

# HUMBERSIDE FIRE AUTHORITY

FRIDAY, 9 FEBRUARY 2024

## PRESENT:

### Members

#### **Representing East Riding of Yorkshire Council:**

Councillors Casson, Gill, Heslop-Mullens, Meredith and Sutton

#### **Representing Hull City Council:**

Councillors Henry, Matthews, Neal, North, Petrini and Woods

#### **Representing North East Lincolnshire Council:**

Councillors Lindley, Patrick, Shepherd and Swinburn

#### **Representing North Lincolnshire Council:**

Councillors Briggs, Grant, Sherwood and Waltham MBE

### Officers of Humberside Fire & Rescue Service

Phil Shillito - Chief Fire Officer & Chief Executive, Matthew Sutcliffe - Assistant Chief Fire Officer & Executive Director of Corporate Services, Christine Cooper - Executive Director of People and Development, Martyn Ransom - Executive Director of Finance/Section 151 Officer, Jon Henderson - Area Manager Prevention, Protection, Fleet and Estates, Jason Kirby - Area Manager of Emergency Response, Steve Duffield - Area Manager of Service Improvement, Lisa Nicholson - Monitoring Officer/Secretary and Alison Finn - Committee Manager.

### Also in attendance:

#### **External Auditor**

Gavin Barker - Director - Public Services (Mazars) attended virtually (presented Minutes 9/24 and 10/24).

The meeting was held at Service Headquarters, Hessle.

Members of the Fire Authority held a minute silence to remember Councillor Astell and the West Midlands Fire Chief Wayne Brown who had both sadly died.

**1/24 APOLOGIES FOR ABSENCE** - Apologies for absence were submitted from Councillors Dennis, Healing, Pickering and Jonathan Evison (Police and Crime Commissioner).

**2/24 DECLARATIONS OF INTEREST** - there were no declarations.

**3/24 MINUTES - Resolved** - That the minutes of the meeting of the Authority held on 1 December 2023 be approved as a correct record.

**4/24 MINUTES OF THE GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE - Resolved** - That the minutes of the Governance, Audit and Scrutiny Committee meeting held on 22 January 2024 be received.

**5/24 MINUTES OF THE APPEAL COMMITTEE - Resolved** - That the minutes of the Appeal Committee meetings held on 24 October 2023 and 19 December 2023 be received with a correction to reflect that Councillor Casson chaired the meeting held on 19 December 2023.

**6/24 MINUTES OF THE PENSION COMMITTEE - Resolved –**

- (a) That the minutes of the Pension Committee held on 29 January 2024 be received, and
- (b) that Peter Wheldale be appointed to the vacant seat on the Pension Board.

**7/24 QUESTIONS BY MEMBERS -** there were no questions by Members.**8/24 COMMUNICATIONS -** The following communications were reported:

- (i) 2024 was the fiftieth anniversary of Humberside Fire and Rescue Service and events would be held to commemorate that.
- (ii) Katheryn Lavery had now left the GAS Committee, thanks were expressed for her commitment.
- (iii) An HMICFRS update had been circulated to Members on 8 January 2024.
- (iv) The Government has laid regulations before Parliament on how minimum service levels would be applied to the fire and rescue sector. The regulations set out the services that should be provided on a strike day, and the level of service to be provided. All fire and rescue authorities in England would be subject to these regulations.

**9/24 AUDITORS ANNUAL REPORT 2022/23 -** Gavin Barker (Mazars) presented the External Audit Annual Report for 2022/23.

The Auditor's Annual Report summarised the work undertaken by external auditors for the year ended 31 March 2023. Responsibilities of auditors were defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outlined how auditors had discharged those responsibilities and the findings from its work, a summary of which could be seen below:

- Opinion on the financial statements - the audit report was issued in January 2024. Audit expect to issue an unqualified opinion on the financial statements in their final report expected February 2024.
- Value for Money arrangements - In the final audit report, yet to be issued, External Audit expect to report that they have completed work on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements.
- Wider reporting responsibilities – auditors had received group instructions from the National Audit Office (NAO) in relation to Whole of Government Accounts (WGA) but were unable to report to NAO until they have issued the audit opinion. It was anticipated reporting on WGA shortly after issuing the audit opinion (anticipated in February 2024).

Gavin Barker would no longer be the named auditor for the Service's accounts as he had done the maximum five years allowed, his replacement would be Mark Outterside. It was also noted that Ross Woodley was retiring and would be replaced by Rejoice Mapeto. The Authority offered its thanks and appreciation to Gavin for his help and support during the last five years.

**Resolved -** That the External Audit Annual Report be received.

**10/24 ANNUAL ACCOUNTS 2022/23 -** The Executive Director of Finance/S.151 Officer submitted the revised annual accounts for 2022/23 for approval.

The Statement of Accounts summarised the financial performance of the Authority for year ended 31 March 2023. The accounts had been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The purpose of the narrative report was to offer interested parties a fair, balanced and easily understandable guide to the most significant matters reported in the accounts. A small number of technical adjustments had been made to the accounts that had been approved by Mazars.

**Resolved** - That the revised annual accounts for 2022/23 be approved.

**11/24 MANAGEMENT ACCOUNTS PERIOD ENDING 31 DECEMBER 2023** - The Executive Director of Finance/S.151 Officer submitted a report that described the financial direction of the Service and outlined its financial pressures.

The summary estimated outturn position for the current financial year based on information to 31 December 2023 was as follows:

CATEGORY	2023/24 OUTTURN PROJECTION
HFA	
Revenue Budget	£0.245m underspend
Capital Programme	£1.997 spend against a £6.719m allocation
Pensions Account	£13.794m deficit

This was the third set of Management Accounts for the 2023/24 financial year and updates would be brought to the Authority based on the period 29 February 2024.

Further details on all areas were available electronically alongside the agenda papers on the Fire Authority's website at <https://humbersidefire.gov.uk/about-us/fire-authority/meeting-documents>.

**Resolved** - That the report be received.

**12/24 APPROVAL OF PRECEPT AND MEDIUM-TERM RESOURCE STRATEGY 2024/25 TO 2028/29** - The Executive Director of Finance/S.151 Officer submitted a report that proposed the setting of the 2024/25 Precept and Medium-Term Resource Strategy (MTRS) 2024/25 to 2028/29.

The decision on the 2024/25 precept for Humberside Fire Authority had to be taken in the light of a number of significant factors.

- The Government set a referendum threshold for 2024/25 of 3 per cent or above on a Band D property for Humberside Fire Authority. Therefore, any increase at or above that level would require a Humberside area-wide referendum in support. Clearly, there would be a significant cost attached to any such referendum.
- Secondly, although the Authority had provided for 4 per cent pay awards in 2024/25 there remained a significant risk that they could be in excess of this.
- Thirdly, the Authority had suffered a historic reduction in Government support over 2011/12 to 2022/23. Much had been done to respond to that, but the fact remained that the Authority had lost circa £11m of its funding from Government over this period.

In broad terms the budget for 2024/25 to 2028/29 was balanced subject to:

- Council Tax increase of 2.99 per cent on a Band D property in 2024/25.
- Pay awards of 4 per cent in 2024/25 and 2 per cent in each year from 2025/26 onwards.
- Recurrent savings of c.£1m (in addition to the current target) being achieved over the period 2024/25 to 2028/29.
- The use of £1.2m funding from reserves during 2024/25 and 2025/26.

The Authority's reserves consisted of the General Reserve (£6.9m at 1 April 2023) and a number of Earmarked Reserves created to meet specific areas of future expenditure (£7.9m at 1 April 2023). Again, as a result of good forward planning by the Authority, the reserves were in a sound position, but they did need to be seen in the context of the current and future significant reductions in Government funding and the major financial uncertainties that still lie ahead.

Proposed by Councillor Swinburn and seconded by Councillor Sutton; and

**Resolved** - (a) That the 2024/25 precept (as set out at Appendix 1 of these minutes) be approved at a 2.99 per cent higher on a Band D property than the 2023/24, and

(b) that the Medium-Term Resource Strategy (2024/25 - 2028/29) (as set out in Appendix 2 of these minutes) be approved.

*As required under paragraphs 11 and 12 of Schedule 2 Part 11 of the Local Authorities Standing Orders England Regulations 2001, voting was by way of recorded vote:*

**For:** Councillors Briggs, Gill, Henry, Heslop-Mullens, Lindley, Meredith, Neal, Shepherd, Sherwood, Sutton, Swinburn, Waltham and Woods

**Against:** None

**Abstain:** Casson, Grant, Matthews, North, Patrick and Petrini

**For:** 13

**Against:** 0

**Abstain:** 6

**13/24 FEES AND CHARGES** - The Executive Director of Finance/Section 151 Officer submitted a report that set out the proposed revised charges for 2024/25.

In accordance with relevant Fire Service Acts, Fire Authorities have the discretion to charge for special services performed (where there was no immediate threat of fire) and for services relating to training, fire safety and administration. The total income for the Fire Authority generated through those sources was circa £1k in 2022/23.

The revised charges proposed at Appendix A reflect the following:

- Staff related costs – charges are uplifted in line with firefighter's pay award which was 5 per cent for 2023/24.
- Non staff related costs – charges are uplifted in line with Consumer Price Index (CPI) at September 2023 which was 6.7 per cent.

Fire Service Circular 17/2001 advised Fire Authorities on the charges they may levy when dealing with cases of pension sharing involving serving members of the Firefighter's Pension Scheme or pensioners. The charges for 2024/25 had been increased in line with the average local government pay award for 2023/24 of 6 per cent.

**Resolved** - That the revised charges as attached at Appendices A and B of the report be approved with effect from 1 April 2024.

**14/24 MEMBERS ALLOWANCES 2024/25** - The Monitoring Officer/Secretary submitted a report outlining a proposed scheme of allowances to be paid to its Members.

The Local Authorities (Members' Allowances) (England) Regulations 2003 made provision for Combined Fire Authorities to establish Member Allowances Schemes from May 2003. The Fire Authority had frozen its basic and special responsibility allowances since 2008/09.

Recognising that Members of the Joint Independent Audit Committee (JIAC) for Humberside Police and the Office of the Police and Crime Commissioner for Humberside were paid an attendance allowance based on the rates set by the Home Office for attendance at Appeals Tribunals, the Authority has agreed that the Independent Co-opted Members of the GAS Committee were paid on a similar basis and that they receive an annual allowance (paid monthly rather than an as attendance allowance) calculated on the same basis as that adopted for the JIAC.

Appendix 1 to the report set out the current Members' Allowances Scheme, as of 1 April 2023. The Authority was asked to consider and approve a Members' Allowances Scheme for 2024/25, a proposal of which was set out at Appendix 2.

The Authority was required to have regard to the recommendations made by any Independent Remuneration Panels in relation to any Authority that had an Independent Remuneration Panel that nominated Members to the Fire Authority. The Members' Allowances Schedule for the four Unitary Authorities in Humberside were available for viewing on the respective Unitary Authorities' websites.

As the current Members Allowances had not been increased for 14 years, Members determined that they would like to propose an increase in their allowances for 2024/25. That proposal would be taken to an Independent Remuneration Panel for consideration.

Proposed by Councillor Shepherd and seconded by Councillor Lindley, and

**Resolved** - That the basic and special responsibility allowances 2024/25 for Members be submitted to an Independent Remuneration Panel for consideration of an increase.

#### **15/24 OUTCOME OF CONSULTATION IN THE WHITE PAPER REFORMING OUR FIRE & RESCUE**

**SERVICE** - The Assistant Chief Fire Officer/Executive Director of Corporate Services provided a report on the outcome of the white paper.

The paper provided an overview of the key outcomes from the Government's official response to the Fire Reform White Paper consultation, published 12 December 2023, issued through the Rt Hon Chris Philp, Minister of State for Crime, Policing and Fire.

The White Paper consultation was focused and structured against three areas:

- (i) **People** - improving systems, flexibility and culture.
- (ii) **Professionalism** - helping fire professionals to best serve their communities.
- (iii) **Governance** - strengthening oversight and leadership.

In its response, the Government committed to the following areas which were consulted on:

- Introduce a professional College of Fire and Rescue to oversee standards and strengthen leadership.
- Develop the provision for Chief Fire Officers (CFOs) to have operational independence.
- Task the National Joint Council (NJC) to review pay negotiation mechanisms.
- Address issues around integrity and culture through improved training, more open recruitment practices, and work towards a statutory code of ethics for all FRS employees.

Changes were likely to be delivered through a combination of legislation, revisions to the National Framework, and sector strategies and plans.

**Resolved** - that the Fire Authority takes assurance from the following:

- (i) That the Service has reviewed the Government's consultation response and will continue to monitor national progress against the agreed reforms, providing updates on their evolving status as required.
- (ii) That the Service will proactively engage in discussions, working nationally, regionally and locally as required to support the progress and implementation of the agreed sector changes.

**16/24 REALWORLDHR** - The Assistant Chief Fire Officer/Executive Director of Corporate Services provided a report on the outcome of the RealWorldHR consultation.

In April 2023, following a series of reports published nationally over a six month period relating to culture within the Fire and Rescue Sector, the Executive Board felt it important to commission an independent staff engagement exercise. The aim of that exercise, undertaken by RealWorldHR, was to gauge staff perception on the organisation so that the Service could better understand how to support and develop its

workforce with the view to aspiring to becoming an outstanding organisation. RealWorldHR was commissioned to undertake this activity, following a competitive tendering exercise, and had now completed its work and produced its report for the Service's consideration and forward action.

It was vital that all staff understood the findings of the engagement exercise and the Service's genuine commitment to address the issues raised in the report and continue to drive forward cultural change within the Service to enable it to achieve its aspiration to becoming an 'Outstanding' organisation.

Actions recommended would be incorporated into the Service Improvement Plan to ensure they were effectively implemented, managed and monitored.

**Resolved** - That the Fire Authority:

- (i) Receives the RealWorldHR report and acknowledges both the positive areas highlighted in the report and those areas where further improvement can be made.
- (ii) Takes assurance that a comprehensive communication and engagement plan has been developed to inform staff over the forthcoming period of the outcome of the RealWorldHR report.
- (iii) Be assured that the action points raised in the RealWorldHR report will be embedded into the Service Improvement Plan (SIP) for implementing, managing and monitoring in order to drive forward the continuing positive cultural change and the aspiration to becoming an outstanding organisation.

**17/24 CHIEF FIRE OFFICER UPDATE** - The Chief Fire Officer/Chief Executive provided a verbal update.

- All Member Champions were encouraged to share and discuss the RealWorldHR report with any Fire Service employee and to send any feedback to the Strategic Leadership Team.
- Condolences had been sent to Councillor Astell's family and representatives from the Service had attended his funeral. Representatives from the Service would also attend West Midlands' Chief Fire Officer Wayne Brown's funeral.
- The daily Strategic Briefing had been streamlined and would now only take place Monday to Friday, with weekend briefings undertaken by exception.
- The Locally Determined (Full Time) Shift System new start and finish times, consulted on at the end of 2023, were implemented on 1 January 2024.
- As discussed under Minute16/24 a series of Let's Talk sessions were taking place for all watches and support staff to communicate the findings and publication of the RealWorldHR report.
- The Service's Falls Team had been praised by the Minister for Crime, Policing and Fire, Chris Philp, in Parliament.

**Resolved** - That the update be noted.

**Calculation of Precept 2.99% Increase on a Band D Property**

<u>2023/24</u>		<u>2024/25</u>	
£		£	
52,693,448	Net Revenue Budget	57,788,958	
(566,953)	Add : Contribution to/(from) General Reserve	(143,996)	
-	Contribution to/(from) Earmarked Reserves	-	
<u>52,126,495</u>	Net Budget Requirement	<u>57,644,962</u>	
(18,513,927)	Less : Exchequer Assistance	(22,100,378)	
-	Formula Grant	(521,980)	
-	Funding Guarantee		
(6,021,273)	Less : Business Rates received from Local Authority	(6,723,000)	
(370,417)	Less : Council tax net collection fund (surplus)/deficit	(274,311)	
(165,720)	Less : NNDR net collection fund (surplus)/deficit	300,000	
<u>27,055,158</u>	Amount to be raised from Tax	<u>28,325,293</u>	
284491.67	Divided by Tax Base	289210.67	
<b>£95.10</b>	<b>Band D Council Tax</b>	<b>£97.94</b>	
<b>5.54%</b>	<b>Precept Increase over Previous Year</b>	<b>2.99%</b>	

<u>2023/24</u>	<u>Tax Band</u>	<u>2024/25</u>	<u>2024/25 Increase over -</u>	
			<u>Year</u>	<u>Month</u>
			£p	£p
63.40	A	65.29	1.89	0.16
73.97	B	76.18	2.21	0.18
84.53	C	87.06	2.53	0.21
95.10	D	97.94	2.84	0.24
116.23	E	119.70	3.47	0.29
137.37	F	141.47	4.10	0.34
158.50	G	163.23	4.73	0.39
190.20	H	195.88	5.68	0.47

<u>2023/24</u>		<u>2024/25</u>	<u>Precept</u>	<u>2024/25</u>	<u>Total</u>
<u>Collection</u>		<u>Collection</u>		<u>Collection</u>	
<u>Fund</u>		<u>Fund</u>		<u>Fund</u>	
<u>Balances</u>		<u>Balances</u>		<u>Balances</u>	
£		£	£	£	£
266,720	East Riding of Yorkshire	12,205,224	179,000	12,384,224	
77,305	Kingston upon Hull	6,460,710	(33,088)	6,427,622	
27,238	North East Lincolnshire	4,583,707	217,339	4,801,045	
(846)	North Lincolnshire	5,075,652	(88,940)	4,986,712	
<u>370,417</u>		<u>28,325,293</u>	<u>274,311</u>	<u>28,599,604</u>	



HUMBERSIDE FIRE AUTHORITY

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# MEDIUM-TERM RESOURCE STRATEGY 2024/25 – 2028/29

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## **I. Purpose of the Medium-Term Resource Strategy**

- 1.1 This is the Medium-Term Resource Strategy (MTRS) of Humberside Fire Authority. It covers a period of five years but will be reviewed annually to reflect the dynamic nature of both the fire service and changes in funding. It describes the financial direction of the organisation and outlines financial pressures.
- 1.2 The MTRS provides options for delivering a sustainable budget and capital programme over the medium term. It also sets out how the Authority can provide the resources to deliver the priorities in the Community Risk Management Plan (CRMP) within the challenging financial climate.
- 1.3 The MTRS sets the financial context for the Authority's revenue budget, capital programme and precepting decisions.
- 1.4 The overall financial strategy seeks to deliver the Authority's Community Risk Management Plan, 2021 - 2024.

## **2. Aims of the Strategy**

- 2.1 The MTRS assists in:
  - (i) Supporting delivery of the Community Risk Management Plan 2021-2024;
  - (ii) Improving financial planning and the financial management of the Authority's resources, both revenue and capital;
  - (iii) Maximising the use of resources available to the Authority, both internal and external;
  - (iv) Ensuring that the Authority provides value for money and continues to deliver efficiency gains;
  - (v) Reviewing the Authority's policy on the use of reserves, ensuring the position continues to be sustainable and that there are sufficient resources over the medium term;
  - (vi) Responding to external pressures, including changes to funding resulting from the Government's annual funding announcements.
  - (vii) Ensuring that the Authority's long-term plans are sustainable and efficient.

## **3. Principles of the Strategy**

- 3.1 The key principles underlying the Authority's MTRS 2024/25 – 2028/29 are:
  - (i) Overall expenditure of the Authority will be contained within original estimates each year.
  - (ii) The Authority will maintain a Prudent Minimum General Reserve (PMGR), reviewed annually, to cover any major unforeseen expenditure or loss of funding. A flexible approach will be taken to the use of reserve balances above this level where appropriate, balancing the opportunity costs of maintaining reserves against the benefits of alternative approaches.
  - (iii) The Authority will maintain earmarked reserves for specific purposes only when appropriate, and which are consistent with achieving objectives.

- (iv) The Authority will continue to prioritise the achievement of Value for Money, securing economy, efficiency and effectiveness in the use of resources; in establishing the framework for the Fire Service within Humberside and; in commissioning and procurement decisions.
- (v) The Authority's Chief Finance Officer will prepare a rolling programme of five-year budget forecasts to inform the Authority's budget and precepting decisions.
- (vi) The Authority, supported by the Authority's Chief Finance Officer and Chief Fire Officer/Chief Executive, will continue to contribute to national reviews of fire funding and take every opportunity to engage in order to pursue the fair and equitable funding of Humberside Fire Authority.

#### **4. Reviewing the Strategy**

4.1 The Authority's MTRS review for 2024/25 to 2028/29 has been carried out under the following key themes:

- (i) The financial context in which the Authority operates;
- (ii) The Authority's current financial position;
- (iii) The impact of the revised CRMP including the impact of the Grenfell Tower tragedy, increased focus on business safety and Local and National Resilience arrangements;
- (iv) The impact of inflation;
- (v) The future budget pressures that the Authority will face over the period of the strategy;
- (vi) Budget savings;
- (vii) The Authority's capital programme;
- (viii) Reserves policy;
- (ix) Risk assessment;
- (x) Financial Resilience.

#### **5. Community Risk Management Plan**

5.1 The successful delivery of the Strategy requires the Chief Fire Officer to manage a complex set of resources, demands, and priorities whilst reviewing and revising plans to meet the risk profile for fire services within the available financial resources.

5.2 HMICFRS (His Majesty's Inspectorate of Constabulary and Fire & Rescue Services) considers that a Service is efficient if it is making the best use of its resources to provide fire services that meet expectation and follow public priorities, and if it is planning and investing wisely for the future.

5.3 The Authority's MTRS is underpinned by workforce planning and capital programmes which are aligned with the delivery of the Community Risk Management Plan priorities and the continued delivery of an efficient and effective fire service to the communities of Humberside.

5.4 The Service is instrumental in identifying the risk in communities and providing engagement using the community safety teams. The CRMP identifies the level of risk in each of the four Local Authority areas and resources are located and distributed on this basis. The intervention standards allow measurement of the response to incidents based on the risk rating established.

## 6. Financial Context

- 6.1 **Funding Formula** - The Fire and Rescue Service relative needs formula (RNF) used to distribute Grant between Fire and Rescue Services was introduced in 2010/11 and much of the data used has not been updated. There has been recognition for many years that the formula no longer reflects needs, but previous attempts at reform of the relative needs formula in 2018 have not come to fruition due to various technical/political considerations. No change is anticipated to the RNF formula until at least 2025/26 at the earliest and therefore, the MTRS has made no assumptions in this regard.
- 6.2 **Local Government Finance Settlement and Council Tax Precept** – The Autumn Statement was announced on the 22<sup>nd</sup> November 2023. Following this announcement amendments to grant and council tax assumptions have been made. The Provisional Local Government Finance Settlement and Council Tax referendum rules were announced on 18 December 2023.
- 6.3 This MTRS as presented includes an increase in the precept of 2.99% for a Band D property for 2024/25. An increase of 1.99% has also been included for future years. Final decisions on the actual precept will be made each year by the Authority based on the financial circumstances at the time.
- 6.4 The Secretary of State determines the maximum increase that Fire and Rescue Authorities can make to Council Tax Precept without requiring a referendum and in 2024/25 this is 2.99%.
- 6.5 The Authority has run a public consultation on the level of Council Tax Precept for 2024/25. There have been 1,356 responses with 72% of these agreeing with an increase.

## 7. Current 2023/24 Financial Position

- 7.1 The Authority's budget for 2023/24 is £52.127m. The quarter two revenue monitoring report shows a projected budget underspend of £0.245m as at 31 December 2023.

2023/24 Revenue Monitoring – Quarter 3 Position			
	Approved Budget 2023/24	Projected Outturn 2023/24	Variance 2023/24
<u>Financial Position</u>	£m	£m	£m
Fire Response and Protection	49.229	49.184	(0.045)
Capital Financing	3.465	3.265	(0.200)
<b>Net Expenditure</b>	<b>52.694</b>	<b>52.449</b>	<b>(0.245)</b>
Central Government Grant	18.514	18.514	-
Business Rates	6.187	6.187	-
Council Tax Precept	27.426	27.426	-
<b>Central Grant and Precept Total</b>	<b>52.127</b>	<b>52.127</b>	<b>-</b>
<b>Appropriations (to) / from reserves</b>	<b>0.567</b>	<b>0.322</b>	<b>(0.245)</b>

- 7.2 The budget is held by the Authority to provide financial resources to deliver operational fire response and protection. The Capital Financing budget comprises the revenue provision for repayment of borrowing, interest costs and investment income.
- 7.3 The overall forecast represents an underspend of £0.245m.
- 7.4 The forecast closing position on reserves for 2023/24 is £14.379m.

## 8. Medium Term Budget Pressures in Humberside

- 8.1 When calculating the medium-term budget projections for Humberside consideration has been given to a number of budget pressures including:
- (i) Pay and price increases;
  - (ii) Budget pressures;
  - (iii) Revenue implications of the capital programme.
- 8.2 **Pay and price increases** - Indicative budget forecasts for 2024/25 to 2028/29 reflect the impact of inflation on budgets wherever possible such as energy, business rates and rent increases along with known contract increases. In addition, estimates for future pay awards are at 4% in 2024/25 and 2% in future years.
- 8.3 **Budget pressures** - The MTRS also includes estimates of the impact of the valuation of the Firefighters' Pension Scheme and the triennial review of the Local Government Pension Scheme (LGPS).
- 8.4 **Revenue implications of the capital programme** – The most recent approved five-year capital programme is summarised in Section 10 below. The implications of this programme are fully reflected in the MTRS.

## 9. Medium Term Efficiencies and Productivity

- 9.1 Throughout the MTRS period efficiencies will continue to be delivered wherever possible, to sustain the investment in the fire service and balance the budget (See 11.2), for example:
- (i) Service Improvement Plan;
  - (ii) Non-pay savings (3% each year);
  - (iii) Savings through procurement through the continued use of regional and national frameworks;
  - (iv) Maximising income generation wherever possible.
- 9.2 The Authority is actively engaged in NFCC Efficiency and Productivity workstreams with our Chief Fire Officer/Chief Executive being the National NFCC Lead for Productivity and Efficiency. The Authority has produced a Productivity and Efficiency Plan which is published on the Authority's website. [Efficiency-and-Productivity-Plan-2023-24.pdf](#)

## 10. Capital Estimates and Financing

10.1 The following table provides a summary of the 5-year capital programme:

Capital Estimates	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Major and Minor Building Schemes	2.028	1.358	1.340	1.790	0.790	7.306
Information Technology	0.450	0.300	0.300	0.300	0.300	1.650
Vehicles and Equipment	1.936	2.392	2.350	1.298	0.503	8.479
<b>Total</b>	<b>4.414</b>	<b>4.050</b>	<b>3.990</b>	<b>3.388</b>	<b>1.593</b>	<b>17.435</b>

10.2 Key areas to note in the proposed programme are:

- (i) **Building Schemes** - Estates refurbishment programme based on operational requirements;
- (ii) **Information Technology** - the Service have a number of Improvement Schemes to deliver change and efficiency through transformation and costs relating to the implementation of the Emergency Services Network (ESN);
- (iii) **Vehicles and Equipment** - a rolling programme of vehicle replacement and programmes for upgrading equipment.

### Capital Financing

Capital Estimates	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Forecast Expenditure	4.414	4.050	3.990	3.388	1.593	17.435
<b>Financed by:</b>						
Grants and Contributions	1.500	1.200	1.200	1.200	1.200	6.300
Prudential Borrowing	2.914	2.850	2.790	2.188	0.393	11.135
<b>Total Financing</b>	<b>4.414</b>	<b>4.050</b>	<b>3.990</b>	<b>3.388</b>	<b>1.593</b>	<b>17.435</b>

10.3 The capital financing approach is to use Prudential borrowing and identified revenue contributions and reserves where appropriate to fund the Capital Programme and as mentioned in paragraph 8.4 the revenue implications of this borrowing is fully reflected in the MTRS Budget Forecast.

## 11. Indicative Budget Forecasts 2024/25 to 2028/29

11.1 All the budget pressures, budget savings and funding assumptions outlined earlier in this Strategy are summarised below. Having considered the savings proposals and the availability of reserves to support the MTRS an important consideration is the precept proposal for 2024/25. The MTRS includes a precept increase of 2.99% built into the funding for 2024/25 and 1.99% in each of the future years.

11.2 The budget forecast position is set out in the following table:

MTRS Group Budget Forecast	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
<b>Base budget</b>	52.693	58.116	59.830	60.707	61.863
<b>Budget pressures</b>					
Pay Related Increases	5.231	0.402	0.666	0.964	0.978
Non-Pay Inflation	0.398	0.375	0.396	0.314	0.333
Budget pressures / (Savings)	0.668	1.189	(0.010)	0.050	0.050
Revenue Impact of Capital Financing	(0.589)	0.080	0.167	0.178	0.137
<b>Total budget pressures</b>	5.708	2.046	1.219	1.506	1.498
Efficiency Savings Requirement	(0.285)	(0.332)	(0.342)	(0.350)	(0.358)
Additional Savings Requirement	-	-	-	-	-
<b>Net Budget Requirement</b>	<b>58.116</b>	<b>59.830</b>	<b>60.707</b>	<b>61.863</b>	<b>63.003</b>
Central Government Grant Income	22.100	22.100	22.100	22.100	22.100
Funding Guarantee	0.597	0.597	0.597	0.597	0.597
Business Rates Received from Local Authorities	6.609	6.609	6.609	6.609	6.609
Business Rates – Collection Fund Surplus / (Deficit)	0.176	(0.300)	(0.300)	(0.300)	(0.300)
Council Tax Precept Income	28.326	29.323	30.355	31.426	32.532
Council Tax Precept - Collection Fund Surplus / (Deficit)	0.274	0.450	0.450	0.450	0.450
<b>Total Income</b>	<b>58.082</b>	<b>58.779</b>	<b>59.811</b>	<b>60.882</b>	<b>61.988</b>
<b>Funding Gap / (Surplus) Before Reserves</b>	<b>0.034</b>	<b>1.051</b>	<b>0.896</b>	<b>0.981</b>	<b>1.015</b>
<b>Planned use of reserves:</b>					
Transfer (from)/to Earmarked reserves	(0.034)	(1.051)	(0.896)	(0.981)	(1.015)
<b>Funding gap / (surplus) after use of reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

11.3 The forecast budget is allocated as follows between Fire Service and Capital Financing.

Humberside Fire Authority	2024/25	2025/26	2026/27	2027/28	2028/29
	£M	£M	£M	£M	£M
Fire Response and Protection	55.289	56.873	57.583	58.510	59.464
Capital Financing	2.827	2.957	3.124	3.353	3.539
<b>Total</b>	<b>58.116</b>	<b>59.830</b>	<b>60.707</b>	<b>61.863</b>	<b>63.003</b>

- 11.4 **Budget Monitoring arrangements** – the S.151 Officer confirms that the Authority has timely and robust monitoring arrangements. Management Accounts are reported to the Fire Authority and the Governance, Audit and Scrutiny Committee on a quarterly basis.

## 12. Reserves

### Background information on Reserves

- 12.1 Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when preparing budgets.
- 12.2 In establishing reserves, the Authority must comply with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Chief Finance Officer is required as part of the budget setting process to provide a statement on the adequacy of reserves.
- 12.3 Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on Reserves and Balances (LAAP Bulletin No 77 November 2008) and the requirements of the Code suggests twice yearly reviews of reserves. By doing this, the visibility of reserves are increased and consideration of their use is placed at the forefront of the decision-making process. Reserves are cash backed balances, held on the balance sheet until they are spent or released for other purposes. As such, they can only be spent once, and are not part of the base budget.
- 12.4 In addition, CIPFA along with the Home Office recommended as good practice that Fire Authorities publish an Annual Reserve Strategy Statement. The statement provides an explanation for each reserve along with its value. It also includes a narrative explaining whether the current and projected level of reserves is appropriate, and if governance arrangements for reserves are adequate and appropriate.
- 12.5 The Authority's balance sheet reserves are summarised as follows:
- (i) **General Reserves** - a contingency for unexpected events or emergencies;
  - (ii) **Earmarked Reserves** - to meet known or predicted liabilities.
- 12.6 CIPFA guidance issued in June 2003 confirms that relevant bodies should make their own judgements on such matters, taking in to account relevant local circumstances and an assessment of risk and the advice of the Chief Finance Officer.

### Reserves Strategy

- 12.7 The Authority must retain adequate reserves so that unexpected budget pressures can be met without adverse impact on the achievement of key objectives and council taxpayers. The Authority's policy for reserves and balances is based on a thorough understanding of the organisation's needs and risks. Part of this process is to give a clear explanation of the existing and proposed use of reserves and this is addressed in the paragraphs below.

### General Reserve

- 12.8 The expected General Reserve at 1 April 2024 will be adjusted to £6.0m to match the identified level required following the risk assessment used to produce the Prudent General Minimum Level of Reserves following the end of 2023/24 financial year.



## Earmarked Reserves

12.9 Earmarked Reserves represent funds which have been set aside by the Authority for specific purposes. The table below shows the overall strategy for use of reserves over the MTRS period.

MTRS Reserves Forecast	At 1 April 2024 £m	At 1 April 2025 £m	At 1 April 2026 £m	At 1 April 2027 £m	At 1 April 2028 £m	At 1 April 2029 £m
<b>Earmarked Reserves</b>						
Insurance	0.500	0.500	0.500	0.500	0.500	0.500
National Flood Resilience Centre	1.000	1.000	-	-	-	-
Capital Programme Funding	3.410	3.660	3.510	3.360	3.210	3.060
Business Continuity	0.500	0.500	0.500	0.500	0.500	0.500
ESMCP	0.215	0.215	0.215	0.215	0.215	0.215
Strategic Transformation Fund	0.500	0.500	0.500	-	-	-
Service Improvement and Environment	0.030	0.030	0.030	0.030	0.030	0.030
Control Room	1.000	0.700	-	-	-	-
Pay and Prices	0.600	0.600	-	-	-	-
<b>Total Earmarked Reserves</b>	<b>7.755</b>	<b>7.705</b>	<b>5.255</b>	<b>4.605</b>	<b>4.455</b>	<b>4.455</b>
General Reserves	6.624	6.190	5.739	5.342	4.362	3.347
<b>Total Reserves</b>	<b>14.379</b>	<b>13.895</b>	<b>10.994</b>	<b>9.947</b>	<b>8.817</b>	<b>7.652</b>

12.10 The Authority retains £7.755m Earmarked reserves for the following purposes:

- Insurance – to meet potential uninsured losses;
- National Flooding Resilience Centre – to meet HFA contribution to the project;
- Capital Programme Funding – funding for the Capital Programme to replace capital grant funding from the Home Office which has now ceased;
- Business Continuity – to meet any expenditure required in relation to maintaining the Service’s resilience;
- Emergency Services Mobile Communication Programme (ESMCP) – to meet the costs of the ESMCP rollout;
- Strategic Transformation Fund – funding to support transformation initiatives;
- Service Improvement and Environment – to support environmental initiatives across the Service;
- Control Room – to meet costs in relation to the Control Room; and
- Pay and Prices – funding for pay and prices increases in excess of budget assumptions.

12.11 **Adequacy of Reserves** – the S.151 Officer confirms that the current reserves held by the Authority are adequate. The position on reserves will be kept under continuous review and will be reviewed again during 2024/25. Any material changes will be reported to the Authority.

### 13. Risk Assessment

13.1 The MTRS contains the most up to date information at the time of drafting, but the Authority's financial position is dynamic. A comprehensive financial risk assessment is undertaken for the revenue and capital budget setting process to ensure all risks and uncertainties affecting the Authority's financial position are identified. The Authority faces a number of significant financial pressures that could affect the position over the medium term. An assessment of the likelihood and impact of each risk and the management controls in place are shown in the following table:

Risk	Likelihood	Impact	Risk Management
Pay awards and price inflation being higher than anticipated.	Possible	Medium	Budget based on best information available and set at a prudent level.
Failure to deliver planned savings.	Possible	Low	Revenue monitoring updates to the Fire Authority.
Industrial Action	Possible	High	Recruitment of contingency crews. Inclusion of funding in the General Reserve
Further reductions in funding included in the next Comprehensive Spending Review and an unfavourable review of funding formula.	Possible	High	Balance on the General Reserve maintained at the Prudent General Minimum; forward planning; regular monitoring.
Future council tax precept rises limited by excessiveness principles determined by the Government.	Likely	Medium	Balance on the General Reserve maintained at the Prudent General Minimum; forward planning.
Costs associated with the outcome of the national legal challenge to the Firefighters' Pension Scheme (2015) transition arrangements are not met centrally by the Home Office.	Possible	Medium	Balance on the General Reserve maintained at a Prudent General Minimum; close budget monitoring; annual review of budget and MTRS; existing Firefighters Pension Fund arrangements require the Home Office to balance the deficit on the Fund each year through a top-up grant.

13.2 **Robustness of Estimates** - the S.151 Officer confirms that the budget estimates have been compiled on a robust and prudent basis.

## 14. Financial Resilience

### Sensitivity analysis

- 14.1 The MTRS refresh is being undertaken in a more uncertain environment as significant inflationary pressures impact the economy.
- 14.2 Funding assumptions both in relation to local and national funding are likely to cause material changes late on in the planning process. This cannot be avoided but needs to be recognised.
- 14.3 The current MTRS assumes pay awards at 4% in 2024/25 and 2% in future years.

- (i) Pay makes up circa 85% of the total net spend which remains one of our single largest assumptions. The table below shows the impact of differing pay awards in terms of sensitivity. Each additional 1% will cost an additional £0.4m per year.
- (ii) The following information has been received from external sources around medium-term inflation rates based on their in-depth analysis of the current market:

Budget	Increase 2024/25 %	Reason
Insurances	10.0	Renewals due and hardening of market
Waste, Cleaning, Building Maintenance	5.0	Contract price increases
Electricity	5.0	Supply and demand on global market
Gas	5.0	Supply and demand on global market
Water	5.0	Historical rate of increase
Rates	6.8	Inflation
Fuel	5.0	Forecast oil price
IT	10.0	Shortage in skilled labour and higher shipping costs

- (iii) The uncertain environment in relation to income continues to be a challenge in relation to medium term financial planning. The following sensitivity analysis has been undertaken across three scenarios ahead of the spending review across both central government and local funding streams:

## Medium Term Resilience

14.4 The following six indicators have been developed by CIPFA to demonstrate the medium-term financial resilience of Fire Authorities. These indicators allow benchmarking with other Authorities and organisations and provide an overall assessment of financial resilience.

14.5 Funding gap as a percentage of Net Revenue Expenditure (NRE) over the MTRS period - Authorities need to have a clear estimate of their funding gap over the Medium-term Resource Strategy.

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
NRE	58.401	60.162	61.051	62.213	63.361
Estimated Funding Gap	0.319	1.383	1.240	1.331	1.373
<b>Gap as a % of NRE</b>	<b>0.55%</b>	<b>2.30%</b>	<b>2.03%</b>	<b>2.14%</b>	<b>2.17%</b>
Savings Identified	0.285	0.332	0.342	0.350	0.358
Additional Savings Required	-	-	-	-	-
<b>Unidentified Gap as a % of NRE</b>	<b>0.06%</b>	<b>1.75%</b>	<b>1.47%</b>	<b>1.58%</b>	<b>1.60%</b>

14.6 Savings delivered as a percentage of planned savings – Authorities need to be sure that savings plans are effective and planned savings are delivered.

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
MTRS Savings Planned	0.658	-	0.127	0.240	0.280
MTRS Savings Achieved	0.658	-	0.127	0.240	0.280
<b>% of Savings Achieved</b>	<b>100.00%</b>	<b>-</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

14.7 Over/underspends relative to Net Expenditure – It is important that Authorities keep over/underspending under control and that actual expenditure is as close as possible to the levels planned.

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24* £m
NRE	46.343	48.352	45.290	47.614	52.127
Over/(Under)spend	(0.120)	(0.571)	(0.991)	(0.448)	(0.245)
<b>Over/(Under)spend as a % of NRE</b>	<b>(0.26%)</b>	<b>(1.18%)</b>	<b>(2.19%)</b>	<b>(0.94%)</b>	<b>(0.47%)</b>

\*estimated position

14.8 Useable Reserves as a percentage of Net Revenue Budget – Reserves allow for periods of uncertainty to be managed and healthy levels of useable reserves are an important safety net to support financial stability.

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
NRE	46.343	48.352	45.290	47.614	52.694	58.116	59.830	60.709	61.863	63.003
Resource Reserves										
General	5.251	5.758	6.373	6.946	6.624	6.190	5.739	5.342	4.362	3.347
Earmarked	4.938	5.173	7.408	7.865	7.755	7.705	5.255	4.605	4.455	4.305
<b>Resource Reserves as a % of NRE</b>	<b>22.0%</b>	<b>22.6%</b>	<b>30.4%</b>	<b>31.1%</b>	<b>27.3%</b>	<b>23.9%</b>	<b>18.4%</b>	<b>16.4%</b>	<b>14.3%</b>	<b>12.1%</b>
<b>Change in %</b>	<b>(1.0%)</b>	<b>0.6%</b>	<b>7.8%</b>	<b>0.7%</b>	<b>(3.8%)</b>	<b>(3.4%)</b>	<b>(5.4%)</b>	<b>(2.0%)</b>	<b>(2.1%)</b>	<b>(2.2%)</b>

14.9 Council Tax as a percentage of Income – This shows the reliance of Fire and Rescue Services on core grants and potential impact changes in core grant funding could have on the financial sustainability of the Authority.

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Precept	22.993	23.817	24.148	25.312	27.055	28.326	29.323	30.355	31.426	32.532
Total Financing	43.575	45.269	45.163	47.614	52.127	58.082	58.779	59.811	60.882	61.988
<b>Precept as a % of Total Financing</b>	<b>52.8%</b>	<b>52.6%</b>	<b>53.5%</b>	<b>53.2%</b>	<b>51.9%</b>	<b>48.8%</b>	<b>49.9%</b>	<b>50.8%</b>	<b>51.6%</b>	<b>52.5%</b>

14.10 The Cost of Borrowing as a percentage of Net Revenue Expenditure – Borrowing commitments are long term and must be funded from ongoing revenue budgets. This table shows the amount of revenue funding committed to meet current and future borrowing commitments.

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
NRE	46.343	48.352	45.290	47.614	52.694	58.116	59.830	60.709	61.863	63.003
Borrowing	15.003	13.618	16.984	18.169	16.669	16.828	17.000	17.000	17.000	17.000
MRP	1.209	0.700	0.792	0.818	0.955	0.963	1.316	1.486	1.656	1.826
Interest	0.658	0.621	0.621	0.358	0.510	0.364	0.441	0.438	0.497	0.513
<b>Cost of Borrowing as a % of NRE</b>	<b>4.0%</b>	<b>2.7%</b>	<b>3.1%</b>	<b>2.5%</b>	<b>2.8%</b>	<b>2.3%</b>	<b>2.9%</b>	<b>3.2%</b>	<b>3.5%</b>	<b>3.7%</b>
Level of Debt	15.003	13.618	16.984	18.169	16.669	16.828	17.000	17.000	17.000	17.000
<b>Level of Debt as a % of NRE</b>	<b>32.4%</b>	<b>28.2%</b>	<b>37.5%</b>	<b>38.2%</b>	<b>31.6%</b>	<b>29.0%</b>	<b>28.4%</b>	<b>28.0%</b>	<b>27.5%</b>	<b>27.0%</b>

## **15. Conclusion**

- 15.1 The overall financial position for Humberside Fire Authority is sustainable over the medium term. However, this is dependent on annual council tax increases of 2.99% on a Band D property in 2024/25 and the use of £1.2m from reserves during 2024/25 and 2025/26. The Authority's overall financial position will be reviewed on an on-going basis.
  
- 15.2 The MTRS sets out how all five years will be financed and general reserves are set at the level identified in the Prudent Minimum General Reserve assessment, estimated at £6.0m for 2024/25.