gap was marginally in favour of women.

Within this data analysis we also looked at the ethnicity, disability and sexual orientation pay gap analysis for this year, which currently is not a requirement from Government. This analysis shows our commitment to improving representation across our organisation in terms of protected characteristics which we plan to support through a structured inclusive recruitment strategy, incorporating planned positive action activities across all roles, review our branding and our attraction package, with an emphasis on our flexibility as an employer.

## **Local Variations to Pay and Conditions of Service**

The national pay agreements and the terms and conditions constitute a minimum standard, but it is acknowledged that these can be modified through local negotiation to reflect local needs. There is a mechanism in place to agree such changes. However, any changes to the pay or conditions of service of the Chief Executive and/or the Directors must be approved by the Authority's Senior Officer Appointment, Conditions and Conduct (SOACC) Committee.

### **Pay Structure**

Each category of colleague is linked to a pay structure which is directly linked to a national pay agreement. When the pay agreement has been amended to reflect local needs, Members of the Authority are updated accordingly.

The pay structure for uniformed colleagues is based on the national pay agreement which is negotiated and issued by the NJC for Local Authority Fire and Rescue Services annually and is based upon six roles. The annual salary within each role is a fixed-point salary. This means that unless the employee is promoted, or a national pay award is agreed, the salary will remain unchanged. Employees may move up the pay structure through promotion into a higher role. For an employee to do this they must be approved by their line manager as having demonstrated the type of behaviours and skills required of an employee operating at the higher level through the monitoring of their performance, undergo a development process and then by being successful through interview for a role at the higher level.

The pay structure is different for green book colleagues and is a locally agreed pay structure. Employees are appointed to a post which has a specific pay grade assigned to it. Within each grade there are between five and six pay points. The experience and skills of the employee are evaluated against the requirements of the job which will then determine the pay point to which they are appointed. Progression to higher pay points within the grade will be dependent on the employee demonstrating continued development and performance against the requirements of the role which is measured through the continuous monitoring of their performance.

### **Pay Awards 2023/24**

An annual pay increase is awarded based on the outcome of the relevant national pay negotiation process. Pay awards are based upon the decisions taken at a national level by the NJCs relevant to this Authority. Green Book colleagues were awarded, as of 1 April 2023, an annual increase of £1,925 for spinal column points (SCP) up to and including SCP 44, and for SCP 45 and upwards, an annual increase of 3.88% was applied. Unless otherwise fixed, green book allowances were also increased by 3.88%. Grey book colleagues were awarded an annual increase of 5% with effect from 1 July 2023. Unless otherwise fixed, grey book allowances were also increased by 5%.

### **How are Grades and Roles Determined?**

When a post is created or changes significantly it is evaluated in order that it can be matched against the appropriate grade for the role. A job evaluation process is used to determine the grade of a post. The process of job evaluation considers a range of factors relating to the demands of the job, including knowledge necessary to do the job; complexity; level of discretion in, and potential impact of, decision-making; and accountabilities in relation to people, finance and physical resources such as equipment or property. The job

evaluation process ensures that the principle of equal pay for work of equal value is met and that the demands required of the post are assessed as objectively as possible. The job evaluation process includes input from trained individuals from across the organisation including union representatives.

The job evaluation process was last reviewed in September 2018. The scheme still follows the principles of the NJC scheme, but some factors have been updated to ensure the scheme better relates to specialist/professional roles.

The Authority has an Establishment Group which considers the future needs of everyone that works for us, what posts are needed, and which can be deleted. Within this group, where uniformed vacancies arise or will occur at some point in the future, consideration is given to the post being converted from uniformed (Grey Book) to non-uniformed (Green Book) terms and conditions.

### **Supporting and Encouraging Performance**

The Authority supports all employees to develop and perform to the best of their ability. To do this there are management training and procedures such as Supporting Talent and Career Aspiration Conversations. All of this encourages talent management conversations to help individuals to maximise their potential and support their development, engagement and career progression.

Managers support individuals through continuous dialogue therefore giving timely feedback on performance, supporting, encouraging and checking regularly on individual's wellbeing. They also offer individual's a more in-depth career conversation, to explore how they would like to progress in the organisation on a longer-term basis. This information is collated through the Talent Bench Review process, which is used to inform succession planning and progression.

The Authority seeks to encourage individuals to own their development with the support of their manager and the organisation. This may be through; the creation of an individual development plan to support performance/wellbeing/progression towards promotion, access to a professional qualification via Continuous Professional Development (CPD) allocated days, access to the Authority's leadership programmes or through external and internal events and workshops.

Where there are concerns about performance and an individual becomes subject to the Authority's formal capability procedure, this may have an effect on their pay, and the continued payment of CPD. CPD is designed to recognise and reward experienced employees who are able to demonstrate continuous professional development. It is expected that employees will maintain a high level of continuous professional development and commitment to their job to receive a CPD payment.

The Authority does not currently have arrangements in place for performance related pay as part of its appraisal of performance; neither does it have any arrangements in place for the payment of bonuses.



## **Market Premiums**

In 2018 the Authority introduced the use of market premium payments for the purpose of attraction within recruitment and retention of key colleagues. The recruitment of certain specialist colleagues, particularly within the Information Technology (IT) department, has proved difficult with roles being advertised and subsequent applications being poor in quality and quantity. Therefore, a procedure to apply market premium was developed and approved through the Establishment Group.

## **Senior Officers**

The Authority is required to publish information relating to the pay of its most senior employees, which are defined as those employees whose annual salary is £50,000 or more. We publish this information in salary bands only, showing how many officers are in each band. The pay of the Authority's most senior officers is published with their name. This information is published on an annual basis as part of the Statement of Accounts.

The Senior Officer Appointments, Conditions and Conduct (SOACC) Committee has a specific remit from the Authority to consider and make decisions about the remuneration and terms and conditions of employment of the Chief Executive and Directors.

The pay<sub>award</sub> for the Chief Executive and Directors generally follows the recommendations of the NJC for Brigade Managers of Local Authority Fire and Rescue Services. There were long delays nationally in relation to this group of Officers, affecting pay awards from 1 January 2022 and 1 January 2023. Despite the outcome of national discussions, resulting in a pay offer of 4% from January 2022 and 3.5% from January 23, the four Officers concerned only proposed to accept a 2% pay award from 1 January 22 and the 2023 proposal. Members of the SOACC Committee agreed, on the 21 March 23, to this pay award proposal.

## **Ratio between Highest Earner and Average Earnings of the Organisation and Definition of 'Lowest Paid'**

The Authority is required to publish information which expresses as a ratio the difference between the pay of its highest paid employee and the average pay for all other employees. The Authority is also required to publish its own definition of 'lowest paid' employees as it applies to the Authority's workforce.

The Authority has a range of colleagues employed on different conditions of service and this means that it has a range of salary levels. Some colleagues are employed on contracts which are regarded as secondary employment. This means that they are able to undertake their contract in addition to other full-time employment. Specifically, this relates to firefighters who work the 'on-call' duty system, providing on-call availability from their home or place of work. These employees generally have full-time work outside the Authority.

The Table below sets out the difference between the pay of the highest paid employee (who is the Chief Executive) when compared to the average pay (total pay divided by the number of employees) of all other employees. The information illustrates that the Chief Executive's pay is 4.13 times more than the median pay (middle value of all salaries paid) of all other employees on 31 October 2023. Table 2 provides this information:

**Table 2: Pay Ratio**

	Oct-22	Oct-23	Degree of Change
<b>Chief Executive's Salary</b>	163,478	169,200	3.50%
<b>Mean Salary</b>	42,049	44,200	5.12%
<b>Median Salary</b>	38,553	40,919	6.14%
<b>Ratio</b>	4.24	4.13	

This ratio is calculated by dividing the Chief Executive's salary by the median salary for other colleagues (excluding overtime).

### **The Authority's Definition of 'Lowest Paid' Employees**

The Authority regards its lowest-paid employees to be those employed on its Green Book conditions of employment. These are employees who do not wear a uniform and who work in administrative and customer service function areas. Employees can be employed on grades which range from 2 to 12. The Authority currently does not have any Grade 2 posts in its establishment. Following a review of its support and administrative roles these were re-evaluated to Grade 4, leaving only our apprentice post grade 3 roles.

The Authority recognises that the necessary training and development can be provided in-house over a relatively short period and therefore specific skills, or experience are not specified as essential at the recruitment stage. The Authority is committed to supporting all colleague's development and in addition, a number of teams have built into their structure, graded progression posts.

The salary range that applies to grade 3 is £23,183 to £25,644. The minimum hourly rate for a grade 3 role is £12.02 per hour, which is greater than the current National Minimum Wage (£5.28 to £10.42 dependent on age) and National Living Wage (£10.42 per hour as of 1 April 2023). Consequently, the Authority has ensured that all employees, including apprentices, received no less than the National Living wage, with effect from November 2021.

The Authority has met the requirements under the Apprenticeship levy.

## **Part 2: Pensions arrangements**

### **Pension Arrangements**

The Authority currently administers five occupational pension schemes. There are four schemes for firefighters:

- the Firefighters' Pension Scheme 1992 (FPS) (closed to new entrants from April 2006)
- the New Firefighters' Pension Scheme 2006 (NFPS) (closed to new entrants from April 2015)
- the Modified Scheme 1992/2006 (specific to retained firefighters who served between 1 July 2000 and 6 April 2006)
- the Firefighters' CARE Pension Scheme 2015 (FPS 2015)

However, with effect from 1 April 2022, all firefighters/employees in any of the first three pension schemes were automatically be moved to the FPS15 scheme, as all these schemes other than the FPS15 are now closed. The employee contribution rates effective from 1 April 2023 for the FPS15 range between 11% to 14.5%, whilst the employer rate is currently fixed at 28.8%. However, the employer rate will increase to 37.6% from April 2024.

Each scheme includes discretions which the employer decides how to apply. In November 2014 the General Purposes Committee approved an overarching Pensions Policy which defined five key principles, each of which the Chief Executive must ensure is considered before applying any such discretions on behalf of the Authority. This Policy will be reviewed in 2024, once the new pension regulations are in place and the key principles will be refreshed to reflect the revisions to the pensions legislation following the McCloud/Sargeant case.

Green Book colleagues have the right to belong to the Local Government Pension Scheme (LGPS). The employee contribution rates for this scheme currently ranges from 5.5% to 12.5% depending on salary level. However, the employee does have a right to choose to reduce to 50/50 contribution, i.e. reducing their contribution to half, but this does have an impact on their benefits. The employer contribution rate will increase from 16.5% to 17.5% from the 1 April 2024.

A new Local Government Pension Scheme (LGPS 2014) came into effect on 1 April 2014. This Scheme is a 'Career Average Revalued Earnings' (CARE) Scheme, unlike the original LGPS which is a final salary scheme. The new LGPS 2014 scheme introduced five employer discretions which were agreed by the General Purposes Committee in November 2014. Generally, these discretions lead to enhanced benefits to scheme members, but result in additional costs which fall to the Authority and not to the pension scheme.

### **Re-engagement of Employees**

For Grey Book colleagues who were members of the Firefighters' Pension Scheme (1992) and New Firefighters' Pension Scheme (2006) a policy regarding re-employment and the treatment of pensions in payment has been in place since March 2010. This policy is based on the Regulations under each scheme and guidance is provided by the Government.

Where re-employment is secured, the pension is adjusted (where relevant) so that the combination of pension and new salary does not exceed the individual's salary at the time of

their retirement. This adjustment process is called abatement. The process of abatement is not included in the Local Government Pension Scheme regulations and therefore does not apply to Green Book employees.

However, in April 2019 the Authority agreed a discretion to allow abatement not to be applied to specific roles within Business Safety. Following the Grenfell Tower Fire there has been an increased focus nationally regarding the inspection process on fire safety and prevention work conducted by Business Safety teams. Much of this work requires a specialist skill set. The recruitment of qualified personnel in this area was and continues to be difficult, and as a result of impending retirements at the time, of a number of qualified colleagues, their loss of skills from this team would have been significant. Therefore, a discretion was agreed not to apply abatement to fire safety officers retiring from these specific posts.

However, despite the Authority agreeing a further two-year extension in April 2021 to the abatement to these posts, the impact of Covid over the three-year period has had an impact on the training timescales and consequently, several colleagues who are undertaking the training have not yet finished their courses. Hence, there is still a need to continue to ensure we retain the existing personnel for a further two years until the rest of the team complete their training. As such, Members agreed a further extension to the waive the abatement in relation to these roles for a further two-year period, until March 2025.

In July 2022 the Authority agreed a further discretion to allow abatement to not be applied to the post of Operational Development Technician PPE (Personal Protective Equipment). This discretion was granted for a maximum of three years. This decision was based on the current post holder's specialist skill set and their use of these skills within the national arena for the Fire Service. Such skills are not readily available within the recruitment market.

### **Part 3 Special Severance Payments**

When carrying out structural change or introducing new ways of working it may result in the need to reduce the establishment through the deletion of posts and/or the re-defining of skill sets within teams. To achieve this the Authority may need to make special severance payments over and above any statutory or contractual entitlement, to enable employees to leave the organisation to support these change initiatives.

The Authority has always sought to do structural change through natural turnover and has chosen not to apply compulsory redundancy wherever possible to do so. In addition, they have used redeployment, retirement, flexible retirement and the offer of voluntary redundancy.

In 2012 the Authority agreed an enhanced redundancy package. This package includes:

- the use of the government calculator to calculate statutory redundancy based on age (maximum 61) and years' service (maximum 20)
- Average weekly pay is calculated on actual pay whereas the statutory redundancy is calculated on weekly up to a set maximum amount.
- Lump sum payment of an additional 12 weeks' pay

Those taking redundancy are entitled to statutory notice pay i.e. a maximum of 12 weeks (1 weeks' notice for each year of service). Individuals being dismissed or resigning due to other

reasons will be entitled to the notice stated within their contract of employment. All notice pay is subject to tax and national insurance.

In May 2022 the government issued a new guidance which relates to the making and disclosing of special severance payments by local authorities in England. This guidance sets out:

- that these payments should only be made in exceptional circumstances
- what would be included in a special severance payment
- what would be considered an exceptional circumstance
- And how payments should be disclosed and reported.

The Authority has the responsibility to ensure that special severance payments are only made when there is a clear, evidenced justification for doing so, and such payments are in the interests of the taxpayer. It must also ensure that all relevant internal policies and procedures have been followed and all alternative actions have been fully explored and documented. If in exceptional circumstances it is decided that a special severance payment should be paid, it is the responsibility of the Authority to ensure that this is fair, proportionate, lawful and provides value for money for taxpayers.

Special severance payments are payments made to an employee, worker or contractor when leaving employment in the public sector. These payments may be made in circumstances where an employee resigns, is dismissed or agrees to a termination of contract.

The following payments would not be classed as a special severance payment:

- Statutory redundancy
- Contractual or voluntary redundancy
- Payment of untaken annual leave
- Any payments made through a COT3 agreement (a settlement agreement that records the terms of settlement of an employment tribunal claim)
- Payments made as a result of an ill health retirement
- The non-working of notice period due to business reasons.
- Pension strain paid under LGPS Regulation 68(2) which results from a LGPS member's retirement benefits becoming immediately payable without reduction under Regulation 30(7), or under Regulation 30(6) where the employer has waived the reduction under Regulation 30(8). This relates to the strain costs incurred by employers when a member takes early retirement on the grounds of redundancy or business efficiency. Or where a member takes flexible retirement, and an employer decides to waive any reductions.

The following payments, however, would form part of a special severance payment:

- Any payments made under a settlement agreement which will discontinue legal proceedings without admission of fault
- The value of any employee benefits / allowances which continue beyond the agreed exit date
- Write off of any loans or hardship payments
- Any honorarium or hardship payments

- Costs incurred due to re-training or outplacement services relating to termination of employment
- Pay or compensation in lieu of notice where the amount is greater than the amount due
- Pension strain payments arising from employer discretions to enhance standard pension benefits (for example under Regulation 30(5) where the employer has waived the reduction under Regulation 30(8) or because of the award of additional pension under Regulation 31). Regulation 30(5) refers to members who are aged 55 or over and voluntarily elect to draw their retirement benefits, and accept any actuarial reductions applied to these benefits. Under this Regulation an employer can decide to waive in whole or part any reduction and cover the costs incurred. This is a mandatory requirement. Under Regulation 31, an employer can award additional annual pension to a member.

In considering whether it is appropriate to make a special severance payment the Authority must consider if the payment is a proper use of public money. Payments should be consistent with the Public Sector Equality Duty under the Equality Act 2010.

Consideration should be given to:

- Economy – there should be an economic rationale behind the proposal which considers if the individual can be exited at a lower cost, public perception, could there be a better alternative use of the money and any potential of setting a precedent.
- Efficiency and effectiveness – ensure that these payments are not avoiding management action, consider chances of legal success balanced against cost to take case to court and ensures that the payments are in line with public sector practice.

The approval process for special severance payments will be:

- Payments of £100k and above must be approved by the Authority
- £20k to £100k must be approved by the Chair of the Authority and the Chief Executive
- Less than £20k can be approved in line with the Officers Scheme of Delegations.

To avoid conflict of interest it is expected that the payment will be approved by at least two independent persons. In the case of all severance payments, it will be part of the Authority's S151 Officer, and where appropriate, the Monitoring Officer responsibility, to monitor and justify special severance payments made by the Authority.

There will be an annual collection of data relating to exit payments by the Department of Levelling up, Housing and Communities and this data will be published into official statistics through the gov.uk website.

By: Chief Executive

To: Kent and Medway Fire and Rescue Authority – 20 February 2024

Subject: DISCIPLINARY POLICY FOR DEALING WITH AN ALLEGATION  
OF MISCONDUCT BY A SENIOR OFFICER

Classification: Unrestricted

## FOR DECISION

### SUMMARY

Senior management are expected to set the tone for their organisation meaning they are responsible for maintaining the highest standards, that is no different for Kent and Medway Fire and Rescue Authority (KMFRA). The Authority has not previously had a Disciplinary Policy that is specifically aligned to Senior Officers or Statutory Officers, which is defined as the Chief Executive, a member of the Corporate Management Board team (including Section 151 Officer) and the Monitoring Officer, but instead a Policy which supports managing conduct and performance for all employees irrespective of role or level of seniority.

By introducing a standalone Disciplinary Policy for Senior Officers, which also encompasses the roles of Statutory Officers, will mean that changes need to be made to the Authority's constitutional documents in line with current legislation.

Members are therefore requested to approve the new Disciplinary Policy for Senior Officers (defined as the Chief Executive, a member of the Corporate Management Board team (including Section 151 Officer) and Monitoring Officer within this report) and associated changes to the relevant constitutional documents.

### RECOMMENDATIONS

Members are requested to:

1. Approve the new Disciplinary Policy for Senior Officers and Statutory Officers as attached at **Appendix 1** to this report.
2. Approve the name change of the Senior Officer Appointment and Conditions Committee to **Senior Officer Appointment, Conditions and Conduct Committee (SOACC)**.

LEAD/CONTACT OFFICER: Assistant Director, HR & Culture – Lyndsey Jell /  
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BACKGROUND PAPERS:

3. Approve the revised Terms of Reference for Senior Officer Appointment, Conditions and Conduct Committee (SOACC) as attached at **Appendix 2** to this report.
4. Approve the changes to the Authority's Standing Orders to reflect the procedure for dealing with allegations of misconduct against a Senior Officer, as attached at **Appendix 3** to this report.
5. Approve the revised Terms of Reference for Hearings Panel to reflect the procedure for dealing with allegations of misconduct against a Senior Officer as attached at **Appendix 4** to this report.



## COMMENTS

### Background

1. Senior management are expected to set the tone for their organisation meaning they are responsible for maintaining the highest standards, that is no different for Kent and Medway Fire and Rescue Authority (KMFR). The Authority has not previously had a Disciplinary Policy that is specifically aligned to its Senior Officers or Statutory Officers, which is defined as the Chief Executive, a member of the Corporate Management Board team (including Section 151 Officer) and Monitoring Officer but instead a Policy which supports managing conduct and performance for all employees irrespective of role or level of seniority.
2. To support and promote ethical behaviour inside and outside of the Authority, there is already in place a Code of Ethical Conduct and a Code of Ethics for Senior Managers. The values and behaviours that all colleagues are required to uphold are set out within the Code of Ethical Conduct and are based on the Seven Principles of Public Life (also known as the Nolan Principles). The Code of Ethics for Senior Managers sets out the expectations of Senior Managers to lead by example and demonstrate high level of conduct to which the Code implies. Both of these Codes are signed by employees as part of their contract of employment.
3. To further enhance the Authority's commitment to continually improve standards, accountability and behaviour, it is now proposed to introduce a Disciplinary Policy that is specifically aligned with the higher level of responsibility and associated expectations that would be required of either the Chief Executive, a member of the Corporate Management Board or one of the Authority's Statutory Officers. The implementation of this new Policy will provide the Authority with the appropriate mechanisms to manage any misconduct and under performance issues that may arise at a senior level. This Policy will be used for any circumstance in which the use of suspension, carrying out investigations, disciplinary actions including dismissals, and appeals of these post-holders regardless of whether the issue in question relates to their substantive post of Statutory Officer role.
4. The Policy has been developed by taking in to account the requirements of the Local Authorities Standing Orders (England) Regulations 2001 and as amended by the Local Authorities Standing Orders (England) (Amendment) Regulations 2015. It also embodies The National Salary Framework and Conditions of Service Handbook for Local Authority Chief Executives. As such there is a need for amendments to be made to the Authority's constitutional documents in order to reflect the regulations and the process which will be undertaken should a misconduct issue come to light.
5. The new Disciplinary Policy for dealing with allegations of misconduct of a Senior Officer is attached at **Appendix 1** for Members' consideration.

## Senior Officer Appointment and Conditions Committee

6. The Senior Officer Appointment and Conditions Committee would normally deal with the terms and conditions of employment, including the remuneration framework for Gold Book Officers (the Chief Executive and Director level). It is logical for this Committee to also facilitate the process for any misconduct issues that may arise from those Senior Officers and the Authority's Statutory Officers as set out in the new Disciplinary Policy.
7. As it is not within the remit of the SOAC Committee to agree any changes to its terms of reference nor any name change, it is therefore proposed by SOAC Members, following recent consultation with them, that the name of the Senior Officer Appointment and Conditions Committee (SOAC) be changed to the **Senior Officer Appointment, Conditions and Conduct Committee (SOACC)**.
8. It is also proposed that the terms of reference for the SOACC Committee is amended to reflect the introduction of the process which will be followed should there be any allegation of misconduct as detailed within the Policy. The revised terms of reference for the SOACC Committee are attached at **Appendix 2** for Members' consideration.
9. In light of the changes required to the SOACC Committee, it has also been necessary to make subsequent changes to the Authority's Standing Orders and the Hearings Panel Terms of Reference to reflect the new disciplinary process for Senior Officers. Therefore, the revised changes to the Authority's Standing Orders are attached at **Appendix 3** and the revised Hearings Panel Terms of Reference is attached at **Appendix 4**, both for Members consideration.

## IMPACT ASSESSMENT

10. There are no resource implications or other impacts.

## RECOMMENDATIONS

11. Members are requested to:
  - 11.1 Approve the new Disciplinary Policy for Senior Officers as attached at **Appendix 1** to this report.
  - 11.2 Approve the name change of the Senior Officer Appointment and Conditions Committee to **Senior Officer Appointment, Conditions and Conduct Committee (SOACC)**.
  - 11.3 Approve the revised Terms of Reference for Senior Officer Appointment, Conditions and Conduct Committee (SOACC) as attached at **Appendix 2** to this report.

- 11.4 Approve the changes to the Authority's Standing Orders to reflect the procedure for dealing with allegations of misconduct against a Senior Officer, as attached at **Appendix 3** to this report.
- 11.5 Approve the revised Terms of Reference for Hearings Panel to reflect the procedure for dealing with allegations of misconduct against a Senior Officer, as attached at **Appendix 4** to this report.

# People and Learning



## Disciplinary Policy For Dealing with an Allegation of Misconduct by a Senior Officer

Author	Paul Neal		Head of HR
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### Introduction

1. This procedure provides a fair and consistent process for dealing with disciplinary allegations against employees at a senior level. This procedure applies to the following roles:
  - a. Chief Executive / Chief Fire Officer
  - b. Director of Finance /Section 151 Officer
  - c. Director
  - d. Assistant Director
  - e. Monitoring Officer
2. This runs in line with:
  - a. The Local Authorities Standing Orders (England) Regulations 2001 and the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015
  - b. The National Salary Framework & Conditions of Service Handbook for Local Authority Chief Executives.
3. The disciplinary policy should be followed and referred to unless otherwise mentioned here.

### Informal stage

4. If an allegation of a disciplinary nature is raised against an employee referred to in section 1, then this policy will apply.
5. The direct line manager will initially fact find and identify whether an allegation requires further investigation. They will do this in conversation with the Assistant Director HR & Culture and the Chief Executive. If either of these two roles are the alleged or there are issues of objectivity another member of the team or an independent person of appropriate seniority will be involved. The line manager should decide whether the allegation:
  - a. Requires no further action.
  - b. Can be resolved via local informal action.
  - c. Should be referred to a formal investigation.

The Chair of the Authority will be informed of allegations made against any employee to whom this procedure applies.

6. The thresholds for referral to a formal investigation are:
  - a. There is sufficient evidence to support the allegation that requires further investigation.
  - b. Should the allegations be upheld, it would lead to either dismissal or a formal warning.

## Formal Stage

7. Ordinarily, the Chief Executive will be the Commissioning Officer for an investigation into any alleged misconduct which requires intervention at the formal stage under this policy. They will be supported (where appropriate) by the Assistant Director of HR & Culture or an externally appointed senior HR adviser in an advisory capacity. If there are grounds to believe that the Chief Executive had some involvement in the misconduct; or it would be inappropriate for the Chief Executive to be the Commissioning Officer, a Chief Executive of another fire and rescue authority will be appointed as Commissioning Officer.
8. The Commissioning Officer shall appoint an external investigator to investigate the matter unless the Commissioning Officer is satisfied that the matter can fairly be investigated by an internal officer. The Commissioning Officer will provide the initial evidence to the investigator and agree the terms of reference with the investigator. The investigation will proceed in accordance with the disciplinary policy.
9. The investigator will report their findings to the Commissioning Officer in accordance with the disciplinary policy with a recommendation as to whether there is a case to answer or not.
10. During the disciplinary process the Commissioning Officer may recommend the suspension of the person under investigation under this procedure. An employee should only be suspended where suspension is considered to be necessary and follows the risk assessment process; suspension should be used for as little a time as possible and should be regularly reviewed. The suspension guidance in the disciplinary policy should be followed.
11. After the external investigation is concluded the investigating officer shall report back to the Commissioning Officer and shall produce an Investigation Report. If the Investigation Report concludes that there is a case to answer, the Commissioning Officer shall, as quickly as possible, arrange for a Hearing before a Hearing Panel.

### *Assistant Director and Directors with the exclusion of the Director of Finance*

12. The Hearing Panel shall consist of three people including the Chief Executive and two external independent people. Where there is no requirement to appoint "relevant independent persons" the designated independent person appointed to the Panel can be nominated in agreement with the Chair of the Authority. It would be

appropriate for the designated independent person to be a Chief Executive or holder of an equivalent post from Kent Police, Kent County Council, another Fire & Rescue Service or NFCC.

There will also be an HR advisor and/or legal advisor from another organisation. For the purposes of this procedure a “relevant independent person” means a person whose identity falls within the meaning of section 28(7) of the Localism Act 2011.

*Chief Executive and Director of Finance and Customer Services Roles.*

The Hearing Panel shall consist of three Members of the Authority including the Vice-Chair of the Authority or other senior member (if appropriate). In cases involving disciplinary action against the Chief Executive or the Director of Finance and Customer Services where dismissal is a possible outcome, the Hearing Panel must also consist of at least two “relevant independent persons”. Where dismissal is not a possible outcome the Hearing Panel must also consist of one “relevant independent person”. In all cases the Hearing Panel should be supported by an external senior HR advisor/or legal advisor. (Appendix 10 – disciplinary hearing levels of authority). For the purposes of this procedure a “relevant independent person” means a person whose identity falls within the meaning of section 28(7) of the Localism Act 2011.

13. All parties present at the Hearing Panel may present, oral evidence, documentary evidence and witness evidence. The parties to the hearing may question each other or their witnesses. The Hearing Panel may ask questions of anyone present at any time. Parties are not entitled to legal representation save in exceptional circumstances which must be agreed by the Hearing Panel Chair in advance.
14. Following the hearing, the Hearing Panel must make findings as follows. In the case of a hearing relating to allegations against the Chief Executive or the Director of Finance and Customer Services if the Hearing Panel finds no misconduct or misconduct falling short of dismissal it must make a decision to that effect. If, however, the Hearing Panel takes the view that dismissal is the appropriate sanction they may only make a recommendation. In the case of a hearing relating to allegations against any other employee covered by this procedure the Hearing Panel must make a decision relating to the misconduct alleged. In all cases the decision/recommendation could be, but is not limited to:
  - a. Take no further action.
  - b. Recommend informal resolution or other appropriate action.
  - c. Refer for further investigation.
  - d. Disciplinary action short of dismissal (e.g., warning up to and including final written warning).
  - e. Dismissal.

The Hearing Panel must then produce a letter containing a summary of the hearing and the decision or recommendation arising from the hearing. This letter is referred to in the remainder of this procedure as the Notice of Sanction.

The Notice of Sanction must also clearly state to whom any appeal must be made, must contain a postal or e-mail address for that person and must confirm the time limit for lodging an appeal. The Notice of Sanction will be deemed to have been received by the employee the day after it is sent, if it is sent by e-mail to the employee's private e-mail address and will be deemed to have been received by the employee two clear days (excluding Saturdays, Sundays and Bank Holidays which will not be regarded as clear days) from the date of posting if sent by first class post or by recorded or special delivery.

## **Appeals against Dismissal or other Disciplinary action short of Dismissal**

15. The ACAS Code of Practice recommends that an employee who is dismissed or is subject to disciplinary action short of dismissal is provided with the opportunity to appeal against the decision.
16. Appeals heard under this procedure are considered by the Senior Officers Appointments, Conditions and Conduct Committee (SOACC), with the support of an external HR and/or legal adviser not previously involved in the case.
17. In cases involving an appeal against the Chief Executive or the Director of Finance and Customer Services against a recommendation to dismiss the panel must also consist of at least two relevant independent persons (who should not be the same persons who were party of the decision to make the recommendation to dismiss). The Chair of the Authority will chair the Appeal meeting.
18. The employee's appeal to SOACC must be received by SOACC within 7 calendar days of the date upon which the employee is deemed to have received the Notice of Sanction. The employee's notice of an appeal must be in writing to the Chair of SOACC and should clearly specify one or more grounds of appeal such as:
  - a. There was a defect in the procedure.
  - b. The external investigators report being inaccurate or incomplete.
  - c. The issue is not proven on the balance of probabilities.
  - d. The disciplinary sanction was too severe.
  - e. New evidence has come to light since the hearing which will have an impact on the decision.
19. In addition to the employee's grounds of appeal SOACC will consider, the Notice of Sanction, the Investigation Report and any other relevant information considered by the Hearing Panel. The employee will have the opportunity to appear at the SOACC meeting and present their case. Witnesses will not normally be allowed at this stage but may be allowed at the discretion of SOACC. Parties are not entitled to legal representation save in exceptional circumstances which must be agreed by the Chair of SOACC in advance.
20. Following the appeal hearing SOACC will decide upon one of the following outcomes:

- a. To reject the appeal and confirm the Hearing Panel's decision.
- b. To allow the appeal in part and impose alternative sanction short of dismissal.
- c. To allow the appeal and take no further action against the employee.
- d. Where SOACC rejects the appeal of the Chief Executive or the Director of Finance and Customer Services, against a recommendation to dismiss, it must make a recommendation to dismiss to the Kent and Medway Fire and Rescue Authority. The recommendation must contain:
  - (a) any advice, views or recommendations of SOACC.
  - (b) the conclusions of any investigation into the proposed dismissal; and
  - (c) any representations from the employee.

Any recommendation to dismiss made under this paragraph must be sent to the Authority within 5 working days of the appeal hearing. A copy of the recommendation must be sent to the employee within the same timeframe.

The decision of SOACC is final (and with no further scope for appeal) for all disciplinary matters save for the dismissal of the Chief Executive or the Director of Finance and Customer Services. In all cases not relating to a recommendation to dismiss the Chief Executive or the Director of Finance and Customer Services SOACC should send a letter containing a summary of the hearing and its decision to the employee as soon as possible, but no later than 5 working days from the date of the conclusion of the appeal hearing.

## **Full Authority**

- 21. Where a report is received by the Full Authority from SOACC recommending the dismissal of the Chief Executive or the Director of Finance and Customer Services containing the requirements listed in clause 209(d) above; the Full Authority must then consider the report, and vote upon whether to uphold the recommendation to dismiss. If the Authority decides that dismissal is not appropriate it may vote upon imposing a disciplinary sanction short of dismissal or may vote upon imposing no sanction.



## Appendix 10 – Disciplinary Hearing Levels of Authority

This table shows the level of manager required at each level of disciplinary hearing. It is illustrative and not exhaustive.

Role	Informal Stage	Misconduct Level 1 meeting	Serious Misconduct Level 2 hearing	Gross Misconduct Level 3 hearing	Appeal
Firefighter Crew Manager	Direct line manager	Station Manager / Equivalent Customer Team Colleague	Group Manager / Equivalent Customer Team Colleague	Area Manager / Equivalent Customer Team Colleague	A senior manager not previously involved in the disciplinary hearing.
Station Leader/ Watch Manager		Station Manager / Equivalent Customer Team Colleague	Group Manager / Equivalent Customer Team Colleague	Area Manager / Equivalent Customer Team Colleague	
Station Manager		Group Manager / Equivalent Customer Team Colleague	Group Manager / Equivalent Customer Team Colleague	Area Manager / Equivalent Customer Team Colleague	
Group Manager and above		Area Manager / Equivalent Customer Team Colleague	Area Manager / Equivalent Customer Team Colleague	AD (Assistant Director) / Director	

Corporate Teams Customer Engagement and Safety Teams		Line Manager / Equivalent Grey Book Colleague	Head of Department / Equivalent Grey Book Colleague	Senior Manager, AD or Director / Equivalent Grey Book Colleague	Senior Officers Appointments and Conduct Committee
Assistant Director		Commissioning Officer	Member Hearing Panel	Member Hearing Panel	
Director		Commissioning Officer	Member Hearing Panel	Member Hearing Panel	
Chief Executive, Head of Paid Service, Chief Finance Officer and Monitoring Officer.		Commissioning Officer	Member Hearing Panel	Member Hearing Panel	

Each level of the disciplinary hearing will be supported by a member of the Employee Relations Team. The exception to this will be cases of Gross Misconduct involving Group Managers and above, and appeal hearings against Gross Misconduct, which will be supported by the Head of HR, Assistant Director, HR and Culture or an external HR representative where the previous examples would be inappropriate.

<b>Document Audit Information</b>	
<b>Senior Officer Accountable</b>	Paul Neal
<b>Authorised by</b>	Ann Millington
<b>Direct enquiries to</b>	Paul Neal
<b>Date Implemented and agreed by Authority</b>	February 2024
<b>Review by</b>	November 2026
<b>Amendments required to</b>	
<b>Related documents [if any]</b>	<ul style="list-style-type: none"> <li>• Disciplinary Policy</li> </ul>
<b>Replaced documents</b>	None
<b>Security classification</b>	None
<b>Version No</b>	1.0
<b>Version change summary</b>	1.0 – 30/10/22 – Document Creation

**KENT AND MEDWAY FIRE AND RESCUE AUTHORITY**  
**SENIOR OFFICER APPOINTMENT, CONDITIONS AND CONDUCT COMMITTEE**  
**(SOACC)**

**TERMS OF REFERENCE**

1. To consider and make decisions on behalf of the Authority, as they affect Gold Book Officers (Chief Executive and Directors), on the following:
  - a) terms and conditions of employment, including remuneration framework
  - b) selection and appointment process
2. To consider and make decisions on behalf of the Authority on the performance of the Chief Executive and act as “grandparent” to the Directors.
3. To agree the establishment of a Hearings Panel to consider any cases referred to it under the Authority’s Disciplinary Policy for Senior Officers. The Hearings Panel will consist of three Members of the Authority, including the Vice-Chair of the Authority and support from either an external HR advisor or legal advisor or both, where appropriate.
4. To review and consider any appeals referred to it against the dismissal of the Chief Executive, a member of the Corporate Management Board or one of the Authority’s Statutory Officers as outlined in the Authority’s Disciplinary Policy for Senior Officers.

*In accordance with Standing Order 2.6 and 2.8 the SOACC Committee will be chaired by the Chair of the Authority.*

*In accordance with Standing Order 2.7 the Hearings Panel will be chaired by the Vice-Chair of the Authority.*

## **KENT AND MEDWAY FIRE AND RESCUE AUTHORITY**

### **STANDING ORDERS**

#### **1. PREAMBLE**

- 1.1 The Authority is constituted under the Kent Fire Services (Combination Scheme) Order 1997. The Order requires that a maximum of 25 Members of the Authority should be appointed by the two constituent authorities, Kent County Council and Medway Council, and in proportion to their respective local government electorates. In Kent and Medway this results in 21 Members being appointed by Kent County Council and 4 by Medway Council.
- 1.2 Members of the Authority are required to undertake to observe the provisions of the Authority's Code of Conduct for Members in the performance of their functions in that office.
- 1.3 The Kent Police and Crime Commissioner (KPCC), is appointed as a Member of the Authority as set out in the Combined Fire and Rescue Authorities (Membership and Allowances) (Amendment) Regulations 2020. The KPCC is a non-voting Member and is not subject to the rules of proportionality.

#### **2. ORGANISATION OF THE AUTHORITY**

- 2.1 The Authority shall normally meet three times a year, but additional meetings may be held as the Authority decides. Meetings shall normally be held at Kent Fire and Rescue Service Headquarters unless otherwise published.
- 2.2 The Authority may appoint Committees to carry out any aspect of its business except that the decisions on the annual budget and the amount of council tax to be charged each year shall only be taken at a full meeting of the Authority.
- 2.3 The Authority shall determine the size and political composition of its Committees and Panels, and Members shall be appointed to serve on these Committees and Panels by the Clerk, on the nomination of the appropriate political group(s).
- 2.4 Committees shall decide the time, date and place of their meetings.
- 2.5 Committees may not appoint Sub-Committees without the consent of the Authority.
- 2.6 All matters relating to the appointment and terms and conditions of the employment of the Chief Executive and Directors (Gold Book Officers) shall be dealt with by a Senior Officer Appointment, Conditions and Conduct (SOACC) Committee, whose

chair shall be the Chair of the Authority.

- 2.7 Any allegation of gross misconduct by either the Chief Executive, a member of Corporate Management Board (including Section 151 Officer) or Monitoring Officer, shall be dealt with by a Hearings Panel, whose chair will be the Vice-Chair of the Authority. The Panel will comprise of Members who have had no previous involvement with the case concerned as decided by the Senior Officer Appointment, Conditions and Conduct Committee.
- 2.8 Any appeal against a finding of gross misconduct by either the Chief Executive, a member of Corporate Management Board (including the Section 151 Officer) or Monitoring Officer, shall be dealt with by the Senior Officer Appointment, Conditions and Conduct Committee, whose chair shall be the Chair of the Authority.
- 2.9 A vacancy in an office of Chair or Vice-Chair of the Authority or one of its Committees shall be filled at the next meeting of the body concerned.
- 2.10 The Chair, or in his or her absence, the Vice-Chair, of the Authority shall preside at all meetings of the Authority.
- 2.11 If both the Chair and Vice-Chair are absent from a meeting of the Authority, then a Chair for the meeting shall be elected from those Members present.
- 2.12 If both the Chair and Vice-Chair of a Committee are absent from a meeting of the Committee then a Chair for the meeting shall be elected from those Members present.
- 2.13 The quorum for a meeting of the Authority shall be one-third of the total number of Members including at least one Member from each of the constituent authorities. The quorum for a meeting of a Committee shall be one half, or in the case of a Committee comprising an odd number, the nearest whole number above one half of the appointed Members.
- 2.14 Any Member of the Authority may attend any meeting of a committee except that a Committee considering an item of business that is exempt because it relates to the personal affairs of an individual employee, or past or prospective employee, may resolve to exclude Members other than Members of that Committee.
- 2.15 Members exercising their right to attend a meeting under Standing Order 2.14, shall not be entitled to vote and may speak only with the permission of the Chair.
- 2.16 Members of Committees may appoint substitutes to attend Committee meetings in their place in accordance with a scheme approved by the Authority. Substitutes are not permitted at full Authority meetings.

- 2.17 All meetings of the Authority and its Committees shall be convened by the Clerk or their representative, who shall issue the official documents for Members' consideration. The documents shall normally be dispatched to Members at least five working days before the meeting.
- 2.18 Any Member of the Authority wishing to include an item on the agenda for a meeting must give notice of it to the Clerk ten days before the meeting. Items must be relevant to the functions of the Authority.
- 2.19 Business that is not specified in the agenda for a meeting may not be introduced without the consent of the Chair. Where the Chair decides that there are special circumstances, an item of business not included on the agenda may be considered as a matter of urgency as long as the reason is specified at the time and in the Minutes.
- 2.20 All Members who attend a meeting of the Authority or a Committee shall sign their names in the attendance record for the meeting or otherwise ensure that their attendance is recorded by the Clerk.

### **3. MOTIONS**

- 3.1 Motions and amendments shall be formally proposed and seconded. They must be worded so that the meeting, if it agrees, can pass them as valid resolutions. If they are not, then the Chair shall rule them out of order.
- a) Motions shall be relevant to the item of business under discussion. They must not seek to rescind in whole or in part any resolution passed within the previous six months.
  - b) This Standing Order shall not preclude the Chair of the meeting from proposing a motion nor the Chief Executive, Clerk or Treasurer from recommending decisions made necessary by changed circumstances since a previous decision was taken.
- 3.2 If requested by the Chair, the proposer of a motion or amendment must give a written copy of it to the Clerk.
- 3.3 A proposer may withdraw or change a motion or amendment, provided this is agreed by the seconder at the meeting and the meeting consents. A motion may not be withdrawn or changed while a proposed amendment is undecided.
- 3.4 During the debate of a motion or amendment no other substantive motion may be put.

3.5 No amendment shall be proceeded with: -

- a) Unless it is relevant to, and consistent with, the motion on which it is moved.
- b) If it would result in the introduction of a new subject or subjects.
- c) If it would effectively negate the motion before the meeting.
- d) If it would have the effect of rescinding a previous resolution.
- e) If the proposer of the original motion has exercised his or her right of reply.

3.6 If an amendment is rejected, further amendments may be proposed on the original motion.

3.7 If an amendment is carried, it shall take the place of the original motion and become the substantive motion. This revised motion may be subject to proposals for further amendment provided that they do not revive the original motion.

3.8 No further proposals for amendments shall be permitted if an amendment is already before the meeting but has not been dealt with.

3.9 If an amendment is not carried, and there are no further amendments, the substantive motion shall be put to the meeting.

3.10 Members shall speak no more than once on any report, motion or amendment unless invited to do so by the Chair or unless they wish to: -

- a) Speak on a point of order, which is a suggestion that a provision of these standing orders or of the law governing the Authority's proceedings is being breached.
- b) Make a personal explanation.
- c) Propose or second, without further speaking, that the press and public be excluded from the meeting during consideration of the item of business.
- d) Exercise a right of reply. (Note: The right of reply does not give the proposer of a motion the right to speak more than once on each amendment).



3.11 The seconder of a motion or an amendment may reserve their speech until later in the debate on that motion or amendment provided, they declare their intention to do so. This right lapses if not claimed before the reply by the proposer of the motion.

3.12 The following shall apply: -

- a) Any Member, except the proposer or seconder or a Member who has already spoken on a motion or amendment under consideration, may move that “the question now be put” or that consideration be deferred.
- b) No debate is permitted on a motion that “the question now be put”. Once proposed and seconded the Chair must put it to the vote immediately.
- c) If a motion that consideration be deferred is proposed and seconded, a Member who has seconded the motion or amendment under discussion and who has reserved their speech may speak; the proposer of the motion may then speak to the motion to defer. No other Member may speak and the Chair must then put the deferral motion to the vote.
- d) If a motion “that the question now be put” is carried, a Member who has seconded a motion or amendment under discussion but who has reserved his or her speech may speak; the proposer of the motion may then exercise his or her right of reply. No other Member may speak and the Chair must then put the motion or amendment to the vote.

3.13 If a motion is amended, the proposer of the successful amendment shall not have a right of reply.

3.14 A Member who proposes a motion shall have a right of reply at the end of the debate on each amendment and immediately before the motion is put to the vote. In exercising that right of reply, the Member may only comment on points made during the debate. (Note: The proposer of an amendment to a motion does not have a right of reply to the debate on the amendment).

## **4 DECISIONS AND VOTING**

4.1 A decision may be taken by consensus, the Chair stating his or her understanding of the consensus of the meeting. If any Member requests, the question shall be decided by a show of hands by a majority of voting Members present. Immediately after a vote has been taken any Member

may ask that the way he or she voted shall be recorded in the Minutes. If one-third of the Members present so request, the way all Members voted shall be recorded.

- 4.2 If the votes for and against are equal, the Chair shall have a second or casting vote.

## **5 CONDUCT AT MEETINGS**

- 5.1 Members shall recognise the authority of the Chair for the conduct of the meeting.

- 5.2 Members shall address the Chair when speaking. Speeches must be relevant to the matter under discussion.

- 5.3 The Chair may call a Member to order and direct him or her to stop speaking if the Chair considers that Member's behaviour to be unacceptable.

- 5.4 If a Member disregards the authority or ruling of the Chair, the Chair may propose "that the Member (named) leave the meeting". The motion must be seconded by another Member and put to the vote without discussion. If it is carried, the named Member must immediately leave the room.

- 5.5 If a Member of the public interrupts a meeting, or otherwise behaves improperly or offensively, the Chair may, as he or she thinks fit, request that person to leave the meeting room and, if necessary, order his or her removal. In the event of a general disturbance, the Chair may direct that the public be excluded from the meeting room. Nobody so removed or excluded will be permitted to return to the meeting.

- 5.6 No matter relating to a particular officer or employee of the Authority shall be discussed at a meeting of the Authority or a Committee until the meeting has decided whether or not to exclude the press and public under Section 100(A) of the Local Government Act 1972.

- 5.7 Reporting on or recording of a public meeting of the Authority or Committee by members of the press or public is allowed, provided it is done in accordance with the Authority's Regulations on the Rights of the Public to Report on Meetings (*published on the Authority's website*).

- 5.8 The Chair's ruling on the interpretation and application of these Standing Orders at meetings is final. This includes a ruling on any point of order or

explanation.

## **6 INTERESTS**

- 6.1 If any Member has a Disclosable Pecuniary Interest (as defined in the statutory Regulations made under the Localism Act 2011) or an Other Significant Interest (as defined by the Authority's Code of Conduct for Members) in any matter being considered at a meeting of the Authority or one of its Committees or Panels, they must act in accordance with the requirements of the Code of Conduct.
- 6.2 Where a Member is present at a meeting of the Authority or one of its Committees or Panels, and has a Disclosable Pecuniary Interest or Other Significant Interest in any matter being considered at that meeting, they must withdraw from the meeting room while the matter is being discussed or voted upon, unless: -
- a) a dispensation for the Member concerned in respect of the interest is in effect.
  - b) the Member has only an other significant interest in a matter and wishes to make representations, answer questions or give evidence on that matter at the meeting in accordance with the Code of Conduct.

## **7 ACCESS TO DOCUMENTS**

- 7.1 No Member may disclose to a third party any Authority business or document which is exempt or confidential.
- 7.2 Members have a right to see such documents as are reasonably necessary to enable them to carry out their duties as Members of the Authority on a "need to know" basis so long as they have no improper or extraneous intentions in so doing.
- 7.3 Where a Member has asked to see any document and the request has been refused they should seek advice on their right of access from the Clerk. If the matter cannot be resolved the Clerk will report to the Authority.
- 7.4 No Member shall ask to inspect any document which relates to a matter in which they have a personal or prejudicial interest.

## **8 VALIDATION OF DOCUMENTS**

- 8.1 The Common Seal of the Authority shall be affixed (and witnessed) to any document that requires to be sealed for the purpose of the transaction of the Authority's business only if it has been authorised by resolution of the Authority, or by the exercise of a function delegated to the Chief Executive, Clerk or Treasurer of the Authority. The affixing of the Common Seal will be attested by the Chief Executive, Monitoring Officer, Clerk or Treasurer or some other person authorised by them, provided that in any transaction relating to land to which The Regulatory Reform (Execution of Deeds and Documents) Order 2005 applies, the Common Seal shall be attested by a Member of the Authority and an authorised signatory.
- 8.2 The Chief Executive, Clerk or Treasurer or any other officer duly authorised in writing by them may sign any agreement or other document not required to be executed under Seal, provided the matter has been approved by the Authority or an employee exercising a function delegated to the Chief Executive, Clerk or Treasurer.

## **9 SUSPENSION OF STANDING ORDERS**

- 9.1 The Authority or a Committee may suspend any of these Standing Orders relating to the procedure to be followed in considering any specific item of business; any such suspension to be the subject of a motion put to a formal vote of the body concerned.

*Adopted by Resolution of the Authority on 15 December 1997 and amended by the Authority on **20 February 2024***

## KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

### HEARINGS PANEL

#### TERMS OF REFERENCE

1. To consider and make decisions, where it is appropriate, on behalf of the Authority on:
  - a) Any allegation of misconduct referred to it under the Authority's Disciplinary Policy for Senior Officers.
  - (b) Appeals under the Firefighters' Pension Scheme and the New Firefighters' Pension Scheme.
  - c) Appeals on matters that are the subject of collective negotiation.
  - d) Allegations that a Member has breached the Authority's Code of Conduct (following investigation in accordance with the Authority's Arrangements for Dealing with Code of Conduct Complaints under the Localism Act 2011).

*The Hearings Panel will be chaired by the Vice-Chair of the Authority in accordance with 2.7 of the Authority's Standing Orders.*

*Membership of the Hearings Panel is not fixed and can vary from Panel to Panel depending on the reasons for which it is convened. Representation on the Panel will be nominated by the relevant party Group Leader.*

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By: Clerk to the Authority

To: Kent and Medway Fire and Rescue Authority – 20 February 2024

Subject: MEMBERS ALLOWANCES SCHEME 2024/25

Classification: Unrestricted

## **FOR DECISION**

### **SUMMARY**

This report proposes formal adoption of the Member Allowances Scheme for 2024/25.

### **RECOMMENDATION**

Members are requested to:

1. Agree to re-adopt for 2024/25 the existing Members' Allowances Scheme as set out in **Appendix 1** to this report (paragraph 2 refers).

LEAD/CONTACT OFFICER: Clerk to the Authority - Marie Curry  
TELEPHONE NUMBER: 01622 692121 Ext 8291  
EMAIL: marie.curry@kent.fire-uk.org  
BACKGROUND PAPERS:

## COMMENTS

### Background

1. It is a requirement of The Local Authorities (Members' Allowances) (England) Regulations 2003 that every local authority must formally adopt a new Members' Allowances Scheme each year.

### Members' Allowances Scheme

2. The Authority last agreed a review of its Members' Allowances Scheme in February 2023 where it was agreed to adopt the new scheme to cover the whole of the four-year period from 1 April 2022 to 31 March 2026. At this time there are no major changes proposed to the Scheme for 2024/25 with the exception of any inflationary increases in line with the annual pay award to the Authority's 'Green Book' (non-uniformed) staff. The existing Scheme is attached for Members' approval at **Appendix 1**.

## IMPACT ASSESSMENT

3. As no changes are proposed to the Members' Allowances Scheme, there are no new resource implications, and payments under the current Scheme have been taken into account in the proposals for the Authority's budget for 2024/25.

## RECOMMENDATION

4. Members are requested to:
  - 4.1 Formally re-adopt for 2024/25 the existing Members' Allowances Scheme as set out in **Appendix 1** (paragraph 2 refers).



# **KENT AND MEDWAY FIRE AND RESCUE AUTHORITY**

## **SCHEME OF MEMBERS' ALLOWANCES PAYABLE FROM 1 APRIL 2022 TO 31 MARCH 2026**

**Basic Allowance:** £1,629.74 per annum (subject to any annual inflationary increases)

### **Notes**

- (1) Payable to all Authority Members to cover their time commitment on KMFRA duties and any miscellaneous expenses incurred in pursuit of KMFRA business such as office equipment, stationery, and day-to-day subsistence.
- (2) Members must serve 14 consecutive days on the Authority before they become eligible to receive Basic Allowance. For those who meet that requirement the allowance will be backdated to the date of their appointment.

**Special Responsibility Allowances (SRAs)** (subject to any annual inflationary increases)

<b>Post-holder</b>	<b>% of Chairman</b>	<b>Allowance (per annum) £</b>
Chair of the Authority	100	£23,002
Vice-Chair of the Authority	40	£10,178
Opposition Group Leader	30	£8,041 plus £300 for every Member above two.

### **Notes:**

- (1) Members may only receive one SRA at any one time no matter how many offices within the KMFRA that Member may hold.
- (2) Basic Allowance and SRAs will be increased by the same percentage, and on the same dates, as the annual pay award to the Authority's 'Green Book' (non-uniformed) staff.
- (3) Allowances may be rounded up or down where necessary for payment purposes.

## **Travel and Subsistence Allowances**

### **Members' Private Vehicles**

Mileage is reimbursed at Her Majesty's Revenue and Customs (HMRC) approved rates. At the date of approval of this scheme these rates were:

Cars:	45p per mile for the first 10,000 miles per annum and 25p thereafter (with an additional 5p per mile for journeys where another Member is carried as a passenger on official business)
Motorcycles:	24p per mile
Bicycles:	20p per mile

### **Public Transport**

Rail (standard class only), bus and taxi (where no other means of transport available) fares reimbursed as incurred, subject to tickets/ receipts being submitted wherever possible.

### **Eligible Duties for Claiming Travel Allowance**

- All official Authority meetings, and all Committee, Panel, etc meetings as a Member of that Committee, Panel, etc.
- Other meetings or events relating to the business of the Authority and authorised by the Authority or called by the Chief Executive or Clerk.
- Briefing sessions in respect of official Authority, Committee and Panel meetings attended by KMFRA office-holders in relation to the responsibilities for which they receive SRAs.
- Meetings of all outside bodies to which the Member is appointed by KMFRA, except where those bodies have their own expenses schemes.

### **Subsistence**

No allowance payable for day-to-day subsistence because an element for this has been included in the Basic Allowance. However, Members may claim direct reimbursement of actual expenditure incurred on non-routine subsistence, eg when away overnight on KMFRA business, subject to receipts being submitted.

### **General Notes**

- (1) Allowances are only payable for the period during which a Member holds office and Members may be required to refund any over-payments of allowances made to them.
- (2) Where a Member of the Authority is also a Member of another authority, that Member may not receive allowances from more than one authority in respect of the same duties.
- (3) Any Member may choose to forgo all or part of his or her entitlement to allowances by giving notice in writing to the Clerk.
- (4) Members' private vehicle mileage is reimbursed at the HMRC approved rates and will change automatically from time to time as those rates change.
- (5) Travel Allowances must be claimed before the end of the financial year in which they become payable, or within six months, whichever is the shorter.

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By: Chief Executive  
To: Kent and Medway Fire and Rescue Authority – 20 February 2024  
Subject: MONITORING OFFICER PROVISION  
Classification: Unrestricted

## **FOR DECISION**

### **SUMMARY**

It is a statutory requirement for Kent and Medway Fire and Rescue Authority (KMFRA) to appoint a Monitoring Officer to carry out the responsibilities set out under the Local Government and Housing Act 1989.

The Authority's current Monitoring Officer has advised that it will be his intention to stand down from this role with effect from 31 March 2024.

Although the Authority's Monitoring Officer provision has, for many years, either been appointed through Kent County Council (KCC), or Medway Council, it has become apparent in later years that the impact on resources for both Councils have affected their ability to now provide this Authority with its Monitoring Officer requirements.

This report seeks Members agreement to consider alternative options for a future provision of a Monitoring Officer for KMFRA with other local authorities.

### **RECOMMENDATION**

Members are requested to:

1. Agree that alternative arrangements are explored with other local authorities for a Monitoring Officer provision for KMFRA (paragraphs 3 to 5 refer).

LEAD/CONTACT OFFICER: Clerk to the Authority - Marie Curry  
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EMAIL: [marie.curry@kent.fire-uk.org](mailto:marie.curry@kent.fire-uk.org)  
BACKGROUND PAPERS:

## **COMMENTS**

### **Background**

1. It is a statutory requirement for Kent and Medway Fire and Rescue Authority (KMFRA) to appoint a Monitoring Officer to carry out the responsibilities set out under the Local Government and Housing Act 1989. The Monitoring Officer's responsibility is to ensure that the Authority, its Officers and Elected Members maintain the highest standards of conduct in all that they do.
2. The Authority's current Monitoring Officer is Bhupinder Gill who is the Assistant Director of Legal Services and Governance at Medway Council. Mr Gill has advised the Authority of his intention to stand down from this role with effect from 31 March 2024.
3. Given the statutory legislation placed on authorities to have a Monitoring Officer, it is essential that the Authority makes every effort to source an Officer responsible for its legal governance. The Clerk to the Authority has made initial contact with the Director of Mid Kent Improvement Partnership (MKIP) about the legal services they provide. The MKIP was formed in 2008 and involves Maidstone Borough Council, Swale Borough Council and Tunbridge Wells Borough Council. The services delivered through the partnership is called Mid Kent Services and they work in partnership together to improve service delivery across Kent. The partnership already has in place a Monitoring Officer provision which they share amongst themselves.
4. To build on the initial contact made with MKIP, a meeting has now been organised for Tuesday 13<sup>th</sup> February (the earliest opportunity for all parties) between our Clerk, our Director of Finance, the Director of MKIP and their Head of Legal Services to discuss the support required. The Chair of the Authority has been kept informed of the discussions so far.
5. As the meeting with MKIP would have taken place after this agenda pack has been printed and in the public domain, an update will be provided to Members on the outcome of those discussions when the Authority meets on 20<sup>th</sup> February.

### **IMPACT ASSESSMENT**

6. The cost of the contract with Medway Council currently is around £7k per annum (subject to a small annual increase in line with inflation), for which a budget provision already exists. No payments are made directly to the appointee by the Authority in respect of this work. Initial discussions with MKIP so far have been based on the same approximate cost.

## **RECOMMENDATION**

- 7. Members are requested to:
  - 7.1 Agree that alternative arrangements are explored with other local authorities for a Monitoring Officer provision for KMFRA (paragraphs 3 to 5 refer).

# **C1 Activity update**

## **Operational incident**

### **Building Safety prosecution**

February 2024

For further information please contact:

Mark Rist, Director - Response and Resilience

Jon Quin, Director - Prevention, Protection and Customer Engagement



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1. Response – Fire in mobility scooter, incident 123 - 01/10/2023  
Richmond Close, Chatham
2. Building Safety – Prosecution, Canterbury Masala Ltd



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# Response

## Fire in mobility scooter

Incident 123 – 01/10/2023 Richmond Close, Chatham



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First call: 23.22 hrs on 01/10/2023

Stop message: 00.34 hrs on 02/10/2023

Two revisits on 02/10 to undertake a thermal scan and monitor the condition of the scooter's lithium-ion batteries prior to their removal by the housing association.

### Attendance

Two fire engines

One officer

Fire caused fire believed to have been result of lithium-ion batteries in a mobility scooter. Batteries believed to have entered thermal runaway.











# Building Safety Prosecution

Masala Ltd, Masala Gate, 34 Northgate, Canterbury, CT1 1BL



# Masala Gate

Planned regulatory inspection - 2 June 2021. Fire safety concerns identified:

- No fire risk assessment
- Employees sleeping in accommodation above the commercial premises, without the correct fire safety arrangements.
- No automated fire detection or emergency lighting
- No safe route from the first floor of the premises, exited into a commercial kitchen so no alternative means of escape
- No fire evacuation procedures or management of fire safety arrangements



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# Action by KFRS

- Prohibition notice served restricting use of sleeping and living accommodation.
- Formal investigation undertaken, including PACE interview under caution.
- Case revised and determined to have met evidential and public interest tests for a prosecution.

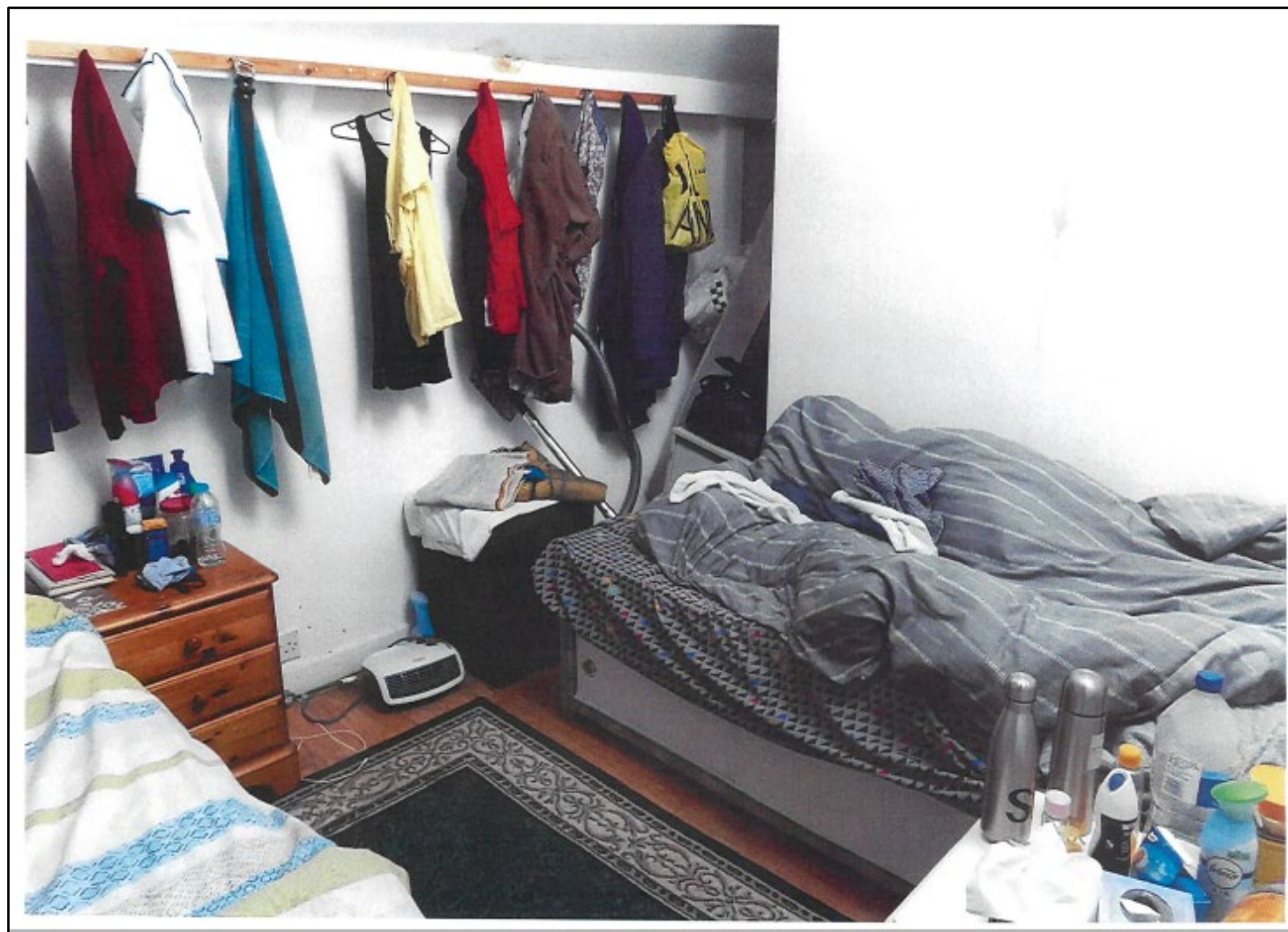
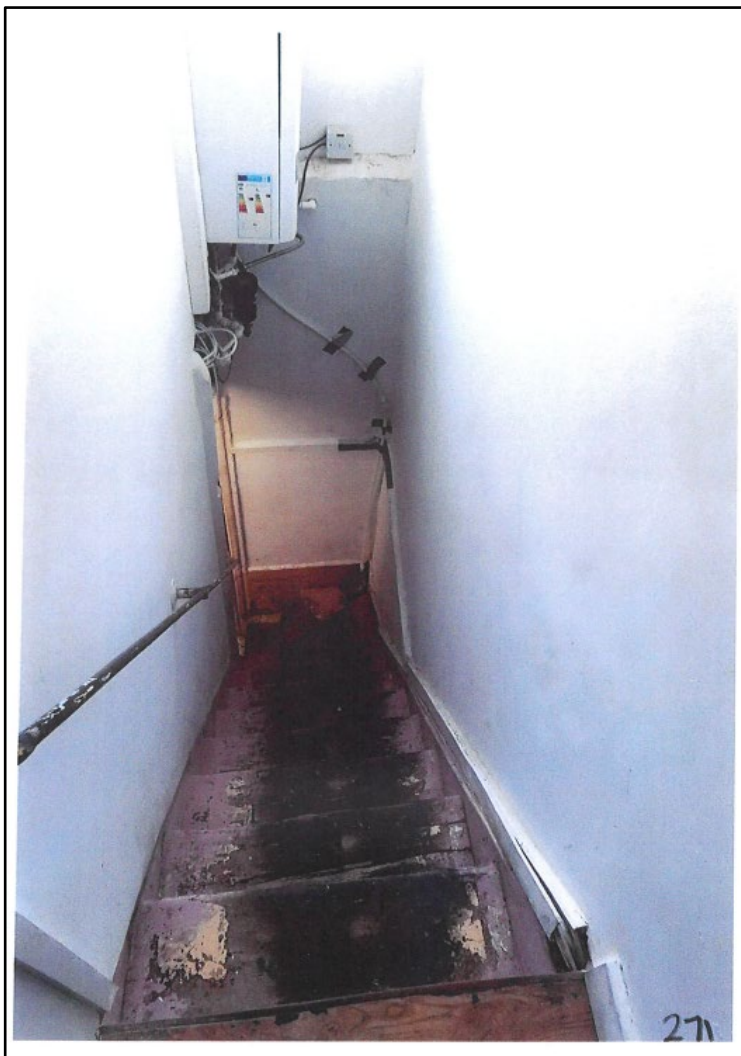


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# Commercial kitchen leading to sleeping accommodation







# Outcome

- 26 April 2023, Canterbury Masala Ltd summoned to court.
- Pleaded guilty to four breaches of the Regulatory Reform (Fire Safety) Order 2005 (putting one or more person at risk of serious injury, or death, in the event of a fire).
- 05 July 2023, issued fines of £4,000, a victim surcharge of £190 and ordered to pay costs of £19,293 at Folkestone Magistrates Court.



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# **Kent and Medway Fire and Rescue Authority**

## **C2. Information Update 20th February 2024**



# C2 A. Inspection update

February 2024

For further information please contact:

Nicola Harryman, Head of Data and Intelligence and KFRS Service Liaison Officer for HMICFRS



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1. His Majesty's Inspectorate of Constabulary and Fire and Rescue Services have published 12 inspection reports from round three of the programme. Avon and Buckinghamshire are now in the enhanced level of monitoring status; all services are in routine monitoring but can be escalated to enhanced monitoring if they are not effectively addressing the Inspectorate's concerns.
2. The Inspectorate are carrying out a thematic inspection on the handling of misconduct allegations across 10 services. This Authority has been selected as one of the services to be inspected. The ten selected services have been chosen to ensure evidence is gathered from large and small, and rural and urban services and ensuring different governance models are covered.
3. Our misconduct inspection took place between 8<sup>th</sup> and 26<sup>th</sup> January 2024, with a debrief taking place in early February. The outcome of this inspection will not be known for a few months. Our initial debrief has outlined some small issues of process we need to enhance but underlines notable practice in the cultural work we have done.
4. Please note that we will not have a Kent specific report as part of this thematic inspection, there will be overarching report covering the ten services involved but will be anonymised with no judgements on individual services.
5. Our revised full round three inspection date, is currently still scheduled for March 2025.



# C2 B. Performance update

February 2024

For further information please contact:

Nicola Harryman, Head of Data and Intelligence and KFRS Service Liaison Officer for HMICFRS



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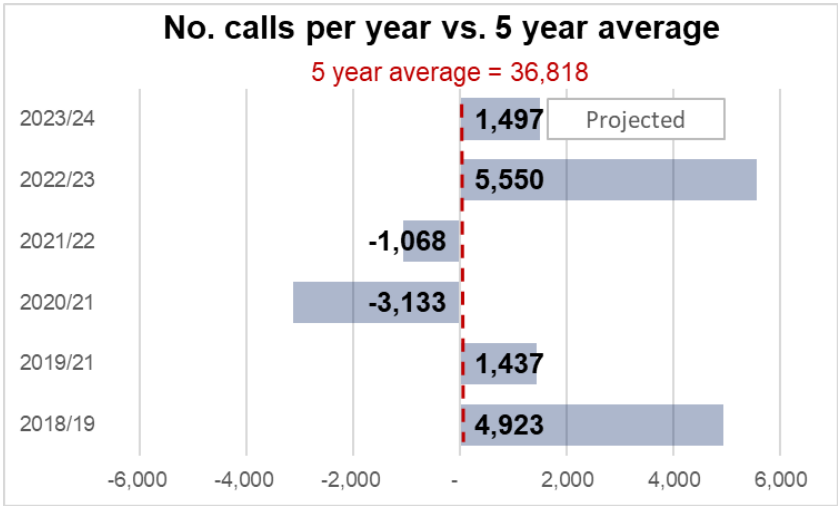
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# Overview of the Authority's performance for financial year 2023-24 up to 31/12/2023

## Emergency Calls

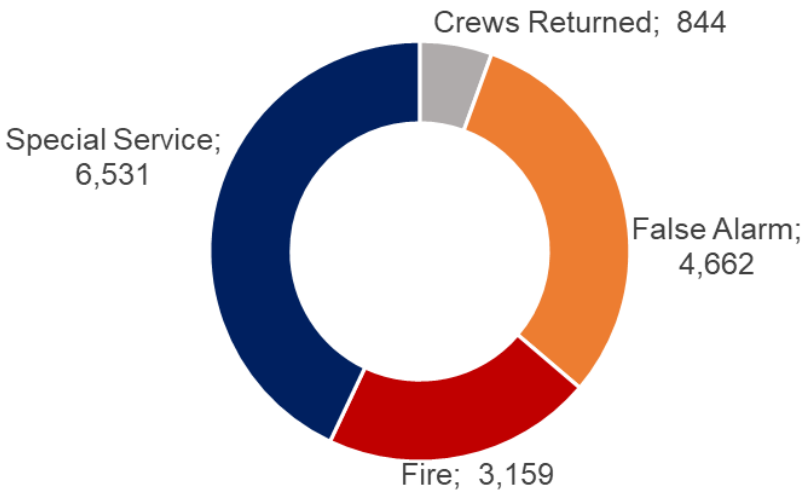
So far this year, 29,111 emergency calls received in Authority's control room. The year end projection is 38,316 which will be 4% (1,497) higher than the previous 5 year average. Low call volumes in 2020/21 and 2021/22 were affected by the pandemic. The high numbers recorded in 2018/19 and 2022/23 are linked to hot summers increasing outdoor fires and related calls.



## Incidents Attended

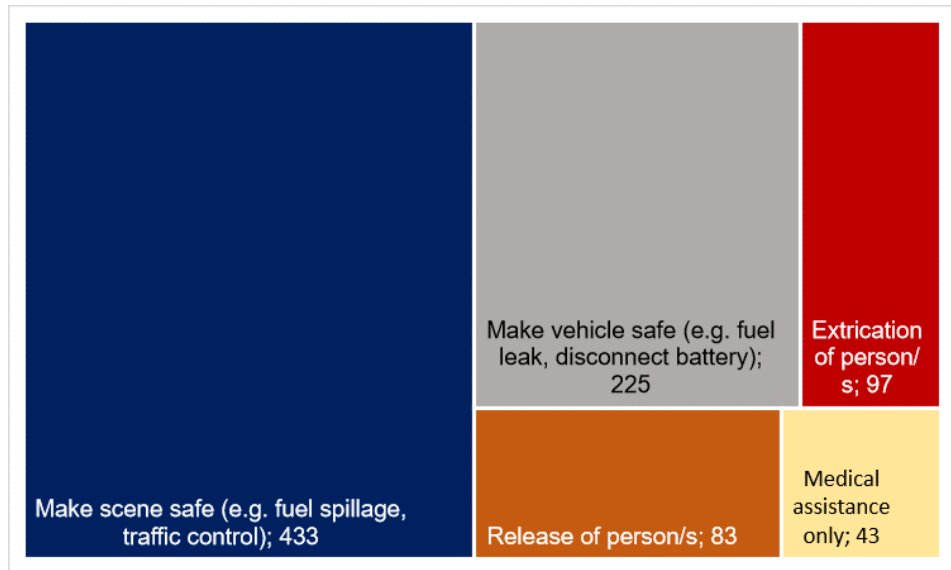
The calls received into the Control room resulted in attendance at 15,196 incidents so far this year.

- The majority of fires attended were outdoor and rubbish fires
- 19% of special service incidents were to gain entry, and a further 18% were to assist other agencies.
- Most of the false alarms attended were to automatic fire alarms in domestic properties.



## Road Traffic Collisions

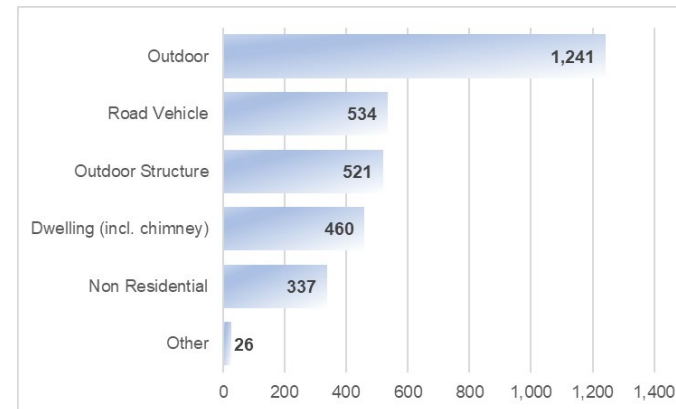
- 881 road traffic collisions have been attended. The vast majority of incidents have needed out attendance to make either the scene or the vehicle safe only.



- As a result of these incidents 25 people have died and 86 have been seriously injured.
- Since the report for the October meeting, there have been 9 deaths resulting from road traffic collisions.

## Fire Incidents

- Attended 3,119 fires of all types; which is 28% less than the same period the year before. 2022/23 had a record number of fires from the hot weather however.



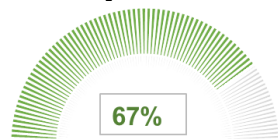
- Attended 360 accidental fires in the home (not including chimney fires); the lowest year to date number seen in the last 5 years.
- Accidental fires account for 58.7% of the total fires attended. As a result of these fires, 1 person has died (vehicle fire), 8 people suffered serious injuries and 63 people have suffered 'slight' fire-related injuries.
- Since the report for the October meeting, there have been two fire-related deaths; one in a vehicle fire referenced above, and a further fatality in a house fire in Dartford in January.



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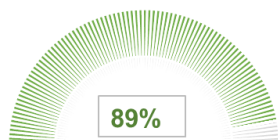
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## Response times



Life-threatening incidents within 10 minutes

Average time to respond - **10 minutes 41 seconds**

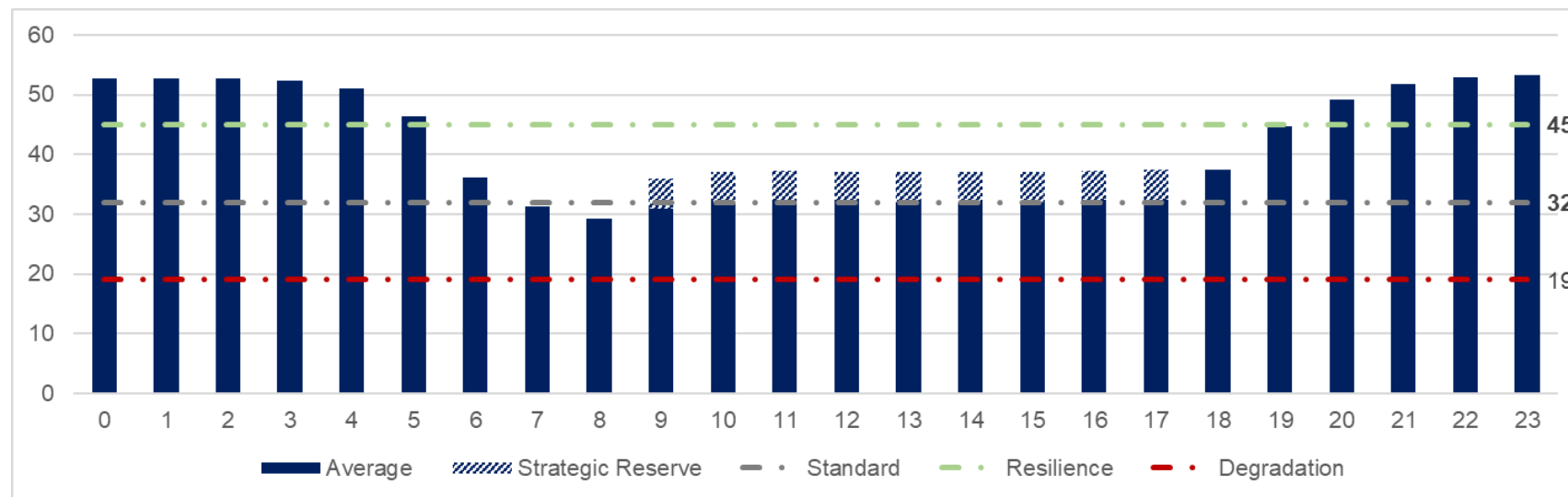


Non-life threatening incidents within 15 minutes

Average time to respond - **10 minutes 35 seconds**

## Availability

So far this year the average number of fire engines available has been 32 during the day (9am-6pm) and 46 in the evening (6pm to 9am). During the day we aim to have 32-44 fire engines available, known as our standard operating level.



3.1% of all contracted hours have been lost due to sickness. Operational employees have lost 3.7% of contracted hours to sickness and employees in Customer Service teams have lost 3.5%.



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## Home Fire Safety Visits and Safe & Well Visits



18,591 Home Safety Visits.



8,605 Safe and Well Visits

## Building Safety

- 99.5% of building consultations received (1,742 of 1,751) have been completed within 21 days.
- 1,984 audits have been carried out in total so far this year, 895 of which were in business premises in line with the Authority's risk-based inspection programme.



# C2 C. Response and Resilience update

February 2024

For further information please contact:  
Mark Rist, Director – Response and Resilience



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# Fire & Rescue Command and Control (FRCC)

- We started operating from our new FRCC centre in Coldharbour at 14:15 on 30 January 2024.
- This new joint control location with Kent Police provides a modern, effective emergency control room serving the people of Kent and Medway.
- Moving control rooms is challenging and carries risk, the project teams in KFRS and Kent Police did an amazing job making sure the move was successful.
- The Kent Police control room will be moved later in February.
- We have started the procurement work with Hampshire & Isle of Wight, Devon & Somerset and Dorset & Wiltshire Fire Services to replace our Fire Control system which is planned for late 2025



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# Operational Exercises

- We did 150 practical and tabletop exercises in 2023, more than we have ever done before.
- We carried out the first of our Members exercises in 2023 and plan to have at least 2 exercises that members can observe every year.
- The next Members exercise will test our response to one of our key national heritage sites at Knole House in Sevenoaks on Thursday 21 March 2024.





# C2 D. Protection, prevention and engagement update

February 2024

For further information please contact:

Jon Quinn, Director – Protection, Prevention and Customer Engagement



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# Customer Safety

- Restructured the Education team to ensure the materials and resources are in place to support high risk individuals and groups (e.g. alternative schooling, fire cadets and career-based programmes)
- A cohort of 24 cadets started at Ramsgate Fire Station. We're working with local partners identifying suitable candidates for Medway



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- We're now using a child exploitation intel portal which was developed by safeguarding partners. This portal will allow all agencies to report concerns around child exploitation in a consistent and timely way
- We've updated our guidance on how to respond to concerns of domestic abuse, supporting victims/survivors of domestic abuse and children in the household
- Following research with our customers, we've developed two new home fire safety visit leaflets – one tailored for customer visited by the Safe and Well team, and one suitable for customers visited by the Task Force and crews. These fresh materials will provide tailored messaging to customer groups

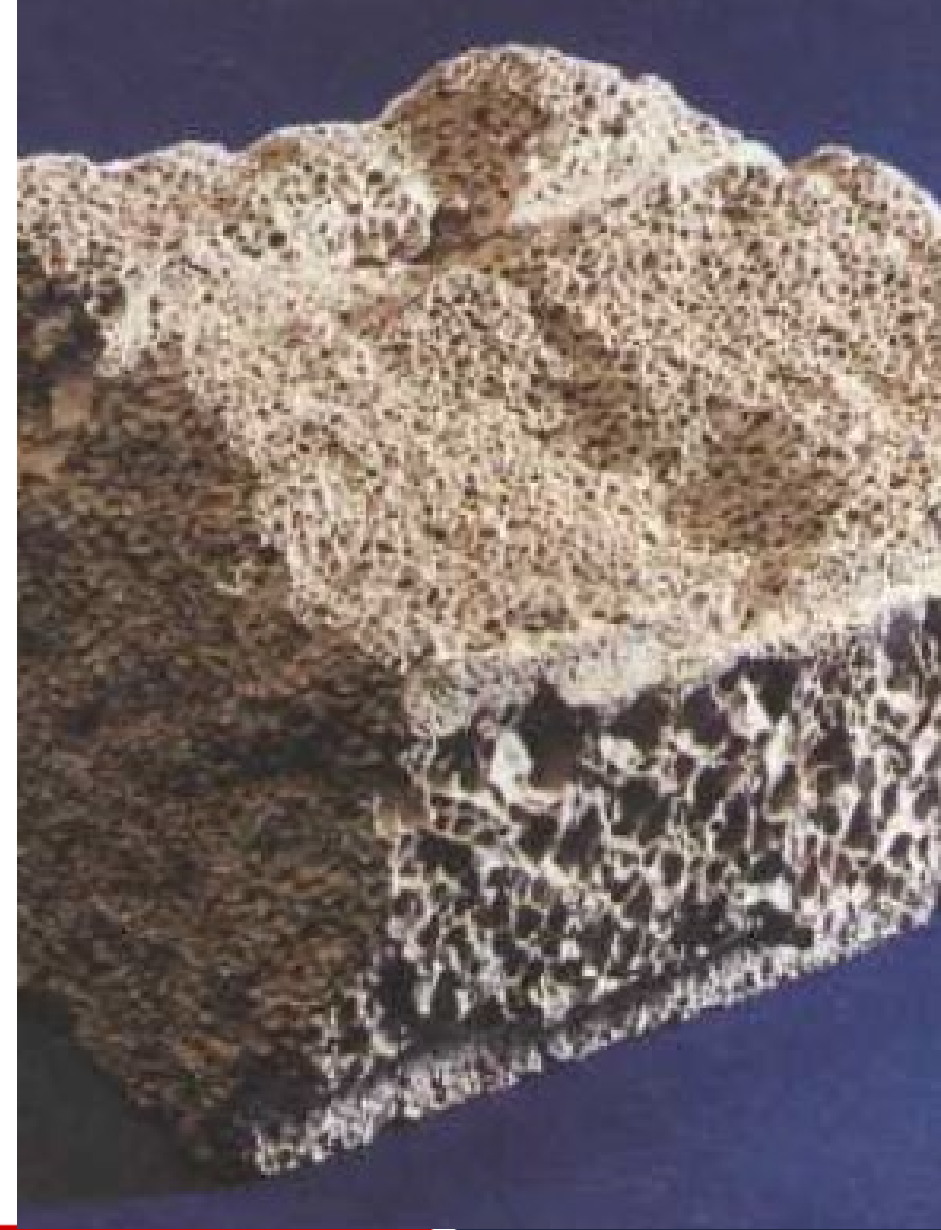


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# Building Safety

- Continue to work with partners to manage building safety and operational risks resulting from the presence of RAAC in properties across Kent and Medway
- Updated competence framework for fire safety regulators issued. Building Safety knowledge will be delivered through station-based training, with additional content provided by Greater Manchester FRS



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- Introduced a new Business Liaison and Insight Manager post - responsible for engaging with the business community across Kent and Medway sharing fire safety best practice
- Agreed a pilot of 3D mapping tools and software to scan complex properties and create an electronic 'model', which will help operational crews with training and at incidents



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# Community Insight & Partnerships

- Increased the number of mutual referral partners (e.g. Age UK), encouraging partners to refer their customers for a Safe and Well visit
- Community Insight Officers continue to gather insight from under-represented community groups. Nearly 200 customer insight forms have been completed from a range of minority groups, resulting in over 150 additional home fire safety visits



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# Engagement

- Our 'Save Safely' campaign is live and will run until March 2024. It encourages residents to stay warm and heat their homes safely in the colder months, in response to the cost-of-living crisis. The Save Safely Roadshow has been adapted for this year to directly target specific groups with support from the CIPS team in the community
- Our 'Hook It, Don't Cook It' campaign has gone live for its second phase, aiming to change behaviours around hob safety and hanging tea towels in safe places away from the hob to reduce kitchen fires. Residents can claim a free tea towel hook while stocks last, to help them reduce their risk.
- We are developing plans for a water safety campaign called 'Make the Right Call' to go live in May. It's all about educating people to call 999 and ask for the fire service for inland water rescue.



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- The average engagement rate on Instagram for 2023 grew from 6.7% to 7.5% since September, well above the industry average of 1.9%
- TikTok growth continues to remain strong with a total of 908 new followers since the end of May.
- LinkedIn has been our top performing channel for the last quarter, with 11% average engagement rate and 280 new followers.
- With the new Shorts function and optimising hashtags on current videos, our YouTube following has grown 237 since September, with a continued approach of optimisation, and experimenting with YouTube Kids in 2024



- We have successfully delivered three Fire Station 'Autumn Open Day' events at Swanscombe, Sittingbourne and Tonbridge - each event selling out of their allocated tickets online
- We've had very positive customer feedback following our fire station open day events. Customers have commented on how friendly and helpful our staff and volunteers have been, how well organised the events have been and the learning their children took away with them. The cost of living and school holiday timing has meant the free events we hold are very much appreciated for parents
- Planning to deliver 2024 events is underway. This will involve a mix of events held on KFRS premises and also working with partners to deliver events in other environments







# Volunteers

- The Volunteer Response team has attended 120 incidents from Jan-Nov 23 providing welfare to our customers and crews. The team has also provided support on a wealth of areas like housing, welfare, insurance liaison, retrieval of medication and pet support to 297 customers
- We are reviewing the current volunteer service and how we perform activities, record keeping and management processes with a view to make the volunteer experience a streamlined, engaging and easier one with the reduction of duplication of work for teams



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# Customer Experience and Support

- The Customer Experience team has merged with the Customer Support team to create a - **Customer Experience and Support team**
- The team will work with colleagues across the Service to help them become more customer focused and improve the experience for both external and internal customers



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# Customer Experience and Support

**Current areas of focus:** providing an admin support function to internal services for all colleagues



Review of ordering and distribution by iESE  
Now planning implementation of the recommendations



Recommendations from the recent review of internal customer services are being implemented and the creation of an Internal Customer Taskforce

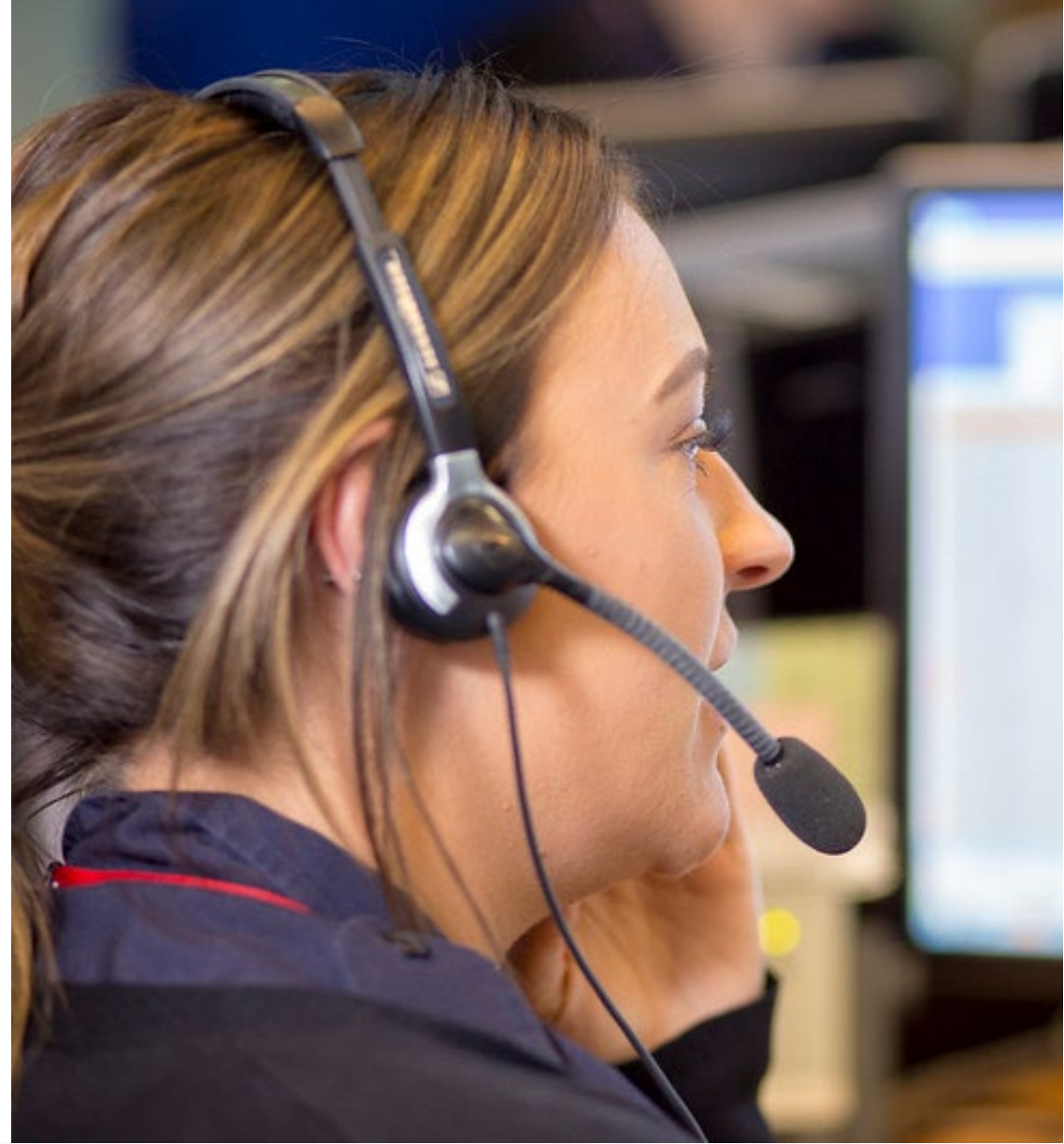


Level 1 Customer Experience training being rolled out to prevention, protection and engagement teams



# Customer Experience and Support

- Customer journey map (CJM) being developed for the 999 control centre – to improve information gathering and understand journey from customer perspective
- CJMs being developed for booking a home fire safety visit and building safety



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# C2 E. Freedom of Information update

February 2024

For further information please contact:  
Owain Thompson, Head of Policy



# Freedom of Information update

\*Q4 is currently incomplete as it covers the period from 01/01/2024 to 02/01/2024.

\*\*Although this is not a requirement in the Code, it is reported to Members.

	2023/24				
	Q1	Q2	Q3	Q4*	Total
The number of requests received during the period	45	40	25	1	111
The number of the received requests that have not yet been processed	0	0	6	1	7
The number of the received requests that were processed in full	45	40	19	0	104
The number of requests where the information was granted in full	30	26	13	0	69
The number of requests where the information was refused in full	3	5	0	0	8
The number of requests where the information was granted in part and refused in part	12	9	6	0	27
The number of requests received that have been referred for internal review	1	1	0	0	2
Number of data subject access requests**	4	4	3	0	11



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# C2 F. Policy and governance update

February 2024

For further information please contact:  
Owain Thompson, Head of Policy



To ensure that our policies remain up-to-date and effective, they are revised as required.

This is based on a variety of factors, which may include changes to legislation, changes to procedures and practices, and the scheduled policy review dates.

The table overleaf summarises the policies that have been revised or undergone review since the last meeting of KMFRRA on 19 October 2023.





<b>Policy</b>	<b>Summary of changes</b>
<b>Annual Leave Policy</b>	Removal of references to covid-related leave. Updated to V9.
<b>CCTV Policy</b>	Updated to reference non blue light vehicles and to reflect change of process from copying footage from CD to uploading remotely. Updated to V3.
<b>Code of Ethical Conduct</b>	Reviewed to include manager specific code of conduct. Updated to V9.
<b>Disciplinary Policy</b>	Added risk of serious harm protocol and re-phrased the accelerated process to add clarity as to the approach. Updated to V10.
<b>Social Media Policy</b>	Brought into new template and format. Guidance separated and written as standalone guidance. Updated to V7.



# Changes to parental leave support in the Family Related Policy

We are committed to fostering a supportive and inclusive work environment that recognises the importance of work-life balance, especially during significant life events. We have revised our support for parental leave (part of the Family Related Policy) to provide even greater support to our colleagues. The changes are set out below, and the full policy will be brought to a future meeting of the Authority.

1. Twelve months full pay for maternity, adoption, and shared parental leave. This reflects our commitment to support colleagues being able to focus on their growing families without financial concerns.
2. Additional support for surrogacy leave. We understand the challenges that may arise in such situations and aim to help make this period as smooth as possible.
3. Extended paternity leave. We now offer up to six weeks for new fathers to bond with their newborns and support their partners, particularly where more support is required, e.g. caesarean, intensive or complex care.
4. Miscarriage, failed adoption – time to heal. This gives people time to recover following a miscarriage or failed adoption.



# Government consultation response to the fire reform White Paper

## A profession we can all be proud of - Reforming our Fire & Rescue Service

- Strategy for reform has three main themes: People, Professionalism, and Governance
- People: Focus on skills development, talent, and inclusion.
- Professionalism: Creation of a College of Fire and Rescue, raising standards with a statutory code of ethics.
- Governance: Debate on strengthening or simplifying fire governance, emphasizing single-point accountability.



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# Next Steps

- Commitment to joint effort between operational and political leaders for reform.
- Continued collaboration with stakeholders and sector leaders.
- Recognition of the need for legislative changes and policy development to address identified challenges.



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# C2 G. Insurance Information Update

February 2024

For further information please contact:  
Alison Hartley, Director – Finance and Corporate Services



# Introduction

- Kent Fire is one of thirteen members of the Fire & Rescue Indemnity Company Ltd (FRIC) [Fire & Rescue Indemnity Company \(fric.org.uk\)](https://www.fric.org.uk)
- This report refers to insurance claims for insurance policy year 2022-23 (1<sup>st</sup> November 2022 to 31<sup>st</sup> October 2023)
- The nature of insurance claims involving personal injury means that they can take three to five years from claim to final settlement.
- Equally some motor claims can take several years to determine and therefore the final costs may not be known at the end of any given reporting period. Where costs are unknown insurers set a “reserve” as an estimate of final costs; these estimates are often on the generous side which may inflate the costs within this report.
- It should be noted that the number of employer’s liability and public liability claims is small but individual claim costs can vary from hundreds to thousands of pounds and therefore significant annual variances can occur.



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# Insurance Policy Excess

The table below details the insurance policy excess that the Authority carries for each policy

<u>Insurance Policy Excess</u>	
Policy	Excess (£)
Motor	50,000
Employers Liability	25,000
Public Liability	25,000
Property	5,000



# Claims Summary November 2022 to Oct 2023

- Motor Claims 130
- Property Claims 7
- Public Liability Claims 7
- Employers Liability 3 open claims



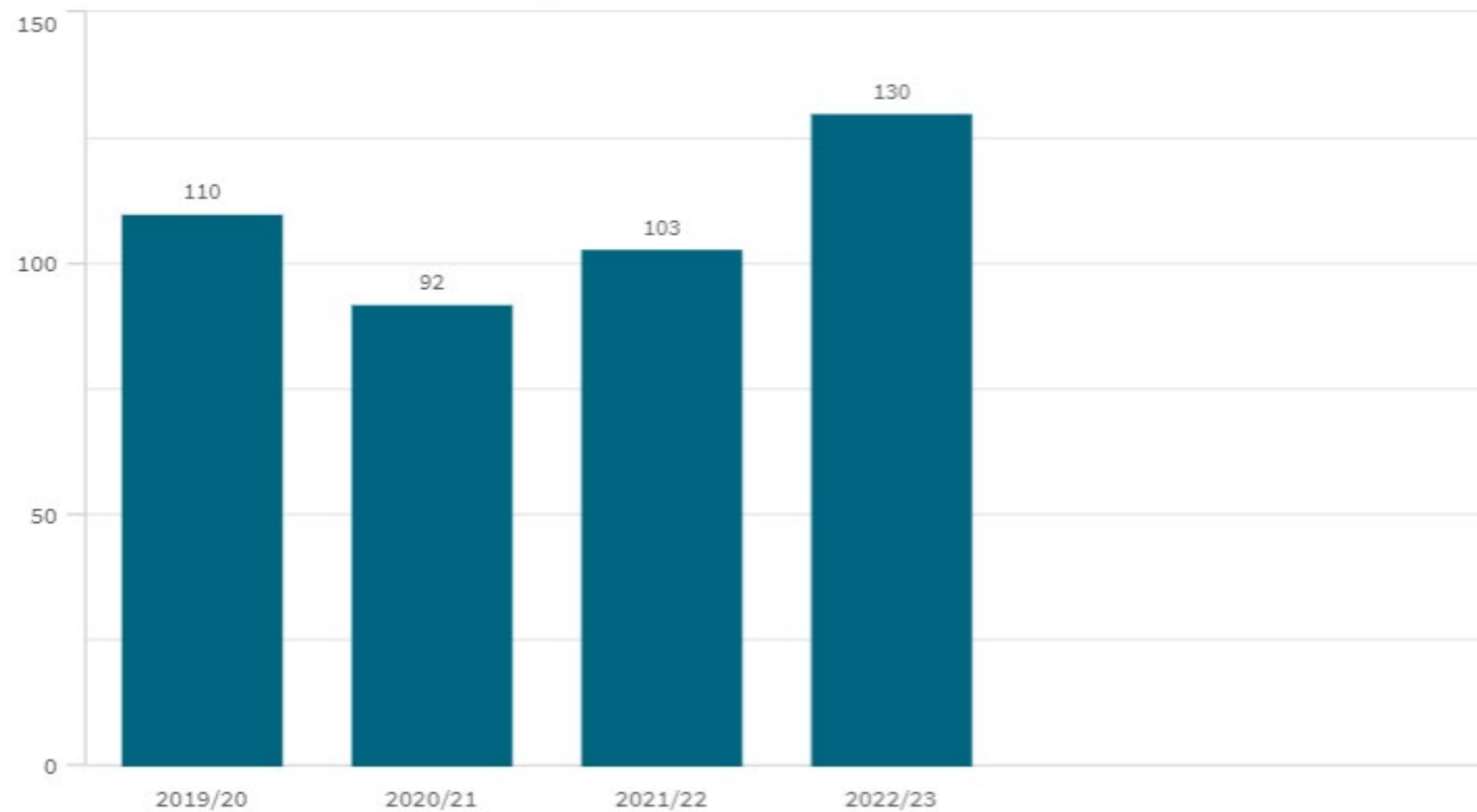
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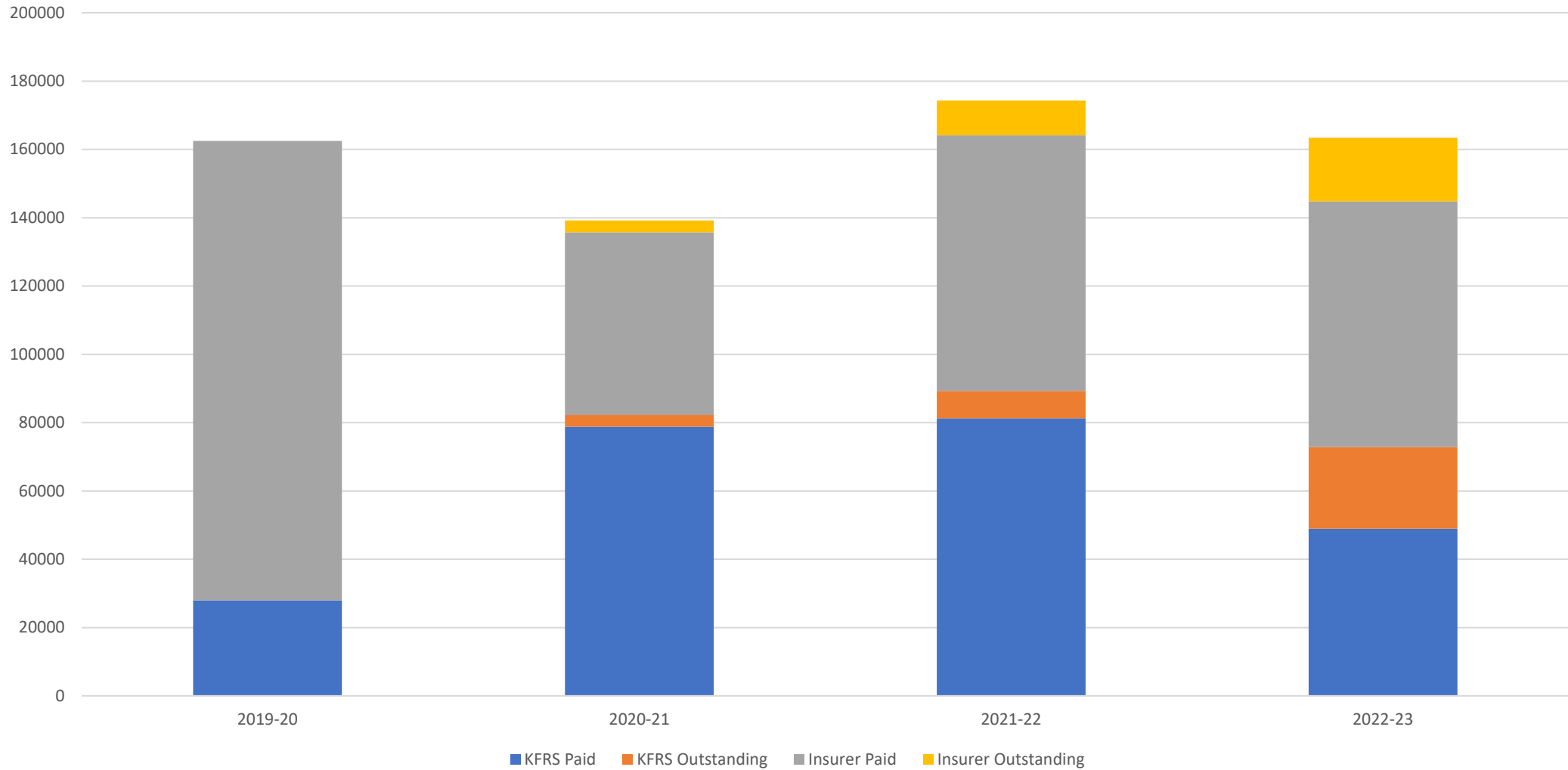


## Motor Claims

Number of Motor Claims by Insurance Year (Nov-Oct)



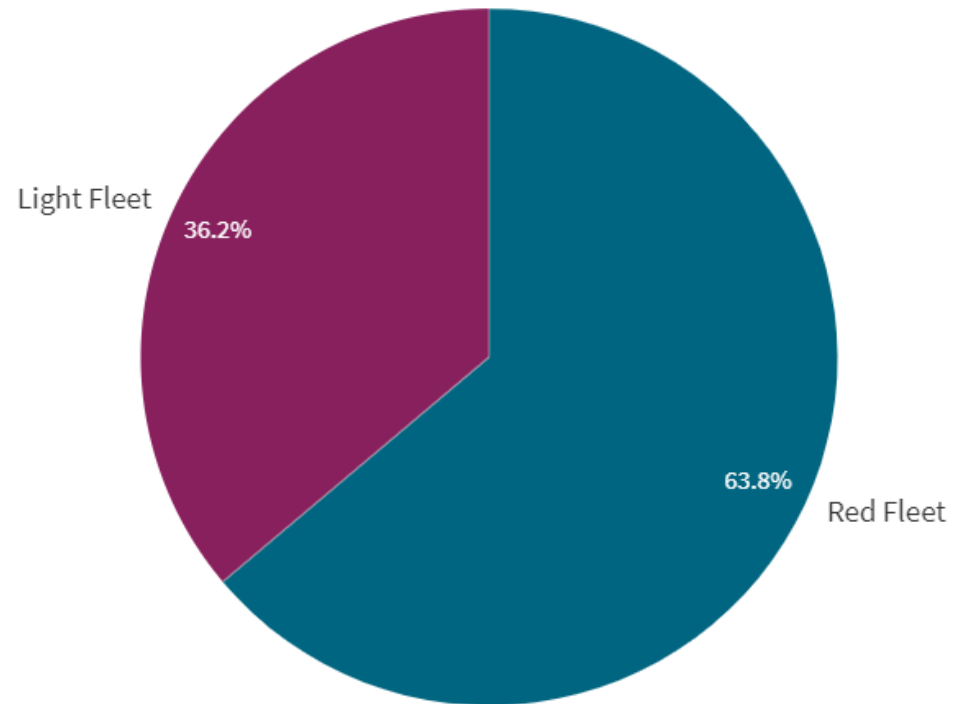
## Motor Claim Financials by Insurance Year



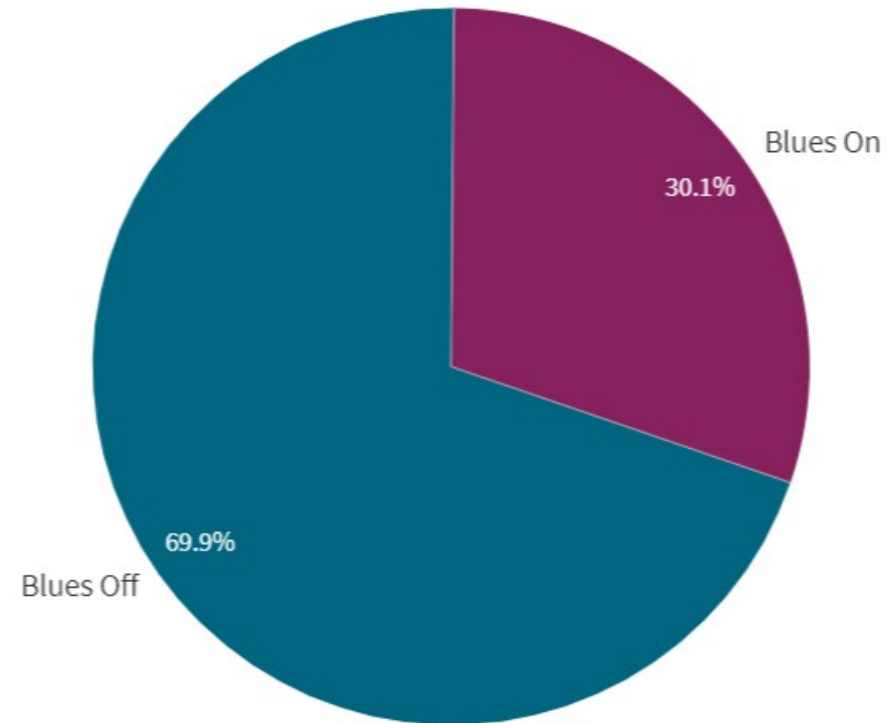
# Motor Claims Summary

## November 2022 to October 2023

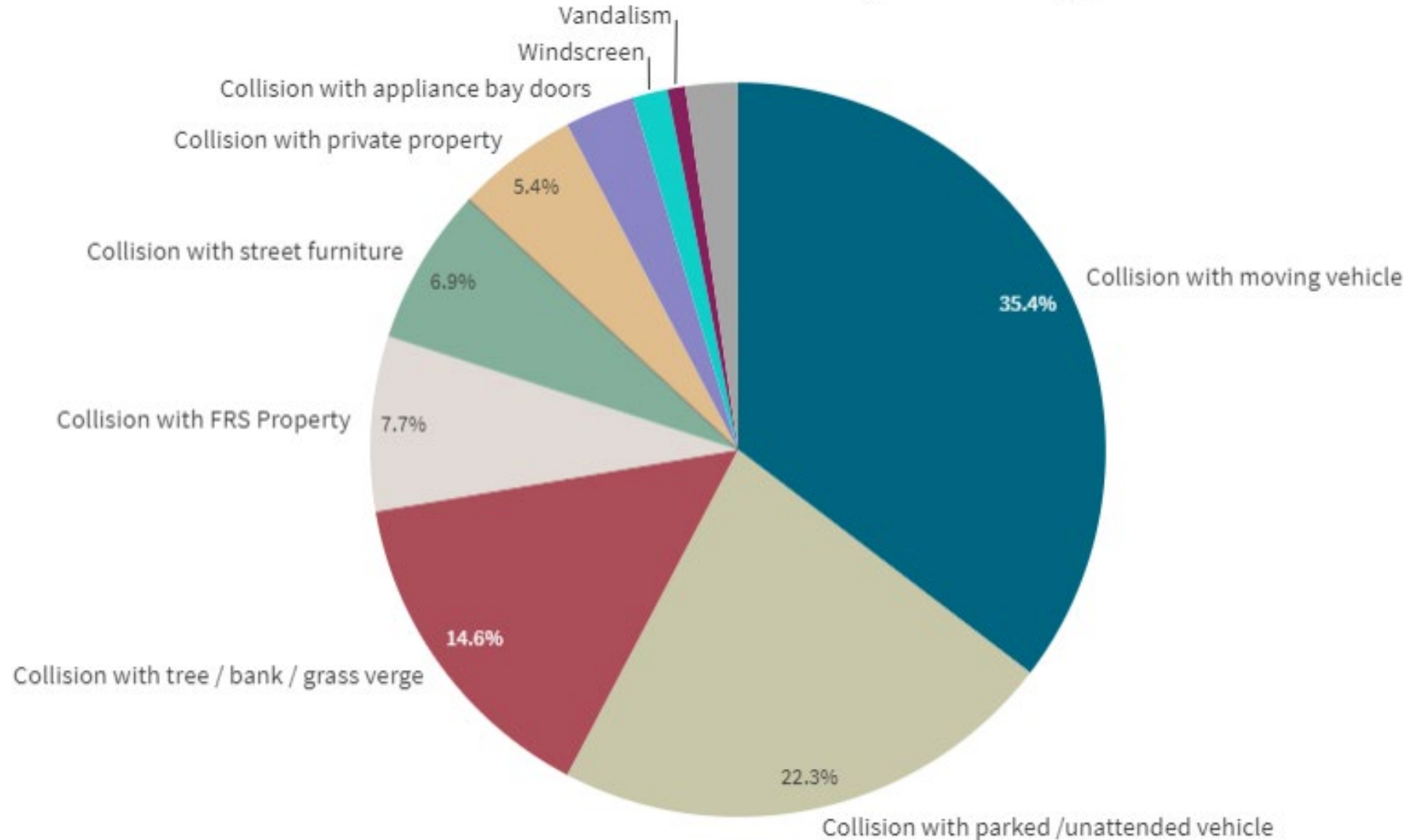
Motor Claims 22-23 by Fleet Type



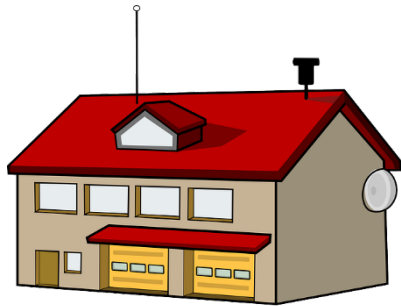
Motor Claims 22-23 Blue Lights for Red Fleet



## Motor Claims 22-23 by Claim Type

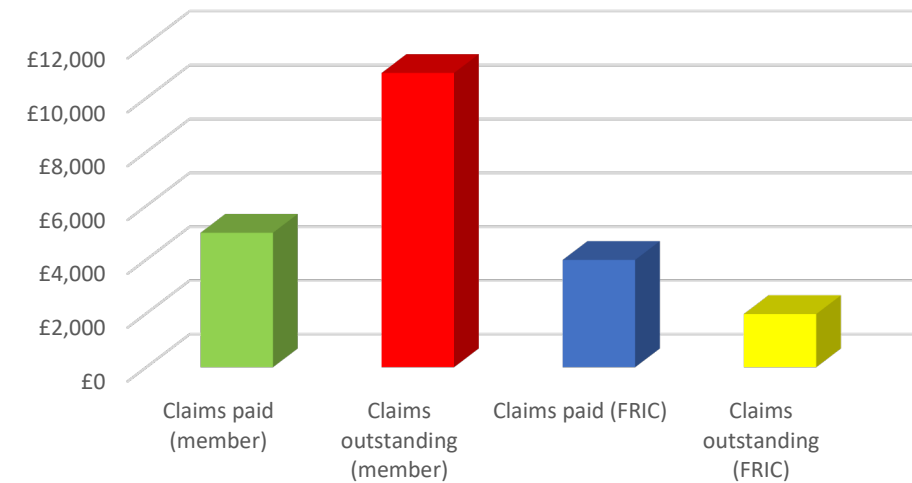


# Property Claims



7 claims this insurance year – 1 trailer theft, 1 ladder damage, 5 station damage

Property Claim Costs November 2022- October 2023



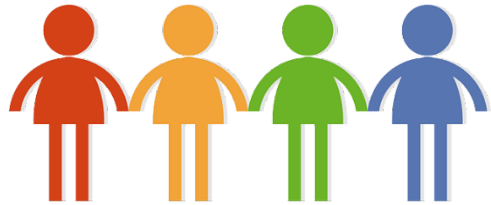
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## Public Liability Claims

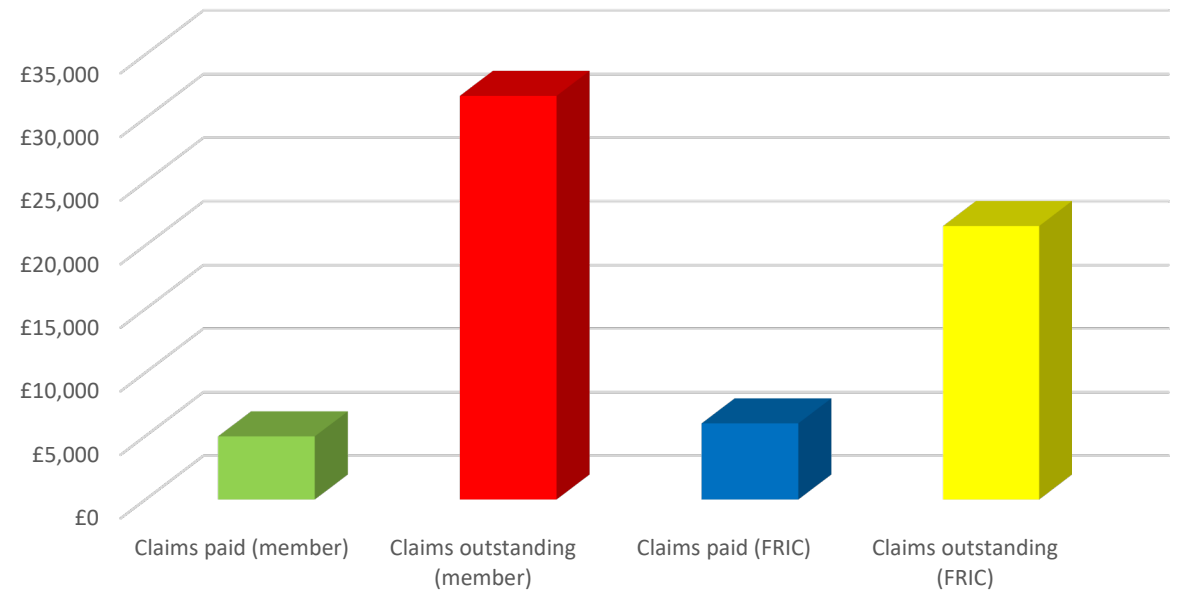


Estimated cost £64k



7 claims this period- 1  
injury, 6 property

Public Liability Claims November 2022 - October 2023



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## Employers Liability Claims



3 open claims, 1 claim has been closed and 2 new claims this reporting period



Estimated cost £37k



74 Notification Only

# Recent Actions for Motor Claims

- The Driver Support Group have implemented:
- Automation of accident reporting forms to streamline the reporting process making it easier for the driver to complete and ensure the relevant teams are notified.
- A number of operational and Health and Safety colleagues attended Vehicle Collision Investigation Training arranged by FRIC in October & November 2023.



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# Insurance Renewals

- FRIC policies were renewed for a further year commencing 1<sup>st</sup> November 2023
- The overall increase in policy premium was 6.1% on last year
- This is predominantly from;-
  - an increase in Employers Liability premium calculated on payroll costs (as a direct result of national pay awards increase)
  - increase in property premium due to the implementation of inhouse vehicle maintenance workshop
- There has also been a general increase to the FRIC cost base due to increased costs of repairs to vehicles and property and also injury settlements linked to lost earnings.
- However, the Service benefited from the maximum 15% motor KPI discount on its FRIC motor policy (only 5 of 13 members achieved this).



# C2 H. Pensions and Pension Board update

February 2024

For further information please contact:  
Mark Rist, Director - Response and Resilience



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- In accordance with Public Service Pensions Act 2013, the Authority established a Pension Board for Firefighters' Pension Schemes
- Board comprises representatives of both the employer and employees.
- To ensure Members are kept informed, and provide assurance of compliance with the Act, minutes of the Pension Board meetings are routinely reported to the Authority.
- The agreed minutes of the September 2023 meeting of the Pension Board can be viewed at C2. H Appendix 1.



## MINUTES OF PENSION BOARD MEETING 5 September 2023

**Present:**

Mark Rist (MR)	KFRS (Employer Representative)
David Broughton (DBr)	FBU (Deputy Employee Representative)
Lee Abel (LA)	FOA (Deputy Employee Representative)
Alison Hartley (AH)	Director Finance and Corporate Services
Barrie Fullbrook (BF)	Head of Finance, Treasury and Pensions
David Stanbury (DS)	Pensions Manager (Scheme Manager Representative)
Marie Curry (MC)	Customer Support Manager/Clerk to the Authority

**Apologies:**

Matthew Deadman (MD)	KFRS (Employer Representative) Vice Chair
Danny Barrett (DB)	FBU (Employee Representative)
Lawrence Pater (LP)	FOA (Employee Representative)
Dylan McEvoy (DM)	FRSA Representative (Employee Representative)
Jordan McEvoy (JM)	FRSA Representative (Deputy Employee Representative)

<b>NEXT MEETING</b>	Date: 6 December 2023
	Venue: MS Teams
	Time: 11:00

**1. Declarations of Interests on Items on this Agenda**

None

**2. Minutes of the Pension Board Meeting held on 14 June 2023**

The minutes of the meeting held on 14 June 2023 were agreed as a true record.

**3. Pension Board Action Log - Update on Progress**

DS ran through the outstanding actions on the log and provided updates. The action log can be view here [Current Pension Board Action Log.xlsx](#)

**4. LPP Quarterly Report**

DS confirmed that the Annual Benefit Statements (ABS) should have now been sent out by LPP and he is closely monitoring whether there were any issues with this. AH said that if there were issues with anyone receiving their ABS and LPP couldn't send these out for whatever reason, she wanted to know. This Authority has a legal requirement to provide its employees with an ABS so depending on the significance, we have an obligation to report this to the Pensions Regulator. DS said that he will speak to LPP to gain further details and will update AH accordingly. **(Action: DS)**

In response to a query raised at the last Pension Board meeting from DB around the Pension Saving Statements – Annual Allowance, DS said that this information is scheduled to go out on 6<sup>th</sup> October. DS said that in addition, there has been some comms issued on the intranet inviting colleagues to sign up to the pension seminar where information on annual allowance and calculations will be covered.

DS ran through the key areas on the latest LPP report, this included casework performance and helpdesk performance and areas for improvement. DS said that he continues to have monthly meetings with representatives from LPP to feedback any issues our members are having. There have been some issues identified recently with members not receiving a call back or calls not being answered. These issues have been raised with LPP.

DS said that it was pleasing to note that the number of members now registered with the online portal has increased since its introduction. DS is working on further promoting the portal, to get even more members registered as LPP move their work to digital means over the next year.

LA asked for clarification around the customer satisfaction scores in relation to helpdesk calls. He asked whether customers were getting 'value for money' and what are LPP doing in terms of improvements. DS said that LPP have taken on additional staff to help with the increase of workloads around pensions, but with this comes time to train those new members of staff. He added that the dissatisfaction percentages in relation to the helpdesk calls are not just Kent

specific but cover all of the authorities that LPP support. There is no method at this moment for LPP to drill down further with this detail. DS said this is why he encourages our members to report any issues they are having with LPP through him so that he can pick this up at the monthly catch ups. This way, specific issues can be worked through and areas for improvement to be discussed. AK added in support of this that despite the hurdles LPP has had to overcome with bringing in a new system to support the work around McCloud and the time involved in training new staff, she has definitely seen a positive difference in the last few months working with LPP. She added that LPP are keen to learn where they can improve so welcome feedback.

LA asked when members will have full access to the online portal because currently the system seems quite restrictive on what information can be obtained. DS said that the system is being worked on by LPP and with the new regulations dictating the need to move to a more digitalization platform come October, it wouldn't be much longer after where members will be able to benefit from having full access. DS said that he will add to the agenda for the next catch up meeting with LPP to see if they can provide some guidance on timescales on when the portal will be fully operational **(Action: DS)**

## **5. Update on Cases (Standing Item)**

DS gave an update on the following:

### McCloud vs Sargent Case

DS reported that things are progressing well. LPP is shortly due to send out 'warm up' letters to members giving an indication of when their case will be handled. Before the letters goes out to members, LPP is going to send a copy of the letter template through to us in order to review and provide feedback. AK said that she had seen the letter already and had provided feedback on some points which needed clearer detail. AK said that it would be good to get an update from LPP on when the letters will go out so that the deadline originally published on the intranet can be revised.

DS said that there are 11 members who have been written to in relation to ill-health reassessments from a qualified medical practitioner and we are now waiting to finalise these.

As mentioned at the last meeting, the data collection exercise took place and all of the information required by LPP was sent over to them by the deadline of 31<sup>st</sup> May. On the back of that, LPP then raised some other queries and asked for a response by 31 August which was completed on our part. LPP have subsequently come back since with a few other queries which the Payroll team are working on and will get back the information required as soon as possible.

### Matthews/O'Brien Case

DS said that the Board will remember that since the last meeting there has been lots of communication issued either on the intranet, social media or via various materials being sent out to stations regarding this case. It was estimated that there could be at least 1200 ex-employees

affected which as an authority we don't hold any contact details for and are not legally required to. On a positive note, and on the back of the comms issued, DS said that he has had over 500 people make contact now so from this there is a log being kept of their details in preparation.

DS said that Kent has volunteered to be part of a trial with running the test system for benefits and contributions calculations for LPP. This will at least help us understand what is required and the volume of work it will entail. All of the admin around the Matthews case will fall to individual authorities not LPP so will be a significant increase in workloads.

MR asked about if there was any clarity yet on aggregation of pensions for someone who was on-call with another authority, then joined Kent as wholetime. Using himself as an example, MR was retained with East Sussex for a period of 13 years before transferring to London and then back to East Sussex as wholetime before moving to Kent again as wholetime. DS said that the on-call part of the pension is free standing but is waiting on further guidance from the LGA on this. AK said that her understanding is that anyone who has had been on-call with another authority then joined Kent as wholetime will need to make contact with the respective authority that they were with at the time of being on-call. What we need to get clarity on from the LGA is whether there is any aggregation issue if two separate authorities are dealing with the pension cases. MR said that he is happy for DS to use him as a case study in his discussions with the LGA if it helps.

#### IDRP Cases Update

There have been no IDRP cases since the last meeting.

#### **6. Pension Dashboard**

DS report that as the timeframe for the Pension Dashboard has been pushed back to October 2026 and there is no significant updates on its progression at this time. DS said that conversations are still ongoing with LPP about the dashboard so that when the time comes, we can be prepared on what requirements are needed. DS will continue to update the Board as and when detail is available.

#### **7. AOB**

There were no AOB items for discussions.