

Report of the Treasurer

Budget Update 2023/24

Purpose of report

1. To update Members on the 2023/24 Budget following the settlement of the Grey Book Pay Award.

Recommendation

The Treasurer recommends that the Committee approves the revised budget.

Introduction and Background

2. When the Fire Authority approved the 2023/24 Budget and Medium-Term Financial Plan (MTFP) in February, there was still some uncertainty regarding settlement of the Grey Book pay award. This has now been resolved and this is the first opportunity to bring the consequential changes before Members.

Budget Changes

3. Members are reminded of the budget and MTFP that was approved and is set out below:

	2023/24 Budget	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
	£	£	£	£
EXPENDITURE per MTFP	39,396,800	40,713,800	41,705,000	42,744,700
FUNDING per MTFP	(40,114,700)	(40,500,700)	(41,577,600)	(42,688,000)
	(717,900)	213,100	127,400	56,700
Tax Income Guarantee	(46,000)			
Capital Projects Reserve	289,900			
Deficit/(Surplus)	(474,000)	213,100	127,400	56,700

4. Since that meeting of the Fire Authority there have been five changes that have an impact on the budget:
 - a. The Grey Book pay award has been settled at 7% for July 2022 and 5% for July 2023
 - b. An offer has been made to Green Book staff for April 2023 (which has been rejected). The offer is estimated as costing £90,000 more than the 5% overall increase in the support staff payroll cost provided in the budget and nearer to the 6.8% of the April 2022 award.

- c. There were some late changes to the Retained Business Rate information provided by two of the Billing Authorities.
- d. In the final settlement the distribution of grants was slightly different. The Rural Services Grant was increased by 12% (£13,500) and the Services Grant by £9,100. However, there was a balancing reduction in the Funding Guarantee Grant leaving the total grant unchanged.
- e. The New Dimensions USAR grant has been amended upwards slightly, but the Authority has been unofficially notified that the cessation of the grant has been deferred for 12 months to end at 31st March 2025.

5. The net impact of these changes is summarized below and the revised budget is shown in Appendix 1.

	2023/24 Budget £	2024/25 Forecast £	2025/26 Forecast £	2026/27 Forecast £
EXPENDITURE per MTFP	39,396,800	40,713,800	41,705,000	42,744,700
Grey Book Award	485,000	583,000	583,000	583,000
Green Book Offer	90,000	91,800	93,600	95,500
Delayed loss of USAR		238,000		
	39,971,800	41,626,600	42,381,600	43,423,200
FUNDING per MTFP	(40,114,700)	(40,500,700)	(41,577,600)	(42,688,000)
New Dimensions Grant	(4,200)			
Business Rate Changes	19,500	10,800	11,000	11,200
New Dimensions Grant		(824,000)		
	(40,099,400)	(41,313,900)	(41,566,600)	(42,676,800)
Tax Income Guarantee	(46,000)			
Capital Projects Reserve	289,900			
	243,900			
Deficit/(Surplus)	116,300	312,700	815,000	746,400

6. In accordance with the established reserves policy these short-term budget gaps can be met from the Budget Reduction Reserve. Based upon expected use in 2022/23 the reserve could meet all of the gap to 2025/26 and about half of the 2026/27 gap.
7. However, by 2026/27 the Authority will need to have identified on-going savings of around £750,000.

Conclusion

8. Whilst it would not be prudent to rely on the use of reserves to close a budget gap in the long term, the planned use to avoid unnecessarily early service impacts, whilst developing a cost reduction plan can be seen as a sensible use of these reserves

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	No immediate direct implications not already included in original budget approval
Strategic Policy Links & Core Code of Ethics (Identify how proposals link with current priorities & policy framework and align to the Core Code of Ethics)	N/A
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	N/A
Consultation (identify any public or other consultation that has been carried out on this matter)	N/A
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A
Data Protection Impact Assessment (where personal data is processed a DPIA must be completed to ensure compliant handling)	N/A.

Supporting Information

Appendix 1 – Revised Revenue Budget – 2023/24