

**Kent and Medway Fire and Rescue Authority**

**Budget Book**

**And**

**Medium Term Financial Plan**

**2021/22 – 2024/25**

**This Budget Book details the assumptions used by the Authority for developing the 2021/22 budget, the estimates used for later years and explains the proposals contained within the Medium Term Financial Plan.**

**Budget estimates reflect the implementation of the initiatives outlined in the Safety and Wellbeing Plan 2020-2024, the Safety and Wellbeing Plan 2021-2024 Update and the Customer and Corporate Plan.**









# BUILDING THE 2021/22 REVENUE BUDGET

## 2021/22 Pressures Summary

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

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



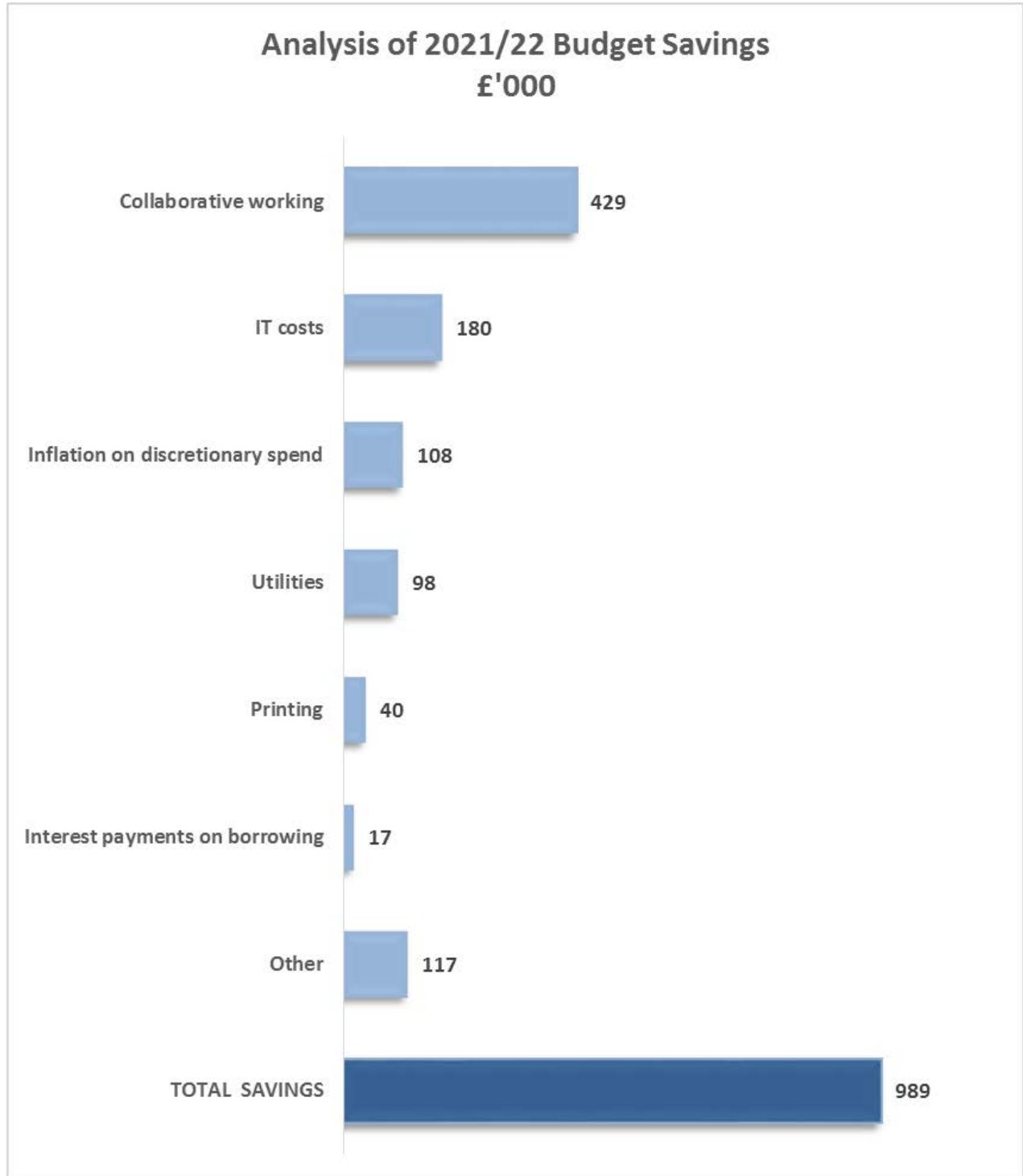




# BUILDING THE 2021/22 REVENUE BUDGET

## 2021/22 Savings Summary

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





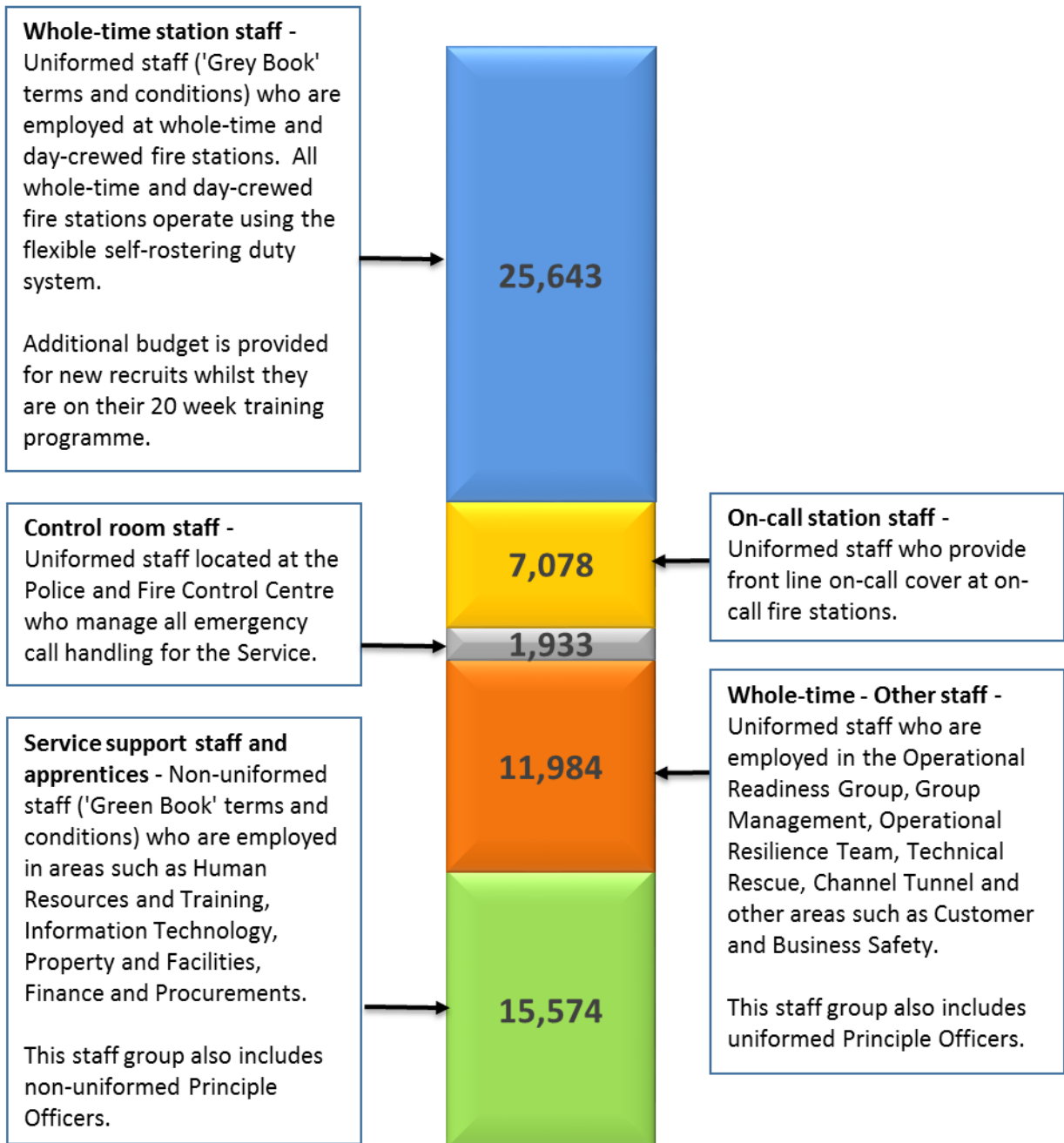




# BUILDING THE 2021/22 REVENUE BUDGET

## 2021/22 Employee Pay Budget Analysis

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

















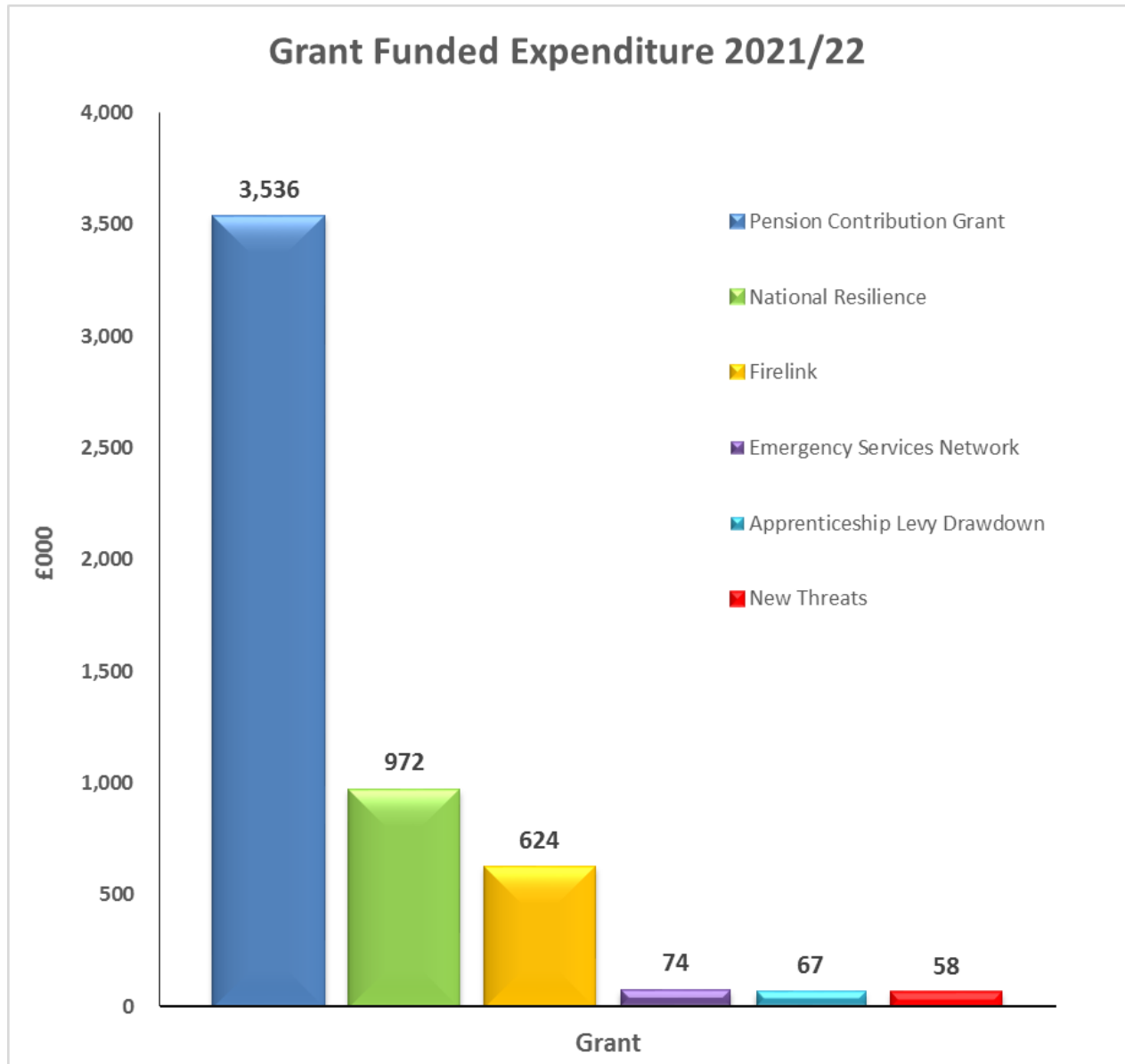




# FUNDING THE 2021/22 REVENUE BUDGET

## Grant Funded Expenditure

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



## REVENUE RESERVES SUMMARY

Details of the Authority's General Reserve and each of the Earmarked Reserves are given below:-

**General Reserve** - Provides a contingency to cushion the impact of unexpected events or exceptional costs, and in extreme circumstances would be used to provide a working cash balance to cushion the impact of uneven cash flows, and help avoid unnecessary temporary borrowing. For example, the General Reserve could be used to fund any unforeseen loss on the Authority's share of Kent District's and Medway Council's Business Rate collection funds.

Within the 2021/22 Reserve Strategy, it is proposed that the level of General Reserve is set at around 5% of the Authority's base revenue budget. The appropriateness of this level is assessed on an annual basis, through a detailed risk assessment.

**Earmarked Reserves** - Sums specifically set aside not only provide funds to meet future known or predicted expenditure or liabilities, but also support the transformation of the service to ensure it is fit for the future. Earmarked Reserves are typically used to smooth the impact on the revenue budget (and Council Tax) of expenditure that would otherwise cause significant fluctuations in the annual budget requirement, such as expenditure on the replacement of vehicles and equipment or investment in large IT projects. Earmarked Reserves are also of use where there may be plans to introduce a policy change or a service improvement which initially requires a one-off increase in expenditure for which additional resources are required, or where there is a future budget liability or pressure which is known, but for which the timing of payments or change in funding is uncertain. The purpose of each reserve is clearly defined, with regular reviews to ensure continued relevance and adequacy.

- **Government Grants** - Used to carry forward the balance of any unspent Government grants to the following financial year.
- **Infrastructure** - Used to fund both revenue and capital investment in infrastructure assets (premises, environmental improvements, IT and communications equipment, as well as vehicles and operational equipment) and reflects funding for a significant programme of investment in these areas over the medium term.
- **Insurance and Resource** - Used to smooth the impact of insurance claims volatility between financial years. Also provides an additional resource, should it be needed, to meet excessive costs in any one year, arising from the Insurance Mutual Company arrangements. This reserve is also available to fund any unbudgeted in-year inflationary increases such cost increases due to Brexit.
- **Rolling Budget** - Used to fund committed expenditure where the goods or services will not be received or delivered until the following financial year.
- **Service Transformation and Productivity** - Used as a one-off funding resource to help pump-prime new initiatives or improvements to the Service, which may arise in-year or be planned for future years. It will also be used to help support collaborative initiatives with other blue light services and partner agencies.





## MEDIUM TERM FINANCIAL PLAN 2021/22 – 2024/25

### Revenue Budget Assumptions (Funding, Pressures and Savings)

The revenue budget funding for 2021/22 to 2024/25 is estimated using various assumptions, as much of the information required to set the medium term budget is not yet known. As detailed previously, the Government has only confirmed funding for 2021/22 and intends to conduct another Spending Review in 2021 which will impact on future funding. On that basis a prudent approach has been taken in estimating funding that may be received from central Government in future years. Details of the main assumptions used in estimating the revenue budgets for 2022/23 to 2024/25 are detailed below:-

#### Funding assumptions at this point in time:-

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

#### Anticipated Budget Pressures:

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

## MEDIUM TERM FINANCIAL PLAN 2021/22 – 2024/25

### Anticipated Budget Savings:

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

### Summary Revenue Budget Estimates

The Table below summarises the base budget changes in each of the financial years between 2021/22 and 2024/25. Also shown is a breakdown of funding sources and additional information with regards to increases in Council Tax receipts for the same years:-

(All figures are £'000)	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
Base Budget brought forward	74,258	74,849	78,058	79,144
Pay, Pensions, Prices and Pressures	1,780	2,272	2,002	2,533
Savings	-989	-2,599	-916	-891
*Fire Pensions Grant in Funding from 2022/23	0	3,536	0	0
General Reserve – Base Budget Removed	-200	0	0	0
<b>Base Budget carried forward</b>	<b>74,849</b>	<b>78,058</b>	<b>79,144</b>	<b>80,786</b>
Transfer to/from Earmarked Reserves - Local Tax Income Guarantee Scheme	303	-151	-151	0
Transfer from Earmarked Reserves - 2020/21 Expanded Retail Reliefs	-3,175	0	0	0
Transfer to General Reserve	50	130	70	80
<b>Net Revenue Budget</b>	<b>72,027</b>	<b>78,037</b>	<b>79,063</b>	<b>80,866</b>
Net change £	-2,231	6,010	1,026	1,803
Net change %	-3.00%	8.34%	1.31%	2.28%
<b>Budget funded by:-</b>				
Council Tax	51,397	52,147	53,173	54,470
Local Council Tax Support Grant	956	0	0	0
*Revenue Support Grant	6,457	9,994	9,994	9,994
Top-Up Grant	8,514	8,514	8,514	8,514
Retained Business Rates	6,596	6,596	6,596	6,596
Council Tax Collection Fund	-238	-371	-371	0
Business Rates Collection Fund	-3,401	-135	-135	0
Section 31 Business Rates Grant	1,292	1,292	1,292	1,292
Local Tax Income Guarantee Scheme	454	0	0	0
<b>Total Funding</b>	<b>72,027</b>	<b>78,037</b>	<b>79,063</b>	<b>80,866</b>

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

## MEDIUM TERM FINANCIAL PLAN 2021/22 – 2024/25

### Analysis of Change in Council Tax Income:-

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

# MEDIUM TERM INFRASTRUCTURE PLAN 2021/22 - 2024/25

## Medium Term Infrastructure Plan

### Capital Expenditure Plan

The Capital Plan has been developed in line with the proposals detailed in the Customer and Corporate Plan, to support and maintain the key assets and infrastructure across the organisation. The main areas contained within the Plan are detailed below:-

**Building works** - The Authority's property portfolio consists of in excess of 80 buildings which it aims to maintain in a good condition. Periodically, however, enhancements and improvements to the buildings are undertaken wherever it is appropriate and necessary to do so, not least to ensure that the Service and its operational bases remain fit for the future. Currently a number of reviews are underway to determine property use across the estate. These reviews are in their early stages, but indicative funding requirements have been incorporated into the capital programme, to ensure that any redevelopments could be afforded. Redevelopment of the Ashford site, including the Live Fire facilities, is underway and it is expected that this major work will be completed in early 2023.

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

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

### Revenue Expenditure Plan

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

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

**IT** - There is significant investment planned for IT as detailed in the IT investment programme. This includes; expenditure on key back office systems such as Workforce Planning and asset management; expenditure on responsive operational systems such as ESN, Command and Control and Fireground Radios; expenditure on systems that underpin the pro-active work of the organisation such as Operational Response and Road Safety; plus expenditure on underlying core IT infrastructure such as replacement desktop and mobile equipment.

**Equipment** – There are plans to upgrade various items of operational equipment and the vehicle CCTV/Telematics in the near future.

## MEDIUM TERM INFRASTRUCTURE PLAN 2021/22 – 2024/25

### Medium Term Infrastructure Plan

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

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

# MEDIUM TERM INFRASTRUCTURE PLAN 2021/22 – 2024/25

## Infrastructure Plan Funding and Reserve Balances

The Infrastructure Plan is funded from various sources, each described below:-

**Revenue Contributions / Reserves** - The base revenue budget has a level of funding which may be used to support the funding of both the revenue and capital infrastructure plans. The Authority also has revenue resources set aside in the Infrastructure Reserve which can be used to fund revenue and capital investment in infrastructure assets to ensure continuous development and improvement across the organisation.

**Capital Receipts** - The use of capital receipts from the disposal of assets is governed by Regulations and can only be used to fund capital expenditure and repay debt. Where properties are identified as surplus to operational requirements, Members approval is sought for their disposal. Cash receipts which are generated from the asset disposal and which are in excess of £10k, must be used to support new capital investment or offset future debt or transitional costs. They cannot be used to fund day to day revenue expenditure. As at 31 March 2021 there are forecast to be unapplied capital receipts arising from the disposal of a number of the Authority's assets, including redundant fire stations, land and unoccupied housing of £7.863m.

**Prudential Borrowing** - The Authority can use prudential borrowing to fund capital expenditure provided that such borrowing is affordable, prudent and sustainable over the medium term. A range of calculations (prudential indicators) are completed as part of the annual budget setting process to evidence this. These make sure that the cost of paying for interest charges and the repayment of principal is taken into account when developing the Medium Term Financial Plan.

## MEDIUM TERM INFRASTRUCTURE PLAN 2021/22 – 2024/25

### Infrastructure Plan Funding and Reserve Balances

The Tables below show the funding sources for the capital plan plus anticipated balances on the capital receipts and infrastructure reserves for 2021/22 to 2024/25.

#### Capital Infrastructure Plan Funding

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

#### Revenue Infrastructure Plan Funding

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

#### Capital Receipts Reserve

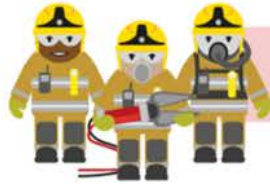
(All figures are £'000)	Forecast 31.3.21	Forecast 31.3.22	Forecast 31.3.23	Forecast 31.3.24	Forecast 31.3.25
<b>Balance at end of year</b>	<b>7,863</b>	<b>5,805</b>	<b>5,805</b>	<b>5,805</b>	<b>6,004</b>

#### Infrastructure Reserve

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

# What do you get for your money?

(2020/21 figures)



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



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

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



# £1.50

a week for a Band D property (2020/21 figure)

## Always there for our customers



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



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



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

## Incidents and activity



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

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



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



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



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

## Helping you stay safe



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



**87,692** pupils given fire and road safety lessons



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



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



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



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