West Yorkshire Fire & Rescue Authority

OFFICIAL

# Quarterly Financial Review

## Finance & Resources Committee

Date: 15 October 2021

Agenda Item: **5**

Submitted By: Chief Finance and Procurement Officer

### Purpose

To present a Quarterly Review of the financial position of the Authority

### Recommendations

a) That Members note the content of the report
b) That Members approve the revised revenue budget
b) That Members approve the revised capital plan

### Summary

The purpose of this report is to present an overview of the financial performance of the Authority in the first 6 months of the current financial year. The report deals with revenue and capital expenditure.
An update is provided on the Covid19 grant expenditure.

Local Government (Access to information) Act 1972

Exemption Category: None

Contact Officer: Alison Wood
alison.wood@westyorksfire.gov.uk
01274 682311 ext. 660204

Background papers open to inspection: None

Annexes:

Appendix A – Revisions to Property Capital Plan
Appendix B – Capital Expenditure
Appendix C – Investments
Fire Spending Review Proposal

# SECTION 1 – REVENUE EXPENDITURE MONITORING

## 1 Introduction

1.1 Expenditure is monitored throughout the year against the approved revenue budget with reports presented to departments, cost centre managers and directors. A high-level summary report is presented to Management Team on a monthly basis. The purpose of the report is to monitor progress against the approved revenue budget; provide a forecast outturn for the financial year; provide an explanation of any major variations, and to show the impact of any variations on the revenue balances of the Authority.

## 2. Information

**Revenue Budget Revision**

2.1 When the revenue budget is approved an amount is included in contingencies for any budget increases/decreases that were not included within the original budget. Growth and savings included within the approved original budget which have yet to be expended or realised are included within the general contingency. There have been a number of transfers to contingencies since the last quarterly review report in July.
The table below details the current contingencies budget position following the above transfers:

| | Opening Balance 15/7/21 | Transfer to/from Contingencies | Closing Balance |
|---|---|---|---|
| | £000 | £000 | £000 |
| General Contingency | 356 | 228 | 584 |
| Employee Contingency | 2,066 | -372 | 1,694 |
| TOTAL CONTINGENCIES | 2,422 | -144 | 2,278 |

The following require a transfer to/from the employee contingency budget:

2.1.1 At July Finance and Resources Committee, the provision for a pay award for all staff was transferred to contingencies. The pay award for grey book staff has been implemented from the 1st July, resulting in a £0.622m transfer from the employee contingencies to grey book employee budgets.

2.1.2 A review of budget provision for wholetime fire fighters has been undertaken and due to the increase in the number of retirements than budgeted, it is forecast that the budget will underspend by £350k in 2021/22. In order not to distort budget monitoring a transfer of budget is required from wholetime employees to the employee contingency budget.

2.1.3 Retained recruitment has been faster during the year than that included in the budget profile, which assumed that recruitment would be staggered during the year, as a result it is forecast that the budget will be overspent by £100k. Faster recruitment means improved availability of our retained stations.

2.1.4 In order to not distort support staff budget monitoring, posts that are vacant and are not out to advert at the beginning of the financial year are held in contingencies. Since the 1st April a grade 3 prevention officer and the Grade 9 control project manager have been appointed and staff changes resulting from the property review have been implemented, at a total cost of £89.5k.
The following require a transfer to/from the general contingency budget:

2.1.5 A fixed term ICT developer is to be appointed for 12 months, costing £18k in 2021/22, the developer will assist in the implementation of the performance management dashboard and the prevention and fire investigation databases.

2.1.6 An upgrade to the Access HR system, costing £15k has been approved, this latest software update to the HR system will mean the authority is operating on the latest version which brings improved functionality to the end user.

2.1.7 The original budget for business rates has been overstated by £256k for 2021/22, the budget is calculated prior to the receipt of the invoice from the district councils so an adjustment during the year is required to bring the budget in line with expenditure.

2.1.8 A transfer of £58k is required to fund the shortfall associated with the implementation of the Performance Management Programme. This is primarily due to an increase in the cost of the delivery partner who will work with the project team to implement the programme since the budget was approved in November 2020. The majority of this project is been met from existing revenue budgets and the use of the service support reserve.

2.1.9 Since the budget was set in November 2020, there have been two new secondees and the contract of one secondment has been extended. This means that the amount of income is higher than budgeted by £123k.

2.1.10 Following a review of operational equipment budgets the provision for equipment for Grenfell has been overstated by £29k.

The net effect of the above movements is a reduction in contingencies of £144k.

## Expenditure Monitoring

2.2 This report is based on expenditure to mid September 2021 and includes the first five salary payments of 2021/22. The projected outturn is based on current years' expenditure and is forecast to the end of the year based on previous expenditure profiles. Overall, the latest forecast indicates there will be an under spending of £253k in the current financial year.

2.3 An improved budget monitoring report for managers was introduced in 2018/19 which highlights those areas of concern using a Red, Amber, Green (RAG) rating. For those budgets that are forecast to overspend or under spend a red "cross" will be inserted against the budget line and for those within 5% of budget, an amber mark will be inserted. For those budgets where there is either a red or amber indicator, the budget holder will be required to provide an explanation as to the reason for the projected overspend. This has brought increased accountability to budget holders and is reported to Management Board on a monthly basis.

2.4 The table below summarises the forecast with an explanation of the causes detailed below:

| | Revenue Budget £000 | Forecast £000 | Variance £000 |
|---|---|---|---|
| Employees | | | |
| Wholetime | 50,098 | 50,046 | -52 |
| Retained | 2,558 | 2,578 | 20 |
| Control | 2,134 | 2,026 | -108 |
| Support Staff | 10,732 | 10,593 | -139 |
| Employee Contingency | 1,694 | 1,694 | 0 |
| Pensions | 1,800 | 1,800 | 0 |
| Training | 805 | 795 | -10 |
| Other Employee | 266 | 267 | 1 |
| TOTAL | 70,087 | 69,799 | -288 |
| | | | |
| Premises | 4,670 | 4,653 | -17 |
| Transport | 2,142 | 2,155 | 13 |
| Supplies and Services | 6,151 | 6,167 | 16 |
| Contingency - General | 584 | 584 | 0 |
| Support Services | 331 | 333 | 2 |
| Capital Charges | 8,151 | 8,151 | 0 |
| | | | |
| Income | -2,768 | -2,746 | 22 |
| | | | |
| Net Expenditure | 89,348 | 89,095 | -253 |

An explanation of variances over £20k per expenditure category are explained below:

2.5 **Employees** **-£288,000**

Whole time Fire Fighters -£52,000

As a result of the transfer of £350k to employee contingencies outlined in paragraph 2.1.9, the whole-time budget forecast is back in line with budget. This budget is monitored closely on a monthly basis and further adjustments may be required during the course of the financial year.

Control Staff -£108,000

The forecast underspend is due to 3.5 control staff vacancies which have arisen due to a retirement, an operator becoming an operational fire fighter, and an operator leaving to work in a charity role. Recruitment is ongoing and the posts are expected to be filled by January 2022.

Support Staff -£139,000

The projected under spend on support staff is attributable to support staff vacancies, due to the length of the recruitment process there is a time lag in filling vacant posts, the target for the recruitment cycle is 84 days. As at the 1st September there were 8 posts that were vacant which are in the process of being filled.

2.6 **Non-Employee Budgets**
Due the budget revisions detailed in section 2.1, premises, transport and supplies and services there are no large variances in these budget categories.

**2.7 Income £22,000**

The projected under achievement of income is due the effects of Covid19, the youth training programme has been impacted by the suspension of learning and training, and the projected income shortfall for youth training income is £29k in 2021/22.

The Government has introduced as part of its financial support to Local Authorities during the pandemic an option to claim back the majority of income lost that is directly attributable to Covid19. The authority will be making a claim against this grant for the first quarter in 2021/22 for the under recovery of youth training income.

Any under recovery of income will be assessed at the end of the financial year and an equivalent amount will be transferred from the Covid19 grant to fund this loss.

## 3. Impact on Revenue Balances

3.1 The projected under spending will have the effect of increasing the general fund balance which is detailed in the table below:

| **Description** | **Usable Reserves £000** |
|---|---|
| Opening Balance 1/4/21 | |
| General Fund | 5,000 |
| Earmarked Reserves | 32,313 |
| Impact of forecast | 253 |
| **Forecast Usable Reserves at 31/3/2021** | **37,566** |

## 4. Covid 19 Pandemic Financial Update

4.1 As previously reported at Finance and Resources Committee, West Yorkshire has received a total of £2.529m in Covid19 grant funding, this is held in a separate earmarked reserve. The table below details the amount spent against this grant and forecast balance.

| | Actual £000's | Forecast £000's |
|---|---|---|
| **Grant Received** | **-2,529** | **-2,529** |
| 2019/20 | -436 | |
| 2020/21 | -1,736 | |
| 2021/22 | -357 | |
| | | |
| Expenditure in 2020/21 | 1,173 | 1,173 |
| | | |
| Expenditure in 2021/22 | | |
| Covid 19 employee support | 27 | 54 |
| Overtime | 176 | 900 |
| Leave Buy Back | 44 | 80 |
| Equipment | 6 | 50 |
| | | |
| Total Expenditure | 1,426 | 2,257 |
| | | |
| **Grant Remaining** | **-1,103** | **-272** |

Covid19 Expenditure

Below is a summary of costs chargeable to the Covid19 grant:

a) The majority of expenditure is for overtime to cover employees taking leave during this financial year. Employees accrued leave in 2020/21 which they were unable to take due to the pandemic.

b) The authority has seconded a dedicated support staff employee to manage the work associated with the pandemic, e.g. the coordination of volunteers and working with partner agencies.

c) The scheme whereby employees can sell up to five days holidays back to the Authority, has been extended into this financial year, the deadline for this is the 31 December 2021, so the costs will vary over the next six months. The forecast has been based on expenditure in 2020/21.

d) The authority will continue to purchase a range of equipment which includes masks, sanitisers, hand wipes and other cleaning consumables and also equipment for employees to support home working.

4.2 The government introduced an income loss scheme in August 2020 for irrecoverable losses in sales, fees, and charges as a result of Covid19. The scheme involves a 5% deductible rate, whereby authorities will absorb losses up to 5% of their planned sales, fees and charges income with government compensating 75p in every £1 of relevant income lost thereafter.

During 2020/21, the authority claimed £0.141m of lost income under this scheme from external training courses, the youth training programme and false alarm call activations against the loss of budgeted income of £0.188m. This scheme has been extended to cover the first quarter of 2021/22 and a claim will be submitted in accordance with the scheme conditions.

## 5. Comprehensive Spending Review

5.1 The Authority, along with all the other fire and rescue services funded the formation of a central spending review team in 2020, which was a collaborative team comprising the Local Government Association, NFCC and the Home Office. The remit of the team was to work with the Home Office to produce a collective business case highlighting the challenges facing the sector and potential financial new burdens. Due to the impact of Covid19, the 2020 Comprehensive Spending Review was postponed, and the Authority duly received another one-year settlement for 2021/22.

5.2 The Comprehensive Spending Review for funding from April 2022 was launched in Summer 2021, which is expected will deliver a 3-year central government spending settlement to March 2025. The 2020 business case has been updated with the latest data and includes the results of a survey across all Fire and Rescue Services (FRS) of efficiency and productivity. The business case, called the Fire Spending Review proposal has been submitted to Her Majesty's Treasury for consideration (a copy of the report is attached to this report).

5.3 As reported previously the basis of funding allocation will remain the same as a new fire funding formula has yet to be determined and as such fire are not included within the Fair Funding Review.

5.4 The Fire Spending Review Proposal covers four main areas:

- Maintaining firefighter numbers based on resourcing to risk;
- Committing to improved productivity and efficiency;
- Identification of the significant cost pressures facing the sector; and
- Investment in sustainable improvement productivity; focussing on protection and professional expertise.

5.5 The report is requesting funding for the following cost pressures facing fire and rescue services:

- **Pay**

The sector will need an increase in funding if the government is to reform employee's roles which is expected to be included in the forthcoming White Paper on Fire Reform. Previous cost estimates have been calculated of an increase of around 15%. For West Yorkshire a 1% increase in the pay for grey book employees costs an estimated £0.5m meaning that a 15% increase would be £7.5m per annum.

- **Pensions**

The impact of pensions is two-fold, firstly there is the administrative burden of software and admin costs that has fallen on FRS to implement the McCloud/Sargeant remedy and secondly, there is currently an actuarial review of the firefighter pension schemes which will review the employer contribution rates. The employer pension contribution costs will be determined by the 2020 valuation and if there is no change to the methodology applied for the 2016 actuarial valuation, it is predicted there will be a 20% increase in employer pension contribution rates.

These new rates will be implemented from the 1st April 2024 which is the last year of the spending review period. To put this into financial context for West Yorkshire, a 1% increase in employers rates cost £316k per annum, so a 20% increase would add £6.6m to ongoing employee budgets.

In addition there are the financial burdens from the O'Brien/Matthews case which effects our retained firefighters. The Matthews case will introduce a second options exercise for retained firefighters to join the Firefighters Pension Scheme 2006 from the start date of their employment. This will pose an administrative burden on FRS and changes to employers' rates will be included in the actuarial valuation explained in the previous paragraph.

- **Impact of Covid 19 on collection funds**

National forecasts for income loss in 2020/21 are a 4.54% reduction in business rates and a 2.88% reduction in council tax. Although the government has stated that these losses can be spread over three financial years, they form part of the base budget. Forecasts from the five district councils of West Yorkshire indicate a £3.5 million loss on the collection fund as at the 1st April 2021.

- **National Resilience**

West Yorkshire host a fleet of national resilience assets for which we receive £1m in income each year from central government. There is currently a review of assets being undertaken and there is a request that the funding remains as a separate Section 31 grant rather than been rolled into Revenue Support Grant.

- **Emergency Services Network**

Any additional cost resulting from delays in implementing the new emergency service network should be met centrally and not from fire and rescue services.

5.6 In addition, there is a request to maintain funding for the one-off grants that have been awarded to the fire sector in 2020/21 and 2021/22 for the implementation of the Fire Safety Act 2021 and the Building Safety Bill. The HMICFRS Fit for the Future report identified an urgent need for the sector to enhance its capability to deal with existing and emerging issues which supports the inclusion of the one-off grants into the base funding allocation.

5.7 In order to secure sustainable funding, the business case proposes to offer further efficiency savings of 2% of non-payroll budgets which will be reinvested within the sector, these efficiencies are primarily around collaborative procurement.

In addition, the business case has committed to deliver increased fire protection and prevention activity by using differently 3% of the wholetime firefighter hours available by delivering as a sector 65,000 more home fire safety checks and fire safety audits by 18,000. It is proposed that each FRS will need to produce a productivity and efficiency plan to cover the 3-year spending review period.

The Spending Review Business Case also requests that each FRS has precept flexibility to increase their precept by £5.

The results of the comprehensive spending review will be announced mid-December and I will keep members informed of the results.

## 6. Capital Expenditure Monitoring

6.1 **Introduction**
At its meeting on 21 February 2020 the Authority approved a five-year capital programme of £25.074m which included schemes to the value of £6.581m for the current financial year.

6.2 **Revised capital plan 2021/22**

6.2 The property capital plan for 2021/22 has been reviewed and it is recommended that £1.508m is removed from the capital plan. The property department have undergone a fundamental review and restructure. As part of the review, it was identified that the setting, monitoring and delivery of the Capital plan required improvements. Following his appointment, the new Head of Estates identified that the existing proposals were unachievable within the financial year 2021/22. The capital plan is overambitious and consists of new and deferred projects from financial years 2019/20 and 2020/21. Some of this slippage can be attributed to the Covid19 impact along with overambitious goals set within the property team.

Moving forward it has been requested that a limited number of schemes that were identified as pressing and/or in the best place to meet financial spend within 2021/22 be delivered. The remaining schemes are cancelled and will be revisited as part of the new property strategy. The strategy involves undertaking a full condition review of the estate along with the contaminated kit management requirements and welfare upgrades, assessing priorities and putting together a realistic delivery plan for the next 5 financial years, this will involve new procedures for setting and manging time cost and quality and ensure we are fully compliant from a statutory and audit perspective.

The reductions to the property capital plan are detailed in Appendix A

6.3 **Capital Payments 2021/22**

The actual capital payments to date total £0.806m, which represents 6.3% of the revised capital plan. If commitments are included in this, the actual expenditure to date is £2.582m, which equates to 20.2% of the capital plan.

Due to the procurement process for capital schemes, a large proportion of capital expenditure occurs in the latter part of the financial year.

As with revenue budget monitoring a RAG rating system has been introduced to capital budget monitoring which will improve accountability of capital scheme managers

A summary of the capital plan including slipped schemes is attached to this report in Appendix B, which shows details of expenditure on each individual scheme. This includes the revisions and approvals explained in sections 6.2 and 6.4.

6.4 **Approvals under financial procedure 3.11**

Under financial procedures 3.11 the Management Board can approve expenditure on schemes in the approved capital plan up to an amount of £100,000 along with a requirement to report these approvals to the Finance and Resources Committee.

Since the last Finance and Resources Committee in July, the Management Board have approved virement between schemes totalling £106.5k, which have a net effect of 0.

These are detailed in the table below:

**Schemes Approved by Management Board**

| Date | Directorate | Scheme | Approval | Virement |
|---|---|---|---|---|
| 14/07/2022 | Service Support | Bradford Fire Station | | £86,550 |
| 14/07/2022 | Service Support | Welfare Facilities | | -£86,550 |
| 18/08/2021 | Service Support | Security Gates Huddersfield | | £20,000 |
| 18/08/2021 | Service Support | Environmental Upgrades | | -£20,000 |
| | | | **£0** | **£0** |

6.5 **Capital Receipts**

There have been no capital receipts received in this financial year.

## 7. Treasury Management

The Authority approved its Treasury Management Strategy on the 25th February 2021 in accordance with the CIPFA Code of Practice on Treasury Management.

In the current financial year, the Authority is continuing to benefit from a positive cash flow through the early payment of Government grant and revenue balances which has meant that no new long-term borrowing has been required for the past ten years.

Consequently, in the current financial year treasury management activity has been limited to investments. The table in Appendix C shows the Authority currently has total investments of £62.829m split between eight counter parties with rates of interest receivable between 0.01% and 0.45%. This boosted at the end of July when the Authority received £31m in pension Top Up Grant.

## 8. Debtors

The Authority receives income for services provided; these include special services, training courses, fire safety certificates, and licences for telecom masts on premises. In most cases the services provided are a result of an emergency which means that it is not possible to raise a charge in advance of the service and consequently debtor accounts are raised.

8.2 The level of outstanding debt owed to the Authority to the end of September 2021 is £162,098 which can be profiled as follows:

| | |
|---|---|
| Less than 60 days - | £ 66,726 |
| Greater than 60 days - | £ 95,372 |

8.3 The procedure for issuing accounts and debt collection is provided by Kirklees Council under a Service Level Agreement. A summary of the procedure for collecting outstanding debt is detailed below:

| | |
|---|---|
| 21 days | first reminder letter |
| 28 days | second reminder letter |
| 35 days | instigation of debt recovery system |

As detailed above, there is currently £100,970 of debt which is at the recovery stage. However, previous experience suggests that the Authority will recover all of the outstanding debts.

## 9. Creditors

The Authority is required to pay all non disputed invoices within 28 days of receipt. In the first 3 months of the current financial year the Authority has received 3,671 invoices and paid 98% of them within 28 days.

## 10. Financial Implications

The financial implications have been detailed in each section of the report.

## 11. Legal Implications

The Monitoring Officer has considered this report and has no observations to make at the time of submission of this report but may provide legal advice at the committee meeting and/or respond to any requests by Members for legal advice made at the meeting.

## 12. Human Resource and Diversity Implications

There are no human resource and diversity implications associated with this report

## 13. Equality Impact Assessment

| | |
|---|---|
| Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk) | **No** |

## 14. Health, Safety and Wellbeing Implications

There are no health, safety, and wellbeing implications.

## 15. Environmental Implications

There are no environmental implications.

## 16. Your Fire and Rescue Service Priorities

The management and monitoring of both revenue and capital resources is key to achieving the fire and rescue services priorities.

## 17. Conclusions

This report identifies that the Authority is currently forecast to under spend its revenue budget in 2021/22 by £253k. The report has summarised the financial impact on Covid19 and it is expected that the grant received of £2.5m will cover all costs incurred in managing the pandemic, based on existing demands. The report has requested the removal of £1.508m of property capital schemes from the capital plan.

Members have been updated on the submission of the Fire Spending Review proposal which aims to secure sustainable funding for FRS in the Comprehensive Spending Review which will determine central government funding for 2022/23 to 2024/25.

Both the revenue and capital budgets will continue to be monitored closely during the year in conjunction with directors and budget holders.

Appendix A

| Project | Approved Allocation | Proposed Reduction |
|---|---|---|
| PS 21/01 Cookridge Refurbishment | £100,000 | £100,000 |
| PS 21/03 Illingworth Refurbishment | £300,000 | £300,000 |
| PS 21/05 Leeds Dormitory Redesign | £100,000 | £100,000 |
| PS 21/09 Various Electrical Charging Unit Installations | £200,000 | £200,000 |
| PS 21/10 Various Asbestos Removals and Associates Reinstatment Works | £110,000 | £60,000 |
| PS 21/11 Various Surface Water Drainage and Interceptor Upgrades (Mytholmroyd) | £40,000 | £40,000 |
| PS 21/12 Various General Mechanical & L8 Alterations and Improvements | £100,000 | £100,000 |
| PS 20/01 Cookridge/Moortown Refurbishment | £179,968 | £175,692 |
| PS 20/05 Bradford Dormitory Adaptations | £25,000 | £25,000 |
| PS 20/08 Slaithwaite Community Facilities in the AFS Garage Area | £48,948 | £42,240 |
| PS 20/10 Various Environmental Efficiency an Insulation Improvements (Rastrick & Halifax) | £70,000 | £45,000 |
| PS 20/17 Various Upgrading to Training Towers & Lightning Protection | £56,522 | £50,057 |
| PS 20/09 Various Upgrading of Welfare Facilities inc. Dignity and Privacy | £90,000 | £90,000 |
| PS 19/03 Cookridge Refurbishment | £10,626 | £7,213 |
| PS 21/02 Fairweather Green Kitchen and General Refurbishment | £70,067 | £70,067 |
| PS 19/09 Illingworth Refurbishment | £53,310 | £42,998 |
| PS 19/13 Various Asbestos Removals and Associates Reinstatment Works | £36,628 | £10,348 |
| PS 19/22 Various Upgrading To Fixed ladder And Fire Escapes | £50,000 | £50,000 |
| TOTAL | £1,641,069 | £1,508,615 |

Appendix B

## CAPITAL BUDGET MONITORING 2021/22 SUMMARY

| Directorate | Capital Plan 2021/22 | | | | | | Capital Expenditure 2021/22 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021/22 | 2020/21 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 |
| | Original Capital Plan | Slippage b/f | Decrease | Increase | Slippage c/f | Total | Commitments Opex | Total Exp SAP | Adjusted Forecast Exp | Total | Over/(Under) spend to date |
| **Property services** | £1,450,000 | £1,464,344 | -£1,528,615 | £20,000 | £0 | £1,405,729 | £277,401 | £128,328 | £0 | £405,729 | -£1,000,000 |
| **IRMP** | £8,580,000 | £361,915 | -£6,934,405 | £0 | £0 | £2,007,510 | £55,090 | £102,757 | £0 | £157,848 | -£1,849,662 |
| **ICT** | £1,195,000 | £1,141,591 | -£380,000 | £0 | £0 | £1,956,591 | £30,742 | £305,350 | £0 | £336,092 | -£1,620,499 |
| **Employment Services** | £0 | £37,369 | £0 | £0 | £0 | £37,369 | £0 | £11,170 | £0 | £11,170 | -£26,199 |
| **Transport** | £3,412,118 | £135,565 | £0 | £0 | £0 | £3,547,683 | £0 | £0 | £0 | £0 | -£3,547,683 |
| **Operations** | £1,485,800 | £1,933,967 | -£22,900 | £22,900 | £0 | £3,419,767 | £1,408,402 | £174,068 | £0 | £1,582,470 | -£1,837,297 |
| **Fire Safety** | £400,000 | £0 | £0 | £0 | £0 | £400,000 | £4,512 | £84,428 | £0 | £88,940 | -£311,060 |
| | **£16,522,918** | **£5,074,751** | **-£8,865,920** | **£42,900** | **£0** | **£12,774,649** | **£1,776,148** | **£806,101** | **£0** | **£2,582,249** | **-£10,192,400** |

**CAPITAL BUDGET MONITORING 2021/22**
**SERVICE SUPPORT - PROPERTY**

| Committee Approval | Details of Scheme | Capital Plan 2021/22 | | | | | | Capital Expenditure 2021/22 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021/22 | 2020/21 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 |
| | | Original Capital Plan | Slippage b/f | Decrease | Increase | Slippage c/f | Capital total | Commitments Opex | Total Exp SAP | Adjusted Forecast Exp | Total | Over/(Under) spend to Date |
| F & R 22/04/2021 | Cookridge Fire Station | £100,000 | £0 | -£100,000 | £0 | £0 | **£0** | £0 | £0 | £0 | £0 | **£0** |
| F & R 22/04/2021 | Odsal Fire Station | £100,000 | £0 | £0 | £0 | £0 | **£100,000** | £0 | £0 | £0 | £0 | **-£100,000** |
| F & R 22/04/2021 | Illingworth Fire Station | £300,000 | £0 | -£300,000 | £0 | £0 | **£0** | £0 | £0 | £0 | £0 | **£0** |
| F & R 22/04/2021 | Leeds Dormitory Facilities | £100,000 | £0 | -£100,000 | £0 | £0 | **£0** | £0 | £0 | £0 | £0 | **£0** |
| F & R 22/04/2021 | Ilkley Dormitory Facilities | £100,000 | £0 | £0 | £0 | £0 | **£100,000** | £2,050 | £3,150 | £0 | £5,200 | **-£94,800** |
| F & R 22/04/2021 | Rawdon ablution Facilities | £100,000 | £0 | £0 | £0 | £0 | **£100,000** | £4,675 | £6,950 | £0 | £11,625 | **-£88,375** |
| F & R 22/04/2021 | Todmorden | £100,000 | £0 | £0 | £0 | £0 | **£100,000** | £0 | £0 | £0 | £0 | **-£100,000** |
| F & R 22/04/2021 | Vehicle workshop pit improvements | £100,000 | £0 | £0 | £0 | £0 | **£100,000** | £0 | £0 | £0 | £0 | **-£100,000** |
| F & R 22/04/2021 | Electric charging points | £200,000 | £0 | -£200,000 | £0 | £0 | **£0** | £0 | £0 | £0 | £0 | **£0** |
| F & R 22/04/2021 | Risk Register - Asbestos | £110,000 | £0 | -£60,000 | £0 | £0 | **£50,000** | £0 | £0 | £0 | £0 | **-£50,000** |
| F & R 22/04/2021 | Surface water drainage | £40,000 | £0 | -£40,000 | £0 | £0 | **£0** | £0 | £0 | £0 | £0 | **£0** |
| F & R 22/04/2021 | General Mechanical & L8 | £100,000 | £0 | -£100,000 | £0 | £0 | **£0** | £0 | £0 | £0 | £0 | **£0** |
| MB 18/08/2021 | Security Gate - Hudds | £0 | £0 | £0 | £20,000 | £0 | **£20,000** | £0 | £0 | £0 | £0 | **-£20,000** |
| | Specific Refurbishments | £0 | £0 | £0 | £0 | £0 | **£0** | £0 | £0 | £0 | £0 | **£0** |
| | Various Refurbishments | £0 | £0 | £0 | £0 | £0 | **£0** | £0 | £0 | £0 | £0 | **£0** |
| | **Total New Schemes 2021/22** | **£1,450,000** | **£0** | **-£900,000** | **£20,000** | **£0** | **£570,000** | **£6,725** | **£10,100** | **£0** | **£16,825** | **-£553,175** |
| **Committee Approval** | **Details of Scheme** | **2021/22** | **2020/21** | **2021/22** | **2021/22** | **2021/22** | **2021/22** | **2021/22** | **2021/22** | **2021/22** | **2021/22** | **2021/22** |
| | **Slipped Schemes** | | | | | | | | | | | |
| F & R 17/04/2020 | Moortown/Cookridge | £0 | £179,968 | -£175,692 | £0 | £0 | £4,276 | £4,471 | -£195 | £0 | £4,277 | **£0** |
| F & R 17/04/2020 | Odsal/Fairweather Green | £0 | £239,000 | £0 | £0 | £0 | £239,000 | £0 | £0 | £0 | £0 | **-£239,000** |
| F & R 17/04/2020 | Todmorden | £0 | £120,000 | £0 | £0 | £0 | £120,000 | £74,241 | £0 | £0 | £74,241 | **-£45,759** |
| F & R 17/04/2020 | Bradford | £0 | £25,000 | -£25,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | **£0** |
| F & R 17/04/2020 | Slaithwaite | £0 | £48,948 | -£42,240 | £0 | £0 | £6,708 | £6,708 | £0 | £0 | £6,708 | **£0** |
| F & R 17/04/2020 | Enviro Efficiency & Insulate Improve | £0 | £90,000 | -£65,000 | £0 | £0 | £25,000 | £38,855 | £2,764 | £0 | £41,619 | **£16,619** |
| F & R 17/04/2020 | Security & Fire alarm systems | £0 | £54,040 | £0 | £0 | £0 | £54,040 | £0 | £53,437 | £0 | £53,437 | **-£603** |
| F & R 17/04/2020 | Appliance Bay doors | £0 | £15,277 | £0 | £0 | £0 | £15,277 | £1,170 | £9,147 | £0 | £10,317 | **-£4,960** |
| F & R 17/04/2020 | Upgrade appliance bay pits | £0 | £18,970 | £0 | £0 | £0 | £18,970 | £2,970 | £0 | £0 | £2,970 | **-£16,000** |
| F & R 17/04/2020 | Training towers | £0 | £56,522 | -£50,057 | £0 | £0 | £6,465 | £0 | £6,465 | £0 | £6,465 | **-£0** |
| F & R 17/04/2020 | Electrical Upgrades | £0 | £39,216 | £0 | £0 | £0 | £39,216 | £23,400 | £3,780 | £0 | £27,180 | **-£12,036** |
| F & R 17/04/2020 | Upgrade of Welfare | £0 | £90,000 | -£90,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | **£0** |
| F & R 17/04/2020 | Minor Equality & Dignity alterations | £0 | £25,000 | £0 | £0 | £0 | £25,000 | £1,650 | £1,800 | £0 | £3,450 | **-£21,550** |
| F & R 17/04/2020 | Facility upgrades | £0 | £30,000 | £0 | £0 | £0 | £30,000 | £2,600 | £0 | £0 | £2,600 | **-£27,400** |
| F & R 20/04/18 | General Upgrading Odsal | £0 | £27,302 | £0 | £0 | £0 | £27,302 | £15,458 | £870 | £0 | £16,328 | **-£10,974** |
| F & R 20/04/18 | Tarmac, Lighting, smoke training House - Bingley | £0 | £24,300 | £0 | £0 | £0 | £24,300 | £1,300 | £0 | £0 | £1,300 | **-£23,000** |
| F & R 12/04/19 | Cookridge General refurb and upgrade of accommodation and facilities, | £0 | £10,626 | -£7,213 | £0 | £0 | £3,413 | £6,880 | £3,413 | £0 | £10,292 | **£6,879** |
| F & R 12/04/19 | Odsal - General fabric upgrading , Replace windows and introduce LED Li | £0 | £73,111 | £0 | £0 | £0 | £73,111 | £0 | £0 | £0 | £0 | **-£73,111** |
| F & R 12/04/19 | Fairweather Green - Kitchen upgrade, Improvements to rear entrance lay | £0 | £70,067 | -£70,067 | £0 | £0 | £0 | £0 | £4,471 | £0 | £4,471 | **£4,471** |
| F & R 12/04/19 | Illingworth - General upgrade including external fabric and decorations | £0 | £53,310 | -£42,998 | £0 | £0 | £10,312 | £10,312 | £257 | £0 | £10,569 | **£257** |
| F & R 12/04/19 | Todmorden - Electrical rewire, LED Lighting and general refurb | £0 | £84,563 | £0 | £0 | £0 | £84,563 | £80,662 | £3,901 | £0 | £84,563 | **£0** |
| F & R 12/04/19 | Risk Register prioritised and general asbestos removal and general fabric | £0 | £36,628 | -£10,348 | £0 | £0 | £26,280 | £0 | £26,280 | £0 | £26,280 | **£0** |
| F & R 12/04/19 | Phased installation and upgrading of surface water drainage interceptor: | £0 | £2,495 | £0 | £0 | £0 | £2,495 | £0 | £2,495 | £0 | £2,495 | **£0** |
| F & R 12/04/19 | Phased upgrade of fixed ladders and fire escapes | £0 | £50,000 | -£50,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | **£0** |
| | **Total Slipped Schemes** | **£0** | **£1,464,344** | **-£628,615** | **£0** | **£0** | **£835,729** | **£270,676** | **£118,886** | **£0** | **£389,562** | **-£446,166** |
| F & R 12/04/19 | Moortown - General refurb of facilities, including LED energy efficient lighting | £0 | £0 | £0 | £0 | £0 | £0 | £0 | -£658 | £0 | -£658 | **-£658** |
| | | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | **£0** |
| | Not slipped | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** | **-£658** | **£0** | **-£658** | **-£658** |
| | **Total Capital Expenditure 2021/22** | **£1,450,000** | **£1,464,344** | **-£1,528,615** | **£20,000** | **£0** | **£1,405,729** | **£277,401** | **£128,328** | **£0** | **£405,729** | **-£1,000,000** |

**CAPITAL BUDGET MONITORING 2021/22**
**SERVICE SUPPORT - ICT**

| Details of Scheme | Capital Plan 2021/22 | | | | | | Capital Expenditure 2021/22 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021/22 | 2020/21 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 |
| | Original Capital Plan | Slippage b/f | Decrease | Increase | Slippage c/f | Total | Commitments Opex | Total Exp SAP | Adjusted Forecast Exp | Total | Over/(Under) spend to Date |
| Upgrade of Gartan | £50,000 | £0 | £0 | £0 | £0 | **£50,000** | £0 | £0 | £0 | £0 | -£50,000 |
| Computer Hardware Replacement | £145,000 | £0 | £0 | £0 | £0 | **£145,000** | £0 | £33,253 | £0 | £33,253 | -£111,747 |
| Appliance Mobiles | £30,000 | £0 | £0 | £0 | £0 | **£30,000** | £0 | £0 | £0 | £0 | -£30,000 |
| UPS on stations | £240,000 | £0 | -£240,000 | £0 | £0 | **£0** | £0 | £0 | £0 | £0 | £0 |
| MDT Hardware Replacement | £140,000 | £0 | -£140,000 | £0 | £0 | **£0** | £0 | £0 | £0 | £0 | £0 |
| Cradle point routers | £210,000 | £0 | £0 | £0 | £0 | **£210,000** | £0 | £0 | £0 | £0 | -£210,000 |
| Network Switches | £300,000 | £0 | £0 | £0 | £0 | **£300,000** | £0 | £260,867 | £0 | £260,867 | -£39,133 |
| Performance Management Dashboard | £50,000 | £0 | £0 | £0 | £0 | **£50,000** | £0 | £0 | £0 | £0 | -£50,000 |
| Microsoft 365 | £30,000 | £0 | £0 | £0 | £0 | **£30,000** | £0 | £0 | £0 | £0 | -£30,000 |
| ICT Service Management Software | | £0 | £0 | £0 | £0 | **£0** | £0 | £0 | £0 | £0 | £0 |
| WAN replacement | | £0 | £0 | £0 | £0 | **£0** | £0 | £0 | £0 | £0 | £0 |
| **Total New Schemes 2021/22** | **£1,195,000** | **£0** | **-£380,000** | **£0** | **£0** | **£815,000** | **£0** | **£294,119** | **£0** | **£294,119** | **-£520,881** |
| | | | | | | | | | | | |
| **Slipped Schemes** | | | | | | | | | | | |
| Network switches | £0 | £134,000 | £0 | £0 | £0 | **£134,000** | £0 | £0 | £0 | £0 | -£134,000 |
| Computer hardware | £0 | £10,778 | £0 | £0 | £0 | **£10,778** | £2,270 | £8,313 | £0 | £10,583 | -£194 |
| Vehicle CCTV | £0 | £390,000 | £0 | £0 | £0 | **£390,000** | £0 | £0 | £0 | £0 | -£390,000 |
| Mobile phones | £0 | £21,130 | £0 | £0 | £0 | **£21,130** | £0 | £0 | £0 | £0 | -£21,130 |
| ICT Station Equip | £0 | £87,000 | £0 | £0 | £0 | **£87,000** | £0 | £0 | £0 | £0 | -£87,000 |
| Print Solution | £0 | £174,000 | £0 | £0 | £0 | **£174,000** | £0 | £0 | £0 | £0 | -£174,000 |
| Command Training | £0 | £37,149 | £0 | £0 | £0 | **£37,149** | £0 | £0 | £0 | £0 | -£37,149 |
| Protection Database | £0 | £14,800 | £0 | £0 | £0 | **£14,800** | £0 | £0 | £0 | £0 | -£14,800 |
| VoIP | £0 | £94,231 | £0 | £0 | £0 | **£94,231** | £0 | £4,407 | £0 | £4,407 | -£89,824 |
| ICT Station Equipment | £0 | £120,000 | £0 | £0 | £0 | **£120,000** | £0 | £0 | £0 | £0 | -£120,000 |
| Retained Pager Replace | £0 | £16,970 | £0 | £0 | £0 | **£16,970** | £21,102 | £0 | £0 | £21,102 | £4,132 |
| Additional resource for HR & Rostering | £0 | £22,165 | £0 | £0 | £0 | **£22,165** | £7,370 | £3,510 | £0 | £10,880 | -£11,285 |
| Mobile Working | £0 | £19,368 | £0 | £0 | £0 | **£19,368** | £0 | £0 | £0 | £0 | -£19,368 |
| **Total Slipped Schemes** | **£0** | **£1,141,591** | **£0** | **£0** | **£0** | **£1,141,591** | **£30,742** | **£16,230** | **£0** | **£46,972** | **-£1,094,619** |
| | | | | | | | | | | | |
| Virtual server Storage | £0 | £0 | £0 | £0 | £0 | £0 | £0 | -£5,000 | £0 | -£5,000 | -£5,000 |
| Not Slipped | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** | **-£5,000** | **£0** | **-£5,000** | **-£5,000** |
| | | | | | | | | | | | |
| **Total Capital expenditure 2021/22** | **£1,195,000** | **£1,141,591** | **-£380,000** | **£0** | **£0** | **£1,956,591** | **£30,742** | **£305,350** | **£0** | **£336,092** | **-£1,620,499** |

**CAPITAL BUDGET MONITORING 2021/22**
**IRMP**

| Details of Scheme | Capital Plan 2021/22 | | | | | | Capital Expenditure 2021/22 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021/22 | 2020/21 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 |
| | Original Capital Plan | Slippage b/f | Decrease | Increase | Slippage c/f | Capital Plan | Commitments Opex | Total Exp SAP | Adjusted Forecast Exp | Total | Over/(Under) spend to Date |
| Keighley Rebuild | £2,850,000 | £0 | -£2,350,000 | £0 | £0 | **£500,000** | £0 | £0 | £0 | £0 | **-£500,000** |
| Cleckheaton Rebuild | £1,300,000 | £0 | -£1,300,000 | £0 | £0 | **£0** | £0 | £0 | £0 | £0 | **£0** |
| FSHQ Rebuild | £2,100,000 | £0 | -£1,154,405 | | £0 | **£945,595** | £0 | £0 | £0 | £0 | **-£945,595** |
| Halifax Rebuild | £100,000 | £0 | £0 | £0 | £0 | **£100,000** | £0 | £0 | £0 | £0 | **-£100,000** |
| Hudderfield rebuild | £100,000 | £0 | £0 | £0 | £0 | **£100,000** | £0 | £0 | £0 | £0 | **-£100,000** |
| Training Facility FSHQ | £2,130,000 | £0 | -£2,130,000 | £0 | £0 | **£0** | £0 | £0 | £0 | £0 | **£0** |
| **Total New Schemes 2021/22** | **£8,580,000** | **£0** | **-£6,934,405** | **£0** | **£0** | **£1,645,595** | **£0** | **£0** | **£0** | **£0** | **-£1,645,595** |
| | | | | | | | | | | | |
| **Slipped Schemes** | | | | | | | | | | | |
| Wakefield | £0 | £361,915 | £0 | £0 | £0 | **£361,915** | £55,090 | £102,757 | £0 | £157,848 | **-£204,067** |
| **Total Slipped Schemes** | **£0** | **£361,915** | **£0** | **£0** | **£0** | **£361,915** | **£55,090** | **£102,757** | **£0** | **£157,848** | **-£204,067** |
| | | | | | | | | | | | |
| **Total Capital Expenditure 2021/22** | **£8,580,000** | **£361,915** | **-£6,934,405** | **£0** | **£0** | **£2,007,510** | **£55,090** | **£102,757** | **£0** | **£157,848** | **-£1,849,662** |

**CAPITAL BUDGET MONITORING 2021/22**
**SERVICE SUPPORT- TRANSPORT**

| Details of Scheme | Capital Plan 21/22 | | | | | | Capital Expenditure 21/22 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021/22 | 2020/21 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 |
| | Original Capital Plan | Slippage b/f | Decrease | Increase | Slippage c/f | Total | Commitments Opex | Total Exp SAP | Adjusted Forecast Exp | Total | Over/(Under) spend to Date |
| Telematics upgrade | £100,000 | £0 | £0 | £0 | £0 | £100,000 | £0 | £0 | £0 | £0 | -£100,000 |
| Vehicle Replacement | £3,312,118 | £0 | £0 | £0 | £0 | £3,312,118 | £0 | £0 | £0 | £0 | -£3,312,118 |
| **Total New Schemes 2021/22** | **£3,412,118** | **£0** | **£0** | **£0** | **£0** | **£3,412,118** | **£0** | **£0** | **£0** | **£0** | **-£3,412,118** |
| **Slipped Schemes** | | | | | | | | | | | |
| Vehicle replacement project - 2 Welfare | £0 | £135,565 | £0 | £0 | £0 | £135,565 | £0 | £0 | £0 | £0 | -£135,565 |
| **Total Slipped Schemes** | **£0** | **£135,565** | **£0** | **£0** | **£0** | **£135,565** | **£0** | **£0** | **£0** | **£0** | **-£135,565** |
| **Total Capital Expenditure 2021/22** | **£3,412,118** | **£135,565** | **£0** | **£0** | **£0** | **£3,547,683** | **£0** | **£0** | **£0** | **£0** | **-£3,547,683** |

**CAPITAL BUDGET MONITORING 2021/22**
**SERVICE SUPPORT - EMPLOYMENT SERVICES**

| Details of Scheme | Asset Life | Capital Plan 21/22 | | | | | | Capital Expenditure 20/21 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021/22 | 2020/21 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 |
| | | Original Capital Plan | Slippage b/f | Decrease | Increase | Slippage c/f | Total | Commitments Opex | Total Exp SAP | Adjusted Forecast Exp | Total | Over/(Under) spend to Date |
| | | £0 | £0 | £0 | £0 | £0 | **£0** | £0 | £0 | £0 | £0 | **£0** |
| Electronic Visitors booking in system | | £0 | £0 | £0 | £0 | £0 | **£0** | £0 | £0 | £0 | £0 | **£0** |
| **Total New Schemes 2021/22** | | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** |
| **Slipped Schemes** | | | | | | | | | | | | |
| PPE Racking & Storage unit | | £0 | £4,000 | £0 | £0 | £0 | **£4,000** | £0 | £1,575 | £0 | £1,575 | **-£2,425** |
| OHU Medical System | | £0 | £15,400 | £0 | £0 | £0 | **£15,400** | £0 | £9,595 | £0 | £9,595 | **-£5,805** |
| Assist Technology | | £0 | £17,969 | £0 | £0 | £0 | **£17,969** | £0 | £0 | £0 | £0 | **-£17,969** |
| **Total Slipped Schemes** | | **£0** | **£37,369** | **£0** | **£0** | **£0** | **£37,369** | **£0** | **£11,170** | **£0** | **£11,170** | **-£26,199** |
| **Total Expenditure 2021/22** | | **£0** | **£37,369** | **£0** | **£0** | **£0** | **£37,369** | **£0** | **£11,170** | **£0** | **£11,170** | **-£26,199** |

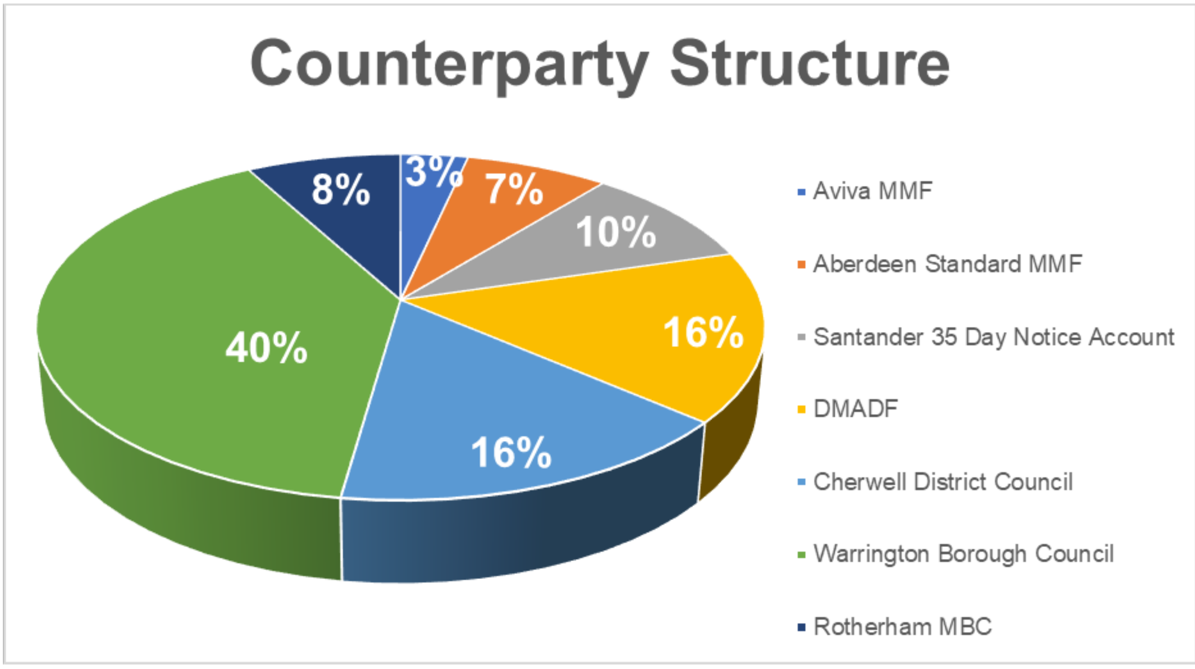
**CAPITAL BUDGET MONITORING 2021/22**
**SERVICE DELIVERY - FIRE SAFETY**

| Details of Scheme | Capital Plan 21/22 | | | | | | Capital Expenditure 21/22 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021/22 | 2020/21 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 |
| | Original Capital Plan | Slippage b/f | Decrease | Increase | Slippage c/f | Total | Commitments Opex | Total Exp SAP | Adjusted Forecast Exp | Total | Over/(Under) spend to Date |
| Home Fire Safety Checks | £400,000 | £0 | £0 | £0 | £0 | £400,000 | £4,512 | £63,428 | £0 | £67,940 | -£332,060 |
| **Total New Schemes 2021/22** | **£400,000** | **£0** | **£0** | **£0** | **£0** | **£400,000** | **£4,512** | **£63,428** | **£0** | **£67,940** | **-£332,060** |
| | | | | | | | | | | | |
| Fire Alarms | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £21,000 | £0 | £21,000 | £21,000 |
| **Total Slipped Schemes** | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** | **£21,000** | **£0** | **£21,000** | **£21,000** |
| | | | | | | | | | | | |
| **Total Capital Expenditire 2021/22** | **£400,000** | **£0** | **£0** | **£0** | **£0** | **£400,000** | **£4,512** | **£84,428** | **£0** | **£88,940** | **-£311,060** |

**CAPITAL BUDGET MONITORING 21/22**
**SERVICE DELIVERY - OPERATIONS**

| Details of Scheme | Capital Plan 2021/22 | | | | | | Capital Expenditure 2021/22 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021/22 | 2020/21 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 | 2021/22 |
| | Original Capital Plan | Slippage b/f | Decrease | Increase | Slippage c/f | Total | Commitments Opex | Total Exp SAP | Adjusted Forecast Exp | Total | Over/(Under) spend to Date |
| Hydrants | £450,000 | £0 | £0 | £0 | £0 | £450,000 | £0 | £124,749 | £0 | £124,749 | -£325,251 |
| Water Rescue Equipment | £24,000 | £0 | £0 | £0 | £0 | £24,000 | £0 | £0 | £0 | £0 | -£24,000 |
| Gas Tight Suits | £10,000 | £0 | £0 | £0 | £0 | £10,000 | £0 | £0 | £0 | £0 | -£10,000 |
| Lay Flat Hose | £50,000 | £0 | £0 | £0 | £0 | £50,000 | £22,594 | £0 | £0 | £22,594 | -£27,406 |
| Portable Scene Lighting | £100,000 | £0 | £0 | £0 | £0 | £100,000 | £0 | £0 | £0 | £0 | -£100,000 |
| Uniform | £200,000 | £0 | £0 | £0 | £0 | £200,000 | £0 | £0 | £0 | £0 | -£200,000 |
| Wildfire Vehicle | £30,000 | £0 | £0 | £0 | £0 | £30,000 | £0 | £0 | £0 | £0 | -£30,000 |
| Helmet Bag | £15,000 | £0 | £0 | £0 | £0 | £15,000 | £0 | £0 | £0 | £0 | -£15,000 |
| Technical Rescue Equipment | £75,000 | £0 | £0 | £0 | £0 | £75,000 | £0 | £0 | £0 | £0 | -£75,000 |
| PPE Storage Shelters | £168,800 | £0 | £0 | £0 | £0 | £168,800 | £0 | £0 | £0 | £0 | -£168,800 |
| Command Support | £100,000 | £0 | £0 | £0 | £0 | £100,000 | £0 | £0 | £0 | £0 | -£100,000 |
| Expansion Foam concrete | £65,000 | £0 | £0 | £0 | £0 | £65,000 | £0 | £13,344 | £0 | £13,344 | -£51,656 |
| Mainline Branches | £60,000 | £0 | £0 | £0 | £0 | £60,000 | £0 | £0 | £0 | £0 | -£60,000 |
| High Rise Branches | £28,000 | £0 | £0 | £0 | £0 | £28,000 | £0 | £0 | £0 | £0 | -£28,000 |
| Powermats | £110,000 | £0 | £0 | £0 | £0 | £110,000 | £0 | £0 | £0 | £0 | -£110,000 |
| Ladders | £0 | £0 | £0 | £12,200 | £0 | £12,200 | £0 | £0 | £0 | £0 | -£12,200 |
| **Total New Schemes 2021/22** | **£1,485,800** | **£0** | **£0** | **£12,200** | **£0** | **£1,498,000** | **£22,594** | **£138,093** | **£0** | **£160,687** | **-£1,337,313** |
| **Slipped Schemes** | | | | | | | | | | | |
| High Rise Branches | £0 | £28,000 | -£22,900 | £0 | £0 | £5,100 | £0 | £0 | £0 | £0 | -£5,100 |
| Thermal Image | £0 | £55,000 | £0 | £0 | £0 | £55,000 | £0 | £0 | £0 | £0 | -£55,000 |
| Body Worn Video | £0 | £15,000 | £0 | £0 | £0 | £15,000 | £0 | £0 | £0 | £0 | -£15,000 |
| DEFRA Water rescue | £0 | £136,000 | £0 | £0 | £0 | £136,000 | £17,360 | £23,195 | £0 | £40,555 | -£95,445 |
| NPAS Video | £0 | £19,500 | £0 | £0 | £0 | £19,500 | £0 | £0 | £0 | £0 | -£19,500 |
| Smoke Curtains | £0 | £12,750 | £0 | £0 | £0 | £12,750 | £0 | £12,750 | £0 | £12,750 | £0 |
| Replacement of Operational PPE | £0 | £1,119,717 | £0 | £10,700 | £0 | £1,130,417 | £1,166,984 | £0 | £0 | £1,166,984 | £36,567 |
| Fire Fighting helmets | £0 | £210,000 | £0 | £0 | £0 | £210,000 | £201,464 | £0 | £0 | £201,464 | -£8,536 |
| Ops Contingency | £0 | £338,000 | £0 | £0 | £0 | £338,000 | £0 | £0 | £0 | £0 | -£338,000 |
| **Total Slipped Schemes** | **£0** | **£1,933,967** | **-£22,900** | **£10,700** | **£0** | **£1,921,767** | **£1,385,808** | **£35,945** | **£0** | **£1,421,753** | **-£500,014** |
| PPE - TRU & HVP | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** | £0 | £30 | £0 | £30 | £30 |
| Hydrants | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** | £0 | £0 | £0 | £0 | £0 |
| Lay Flat Hose | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** | £0 | £0 | £0 | £0 | £0 |
| **Not slipped** | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** | **£0** | **£30** | **£0** | **£30** | **£30** |
| **Total Capital Expenditure 2021/22** | **£1,485,800** | **£1,933,967** | **-£22,900** | **£22,900** | **£0** | **£3,419,767** | **£1,408,402** | **£174,068** | **£0** | **£1,582,470** | **-£1,837,297** |

| Counterparty | £ | Interest Rate | Date Invested | Maturity date | Maturity Structure |
|---|---|---|---|---|---|
| Aviva MMF | 2,183,000 | 0.01 | | | Less than 1 Month |
| Aberdeen Standard MMF | 4,634,000 | 0.01 | | | Less than 1 Month |
| Lloyds 32 Day Notice Account | 12,000 | 0.03 | | | Less than 1 Month |
| Santander 35 Day Notice Accour | 6,000,000 | 0.30 | | | Less than 1 Month |
| DMADF | 5,000,000 | 0.01 | 13/08/2021 | 30/09/2021 | Less than 1 Month |
| Cherwell District Council | 5,000,000 | 0.45 | 13/10/2020 | 12/10/2021 | Less than 1 Month |
| DMADF | 5,000,000 | 0.01 | 16/08/2021 | 15/10/2021 | Less than 1 Month |
| Cherwell District Council | 5,000,000 | 0.45 | 29/01/2021 | 29/10/2021 | 1-3 Months |
| Warrington Borough Council | 5,000,000 | 0.10 | 30/07/2021 | 31/01/2022 | 3-6 Months |
| Warrington Borough Council | 5,000,000 | 0.10 | 30/07/2021 | 31/01/2022 | 3-6 Months |
| Warrington Borough Council | 10,000,000 | 0.10 | 17/08/2021 | 07/02/2022 | 3-6 Months |
| Warrington Borough Council | 5,000,000 | 0.10 | 05/08/2021 | 17/02/2022 | 3-6 Months |
| Rotherham MBC | 5,000,000 | 0.20 | 30/07/2020 | 29/07/2022 | 9-12 Months |
| **TOTAL** | **62,829,000** | | | | |


Counterparty Structure
3%
7%
10%
16%
16%
40%
8%
Aviva MMF
Aberdeen Standard MMF
Santander 35 Day Notice Account
DMADF
Cherwell District Council
Warrington Borough Council
Rotherham MBC

# Fire spending review proposal

Collaborative LGA and NFCC submission for SR2022

Cllr Ian Stephens (Chair, LGA Fire Services Management Committee) and

Mark Hardingham (Chair, National Fire Chiefs Council)

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## Introduction

This document represents the fire sector request for funding to inform the Spending Review 2021-22. It has been developed in collaboration by colleagues in the National Fire Chiefs Council (NFCC) and Local Government Association (LGA) and will focus on three key elements:

1. The base case for Fire and Rescue funding and productivity opportunities
2. Significant cost pressures
3. Improvement activity arising from the Grenfell Tower and other Recommendations

These elements are well aligned with the ministerial priorities of People, Professionalism and Governance.

Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) State of Fire Report identified that Fire and Rescue Services (FRS) funding position and pressures vary widely, with a small number of services struggling to meet operational requirements, while also acknowledging there is a financial disparity across the sector. Given that the process for establishing a new Fire Funding Formula has been paused and is not covered in this proposal, changing referendum limits to allow Council Tax precept flexibility of £5 for all FRS is the only viable option for addressing systemic local funding issues. It should be for local areas to decide how local services are paid for and the LGA has consistently opposed nationally set referendum limits.

As a short-term measure, the Home Office must also consider the provision of one-off 'Special Grant' funding for services that have acute financial difficulties and that, without this support, could result in either a financial or operational failure.

**SR20 and SR21**

For SR20 a joint LGA and NFCC submission was produced, which amongst other items covered:

- Efficiencies – delivering collaborative procurement and delivering technological improvement
- Productivity – capacity to deliver increased fire prevention and protection activity, and the impacts and outcomes

For SR21 the LGA and NFCC have built on this work by:

- Updating the SR20 submission with the latest data
- Undertaking an FRS wide survey of efficiency and productivity across several areas such as shared estates, sharing of collaborative roles, reductions in headcount, fire stations and appliances and the number of fire safety audits undertaken. The survey identified lots of areas of good practice, but further highlighted the gaps in national data collection, reinforcing the need for improved coordination at a strategic level.

The sector is in the process of establishing a productivity and efficiency group, which will look to replicate the objectives of the Efficiency in Policing Board, namely:

- improving the evidence base on productivity improvements and efficiencies delivered in recent years and the scope for further gains
- developing a mechanism for collating information on ongoing productivity and efficiency plans and identifying those from which the wider sector might benefit
- sharing, or encourage sharing of, information on productivity and efficiency improvement work

- developing a reporting framework to enable monitoring and verification of progress in delivering productivity and efficiency gains
- supporting the delivery of productivity and efficiency gains by identifying barriers and enablers, seeking solutions to overcome the former and options to maximise the benefit of the latter
- coordinating with other governance structures to ensure that understanding of productivity improvements and efficiencies is embedded within broader work around investment, outcomes and demand.

It is also proposed that every service will produce a productivity and efficiency plan, covering the three-year SR period, similar to the efficiency plans previously required but expanded to also include progress on improving workforce productivity. These will be supported via the newly created NFCC productivity and efficiency group.

# 1. The case for Fire and Rescue funding – baseline funding should be increased by the rate of inflation each year to enable FRS to maintain workforce numbers

Notwithstanding the lack of focus, a decade of austerity measures has had significant impact on fire and rescue services (FRSs) under all governance models. As some FRSs are in embedded governance models such as county councils and are part of a wider budget where data can be inconsistent and not easily disaggregated from the wider council budgets, figures quoted here are for the 29 standalone Fire and Rescue Authorities. In 2009/10 core spending power was estimated at £1,523m, falling to £1,413m in 2021/22, equating to a cut of 34% in real terms.

FRS capabilities are built around our people. Staff costs make up a large proportion of budgets and therefore it is inevitable that staff numbers have declined whilst services have had to make cuts, with full time equivalent firefighter numbers declining from 41,201 in 2010/11 to 32,171 in 2019/20, a fall of 22%.

Despite this, Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) found in their 2018/19 State of Fire report that the sector is generally effective in responding to fires and other emergencies[i]. This shows the sector's ability to maintain its core response services with the staffing levels at that time. The picture is not the same for Fire Protection (fire safety audit of buildings), a vital part of integrated service delivery and risk reduction.

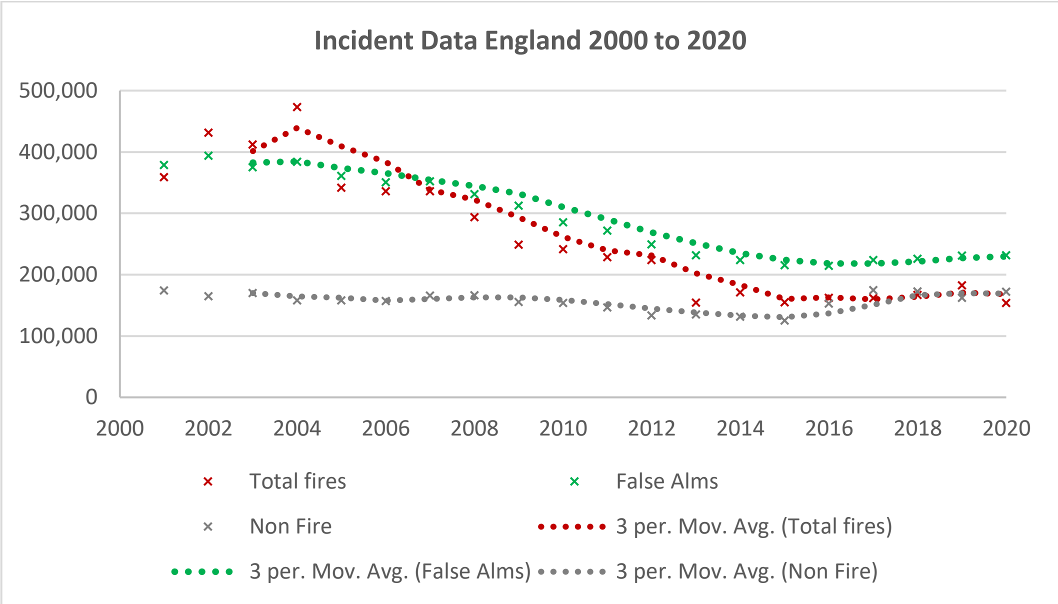
The Inspectorate, and the sector, have identified a number of areas for improvement (which will be covered later in this report) but it is likely that the level of improvement will be restricted if staff numbers are reduced further due to a) needing a base of resource to respond to risk and b) needing the capacity to deliver improvement activity.

## 1.1. Resourcing to Risk

Unlike some public services which are demand led, we need to have enough resources available to provide an emergency response even in times of exceptional demand. This includes the ability to deal with large scale emergencies and/or a range of smaller incidents but all occurring simultaneously and/or incidents that are of extended duration.

This resilience is vital for our communities and in ensuring safe systems of work for our people, enabling cross-border working (such as that seen in recent wildfires and flooding incidents such as the Whaley Bridge dam collapse) and significant support for other agencies during the COVID-19 pandemic. FRS are needing to plan, train and respond to an increasing number of weather-related incidents such as flooding and wildfire and these risks are likely to increase due to climate change. The LGA and NFCC would welcome a review of Fire and Rescue Statutory duties to include response to flooding. Whilst many FRS have some capability to respond to these incidents, support for a consistent approach based on risk is needed and would require a capital investment similar to that made by the Welsh Government.

While over the long-term incident numbers are down, there is evidence that this trend has started to plateau, demonstrating the need for continued resourcing for both service response and preventative activities.




Cutting firefighter numbers further at this time would compromise FRS ability to meet the inherent risks that we face and have a negative impact on the sector's aspiration to create a more diverse workforce that can better represent the communities they are working with.

The benefits of a diverse workforce are well documented; engendering trust by representing the communities we serve, creating positive culture, removing barriers to potential recruits and bringing diversity of thought to planning and decision making. Developing a workforce for the future is a key area of reform for FRS and high up the LGA[ii] and NFCC agenda[iii]. We need to do more to support staff and improve culture, progress towards which will be inhibited if there are a lack of resources to properly meet the challenges of the future.

Initial analysis of response times when compared to firefighter numbers has shown significant correlation between a reduction in English firefighter full time equivalent (FTE) and slower response times, since 2009[iv]. This data suggests that a further reduction in FTE firefighters of approximately 6,000 England-wide corresponds to an increase in average response times of 30 seconds[v]. Whilst this correlation does not directly indicate the cause of slower response times which may be impacted by factors such as traffic, funding pressures have resulted in greater use of On Call (part-time) staff which inevitably slows response. There are inherent risks with the On Call model of resourcing as FRS are struggling to maintain reliable response due to the appeal of the role, commitment required, financial reward and changes to lifestyles and primary working arrangements reducing availability of On Call staff. There are significant differences with how the system works across England, with some FRAs concerned about the future of the on-call system, and some experiencing a good availability of staff. Therefore, more work is necessary to see how we can ensure that the system can be sustainable for everyone into the longer term. During the early stages of the pandemic, some services experienced an increase in on-call availability due to an increase in working from home arrangements, and because of some staff being furloughed from their primary employment. Although the furlough scheme is now winding down, depending on the extent to which working from home is sustained over the longer-term, there may be opportunities to attract people who would not have previously considered an on-call role.

The system is fundamental to the provision of fire and rescue services outside of large towns and cities so Government support for a review of the system would be welcomed. However, it is clear that any alternative to the current system would have cost implications and require funding to deliver.

### 1.2. Resilience in times of crisis

Throughout the COVID-19 pandemic FRS have demonstrated their ability to flex their resources, with minimal additional financial support, to support other agencies and the public in a time of crisis. This is in addition to the ongoing support that FRS give other blue light services; with medical co-responding and gaining entry activity common. Few other agencies have the geographical spread of local resources that FRS do, with good levels of public trust[vi] which enables support to vulnerable people in our communities. To the end of March 2021 FRS had delivered considerable additional activity as shown in figure 3.

The NFCC, LGA and National Employers have both together and separately evidenced support to individual FRS and national government by leading and co-ordinating efforts, issuing communications, guidance, and agreements as appropriate to assist fire and rescue services to see their way through this national health emergency.[vii] At times this has included working with partners in other agencies; including nationally with the National Police Chiefs Council and Association of Ambulance Chief Executives, which complemented the local work of FRS through the local resilience forum or similar.

**Figure 3 COVID-19 Additional Activity delivery**

## 1.3. Productivity: Capacity to deliver increased fire prevention and protection activity

A significant challenge exists within the sector in that it is difficult to robustly measure productivity and efficiency. This is based on a number of factors including the diversity of local CRMP's, and the varying delivery models deployed across the country. This is compounded further in that consistently measuring these areas of performance has not been a national or local priority for a number of years. Going forward, this needs to be addressed by the sector to ensure appropriate challenge, support and scrutiny can be applied.

We understand that all public services are under pressure to deliver more effectively and efficiently in light of the economic climate and public scrutiny. There are however opportunities to improve FRSs by making incremental improvements within existing resources.

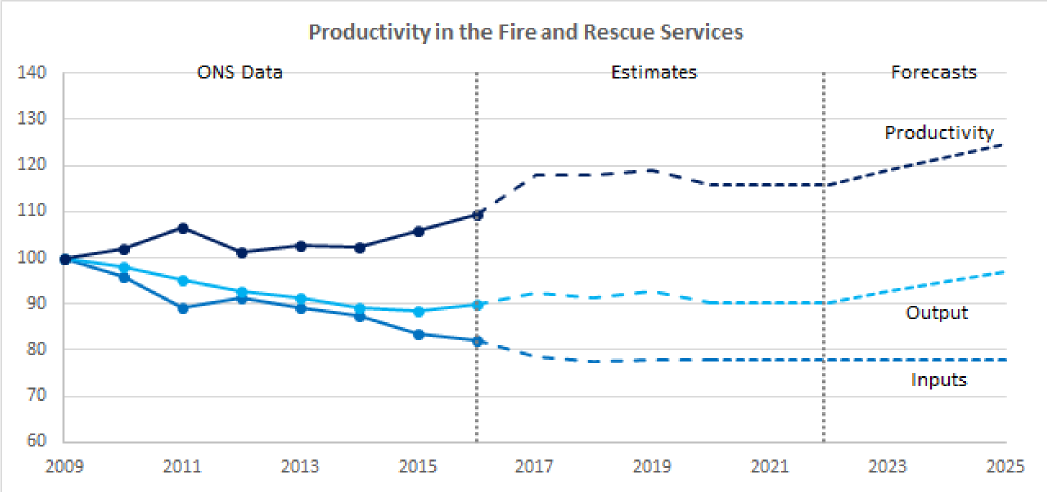
HMICFRS found that many services are under-resourcing prevention and protection and need to make sure their workforces are more productive. Office of National Statistics (ONS) data shows that productivity of FRS has improved since 2009, perhaps inevitably because of reduced staffing numbers.

The ONS data has been extrapolated to reflect changes in staffing numbers to date, and then projected forward based on consistent incident numbers and headcounts, but with FRSs delivering an increased number of home fire safety checks and fire safety audits, therefore showing a continued improvement in productivity.

We know that the number of home fire safety checks carried out by fire and rescue services has reduced by 26% since 2011 and that fire safety audits have reduced by 43% over the same period. We believe that FRS have the capacity to deliver a significant productivity increase within existing resources over the three-year spending review. The illustration below is based on using differently the equivalent of 3% of the wholetime firefighter hours available to deliver an additional 65,000 home fire safety checks (HFSCs) and 18,000 fire safety audits per annum by the end of 2024-25.

FRS already use their station-based staff to deliver targeted fire prevention and protection in their local areas. There is an opportunity to better utilise the fire station-based workforce to conduct more home and business fire safety checks in the community. This would have a positive impact on productivity and morale whilst providing an opportunity for FRS to invest in the development and training of staff. One outcome of having fewer fires to attend has been the need to increase training so firefighters are safe as possible when they do attend emergency incidents. Fire station-based personnel carrying out more routine fire protection work will improve their knowledge of the built environment and free up higher trained inspecting officers and fire engineers to deal with more complex buildings to support the new building safety regime.

These illustrations are used to give a sense of the scale of additional activity that could be achieved, however, it should be noted that there will be varying improvements in productivity not captured by these measures (e.g. educational visits, business engagement events, providing resilience to the on-call duty system etc.). The outcomes of improvements in productivity will be determined locally and captured within the proposed productivity and efficiency plans.




There may be further opportunities to improve workforce productivity by diversifying the work undertaken by staff, in line with 'Fit for the Future'.

## 1.4. Productivity: impact and outcomes

It is estimated that, in addition to making communities safer and reducing harm from dwelling fires, the 65,000 home safety checks provided as an illustration of potential productivity improvements, would deliver an economic benefit of £127m[viii]. It is not so easy to identify the direct impact of regulatory fire safety audits and inspections on fires given the very different nature of the sectors that those buildings represent (that range from large hospital complexes to small takeaway food outlets). It is evident that more regulatory fire safety audits will increase the rate at which issues with the built environment, identified through the Government's Building Safety Programme, are able to be addressed. Over the 10 years between 2009/10 and 2018/19 there have been 3,631 fewer accidental fires across England in non-domestic buildings. At 2019 prices, this represents an estimated economic saving to society of £370 million, this reduction is supported by the inspection and enforcement work undertaken by FRS.

Again, for illustrative purposes the outcomes of this additional work would be:

- Reduction in number of fires in domestic premises
- Reduction in deaths from these fires
- Reduction in injuries
    - By targeting specific vulnerable groups e.g. elderly and disabled people
    - Providing community safety checks, like smoke alarm etc.
- Reduction in damage to properties from fires as there are fewer domestic fires and less damage as fires that do happen cause less damage
- Advise wider cross Government policies such as security, crime prevention and health and well-being
- Audits resulting in
    - Eventually, a greater proportion of satisfactory fire safety audits
    - publicity - using media to increase the deterrent effect

## 1.5. Efficiencies: Delivering collaborative procurement

The NFCC established its national procurement programme in 2015, with individual FRS taking a lead on each category of major expenditure. The programme resources were boosted by transformation grant funding awarded by the Home Office in 2016-17, with the programme expected to deliver savings from collaborative procurement of £27m by 2024-25 and the National Procurement Strategy for Fire published in 2018. As transformation funding was exhausted during 2019-20, the programme is now resourced by the sector and the national savings register has evidenced savings of £13m.

The Fire Commercial Transformation Programme operates under 3 key principles:

- Standardised requirements: developing agreed standard specifications that are operationally driven rather than procurement-led.
- Aggregated volumes: FRS that bring larger volumes to market typically get better deals. Where possible, i.e. non-fire specific goods and services, consider the wider purchasing power of other public sector organisations.
- Collaboratively managed contracts and suppliers: joined-up strategic engagement, supplier performance and contract management

The programme is therefore on track to deliver the remaining £14m of savings over the spending review period, which will be utilised by FRSs to offset cost pressures.

### 1.6. Efficiencies: Delivering technological improvement

HMICFRS found that the use of technology in FRS varies considerably, and that whilst there are pockets of innovation the sector as a whole could use technology better. This view is supported by a recent study by Leeds University, which found that the condition of FRS ICT infrastructure differs greatly across England with a number of services facing significant ICT challenges.

It is apparent that in order to deliver transformative technology which will support business operations, promote productivity, operational decision making and service improvement to the public, significant investment will need to be in FRS technological capability. FRS have already identified improvements needed and have incorporated digital transformation into their change programmes, often funded by reserves[ix] This investment will not be possible if baseline funding is cut and therefore reserves will be required to support revenue budgets rather than make sustainable changes. The NFCC Digital and Data Programme has a role to play in supporting FRS in technological improvement but will not in of itself solve the ICT infrastructure challenges that exist. The Fit for the Future partnership work is also mindful of this and considering an additional improvement objective in this area as part of its on-going work.

## 2. Significant Cost pressures – funding for national issues which are putting long-term pressure on FRS budgets

There are a number of issues impacting on the financial sustainability of FRS (amongst other public services) which could have a detrimental impact on the ability of FRS to maintain their services to the public.

### 2.1. Pay

The majority of services' budgets relate to staff costs and inflationary pressures on direct staffing costs, as well as indirect cost impacts where services are provided through a third-party, will have a significant impact on overall cost. This cost will need to be funded to avoid any detrimental impact on the level and quality of service provision.

Looking forward, it is clear that the sector would need an increase in central FRS funding if it is going to reform employees' roles in line with ongoing and emerging objectives. Any further reforms would need to be supported and sustained by Government funding, previous costing estimates for this have been in the region of 15% of the pay bill.

### 2.2. Pensions

This submission is made without prejudice to any New Burdens application FRAs may make.

Pension cost pressures and administration issues are a significant risk to FRAs budgets. The legislation requires each of the FRAs to locally manage their scheme (known as scheme manager), which means they operate in a complex environment of 44 scheme managers, 16 administrators and 2 software suppliers. The choice of software supplier is the decision of the administrator not the FRA. As such local administration carries inherent risks, particularly around discrepancies in treatment of pension administration changes and whilst there have been several joint procurement exercises between FRAs, there is further opportunity to seek collaborative solutions to pension administration.

#### 2.2.1. GAD revaluation

The 2016 GAD revaluation resulted in a headline rate increase of 12.6% of employer pension costs, which in 2019-20 equated to £125m. The Home Office agreed to fund £115m of this pressure in 2019-20 and 2020-21, and for 2021-22 this was paid by MHCLG and will be added to base budgets in 2022-23 rather than offered as a grant to ensure financial sustainability and FRS ability to plan their resources. As pay costs increase, so do employers' pension costs and therefore this would also need to be reflected in funding.

#### 2.2.2. McCloud/Sargeant

The bill to introduce changes to the public sector pension schemes to remove the age discrimination identified by the courts including in the Firefighters scheme has now been introduced to the House of Lords. https://bills.parliament.uk/bills/3032

This bill confirms that remedy will be in two parts, both prospective effective by 1 April 2022 and retrospective to be introduced by 1 October 2023 but to apply retrospectively from 1 April 2015 to 31 March 2022.

Full details of the age discriminatory remedy can be found on the age discrimination pages of www.fpsregs.org.

This will create a significant project for FRAs to implement and there will be on-going pressure throughout the SR period across three main areas.

1. Operational costs

2. Actuarial Costs
3. Other Costs

1. Operational costs. The costs of implementing remedy will fall on FRAs operational budgets, costs are likely to be across:

    a. Software

    b. Administration and management costs

**Software**

The implementation of remedy will require large scale and significant software amendments in a short timescale (it is envisaged that legislation may not be available until 9 months before the enforcement date), as well as substantial work by administrators and scheme managers.

The software solution will require the creation and maintenance of two sets of new benefits over a retrospective seven-year period, as well as maintenance of the current benefits, all of which need to satisfy the requirement of the tax systems and then maintained going forward over a period of 20+ years to allow a member their choice of benefits at retirement.

This introduces substantial risk and a scale of development in a short timeframe which has not been seen before. (The reforms in 2015 had a longer introductory period). The risk of the sector not being able to implement remedy for members without substantial automation is extremely high and the sector is dependent on two different software providers.

Co-ordination of this software project is being managed centrally by the pensions team at the LGA. One of the software providers has provided detailed proposals regarding their delivery plan which is across six clear phases of work and details how they can deliver in the timescales as well as early ballpark commercials, however these are both commercially confidential and still require detailed scrutiny including approval of requirements, assurance on delivery and value for money assurance and the second supplier has not yet provided similar plans.

**Administration and management costs**

FRAs are reliant on administrators to do the day-to-day processing of benefits, and each FRA is required to appoint an administrator. However, there are significant demands on the FRA as well as the administrator to implement remedy.

As a result of guidance on immediate detriment, FRAs along with their administrators are being asked to undertake lengthy and detailed calculations to pay members their benefits before the relevant legislation is introduced. That means operating without software systems and processes in place which is time consuming and will be chargeable as extra project work by administrators. Estimated chargeable hours to do one calculation is about 8 hours.

In the long-term, administrators are yet to assess their costs for implementing remedy, and they will to a certain effect reflect the level of automation of software that will be available. Once the software plans are approved and known, administrators and FRS's will then be able to assess their own resource needs, however at present these details are not known.

The Home Office provided a £3m grant to Fire and Rescue Services in respect of their pension admin costs incurred in 2020/21.

**Total operational costs**

When responding to the HMT consultation on remedy, the SAB made some estimates (Paras 292 to 309) of the cost of implementation using the base costs from the report commissioned by the board in 2019[x] which indicated that the cost of administering the scheme under business as usual requirements was currently estimated at £77 per member (Total cost £4,241,095).

The board modelled that the long-term effect of the Deferred Choice Underpin (DCU) would have a significant effect on the ongoing maintenance of solutions and estimated that the additional effort of implementing remedy would be between 50 to 75%, which at its highest could change the cost of the scheme per member to £168 per member (total cost £9,277,395).

**Based on those figures at that time, the board predicted that the highest increase to operational costs to implement remedy would be circa £5 million** (from £4.2m to £9.2m). At this current time, based on the current level of detail being provided by software administrators and software providers, that estimate might be considered a conservative estimate and effort appears to have been increased above the 75% the SAB envisaged, and estimates may now be higher than £5 million once the full software costs have been determined for both software suppliers.

2. Actuarial Costs: Increased employer contributions which are likely to impact on FRS budgets in the next valuation, with rates being implemented from 1 April 2024 and therefore within the three year spending review period. The employer contribution costs will be determined by the 2020 valuation and the outcome of the consultation on the discount rate methodology, which if kept at the current methodology predicts an increase of over 20% in employer contributions. Given central estimates of £2.5bn per year for all schemes[xi] it is clear that this cost pressure cannot be borne by FRS as there will be a significant impact on delivery of services to the public.

3. Other costs: There are other costs that also occur due to the age discrimination, including but not limited to:

    - The legal costs imposed on FRAs as a result of inclusion in the Sargeant litigation
    - Legal costs imposed on FRAs because of guidance on immediate detriment issued to locally administered schemes and the ancillary litigation against FRAs brought by firefighters unwilling to wait for the legislation relating to remedy to be implemented. Similar guidance was not issued by government to centrally administered schemes due to acknowledged difficulty in implementing immediate detriment before legislation. This forced FRAs to incur legal costs on how to implement immediate detriment for areas not covered by or unclear in the guidance.
    - It is not yet known how any compensation scheme will work for costs borne by employers before the legislation is in force, particularly for immediate detriment cases where employers might be liable for significant sums. Unless HMT

introduce suitable arrangements to ensure employers are fully compensated for those sums, FRAs will look to recover these costs from government direct where they arise because of remedy to the discrimination.

### 2.2.3. O'Brien/Matthews

The Matthews case will introduce a second options exercise for retained firefighters to join the Firefighters Pension Scheme 2006 (FPS 2006) from the start date of their employment, which could start from 1970. As such there are several financial issues that arise from this new options exercise.

1. Operational costs: Experience of the options exercise for special members of the Firefighters Pension Scheme 2006 (FPS 2006) across 2014 and 2015 was that this was largely a manual employers' project rather than a pension project. Calculators were provided via an Excel spreadsheet and calculations were run on a manual basis per member and were a considerable burden for those FRS with high numbers of retained staff.

   The likely overlap with the McCloud exercise will mean resourcing this project will be difficult and may need to fund additional resource beyond expectations.

   It is also highly likely that there will be further take up as any additional employee's pension contributions can be deducted from pension due, so at no detriment to the pensioner, which will increase both the operational costs of the exercise and the actuarial costs.

   It is estimated that this burden will fall to FRS payroll, HR and finance teams at a further cost of approximately £1.4m[xii] to English services.

2. Actuarial Costs: Increased employer contributions which are likely to impact on FRS budgets in the next valuation, with rates being implemented from 1 April 2024 and therefore within a potential three year spending review period. The 2020 actuarial valuation will only assess the cost of employer contributions for the first options exercise. The employer contribution cost of the second exercise will not be known until the results of the 2024 valuation. The current consultation on the appropriate methodology for the discount rate could also affect these employer contributions.

3. Other costs: There are other costs that also occur due to the second options exercise, including but not limited to Government agreement to extending the scope of the exercise to include more members who would be eligible to join, and any compensation costs for tax losses to members that are borne by employers before suitable funding mechanisms are in place.

## 2.3. Impact of COVID-19 on collection funds

The COVID pandemic has had a significant impact on FRS, with business continuity processes being in place since March 2020. Whilst the impacts of the pandemic and subsequent lockdown are yet to be fully understood, the resulting recession will impact on households' and business' ability to pay their Council Tax and Business Rates. The impact will be felt across the sector, with grant funding being received for 75% of the deficits arising in 2020-21 and with FRS picking up the remainder, there may be a higher degree of impact on embedded FRS which have conflicting priorities such as adult social care and children's services.

It is currently difficult to collate data from billing authorities but national forecasts for income losses in 2020-21 are[xiii]

- 4.54% of Business Rates = **£31.1m** for standalone FRAs
- 2.88% of Council Tax = **£24.5m** for standalone FRAs

For context, these losses of £55.6m are equivalent to 1,300[xiv] firefighters or around 6% of the wholetime workforce[xv] in just one year. Whilst the MHCLG announcement in July allowing local authorities three years to settle collection fund deficits is welcome, we request funding equivalent to, or on-going protection from collection fund losses to prevent cuts to front line services being made as a result of the pandemic. Given there will be local variation in collection rates, precept flexibility for fire would also support the ability of FRS to set balanced budgets over the medium term.

### 2.4. National Resilience

New Dimensions assets are now coming to the end of their life and require replacement at an estimated cost of £100m, however, the NFCC will work with the Home Office to see where efficiencies can be made that may be able to drive down these costs  We are clear that financial responsibility for New Dimensions national resilience capability sits with the Home Office and should not become a burden on FRS. The sector position is that future funding should not be subsumed into the Revenue Support Grant where transparency around the amount and allocation will be lost.

### 2.5. Emergency Services Network

The Emergency Services Network should improve digital capability in FRS.  The delay in roll out of ESN is well documented and we are clear that additional costs arising from central issues with the programme should not become a burden on FRS, especially where the business case models an overall saving for the public purse. Recent research has found that the length of the ESN programme is creating inertia and restricting innovation by suppliers as well as the potential financial impact. Clarity is needed on the impact at local FRS level to support planning and risk awareness.

## 3. Sector Improvement – delivering enhanced building safety and ensuring FRS are Fit for the Future

### 3.1. Focus on Protection

The HMICFRS State of Fire report found that "Many services don't do enough to make sure premises comply with fire safety regulations ", "There is an inconsistent approach to the number of inspections services carry out" and "The lack of fire safety enforcement is a concern". Protection teams have been disproportionately affected by funding cuts within FRS over the last decade, partly due to the rise of prevention since 2000 and more recently as FRS commit to protect frontline operational firefighters in response to risk and public consultation. Consequently, the number of Protection staff have reduced by as much as 32% in the last eight years[xvi], resulting in a loss of specialist skills and experience throughout FRS, reflecting an underinvestment in fire safety.

There is a clear need to invest more in protection activity as the sector responds to systematic deficiencies highlighted by the Grenfell Tower Investigation (GTI), with particular focus on high risk, high rise buildings. Dame Judith Hackitt's recommendations in the Independent Review of Building Regulations and Fire Safety – Building a Safer Future and resulting legislative changes have increased the duties and responsibilities for Protection teams.

The fire sector is progressing work to build understanding, capacity and capability to meet the requirements of the Building Safety Programme and recent findings for more complex buildings. Whilst there is an opportunity to boost the number of inspections delivered using existing staff as outlined in section 1.5, targeted investment is needed to ensure that services are able to deliver against the new fire safety regime in a safe and sustainable way.

### 3.1.1. 2020-21 Grant Funding

In the 2020-21 financial year, £20m has been granted to the sector for enhanced protection activity with a further £10m available for implementation of the Grenfell Tower Inquiry Phase 1 report, of which £1.6m is being retained by the Home Office to deliver Control Room ICT infrastructure enhancements.

£21.4m in total has been granted directly to FRS support specific pieces of work, to deliver:

- Building Risk Review Exercise via MHCLG grant - £6m
- The Protection Uplift Programme - £10m
- Recommendations from GTI phase 1 report including purchase of smoke hoods - £5.4m

£7m has been granted to the NFCC (via CFOA Charity) in addition to established £1.5m funds for leadership and standards

- £4m for the Fire Protection Hub and Building Safety Team, including support to FRS for the work above, via MHCLG grant, the benefits of which were outlined in the Protection Board: Programme Business Case finalised on 6 March 2020 and delivery to date of:
    - Framework for Managing Risks for High-rise Residential Buildings with ACM Cladding
    - High-rise Residential Buildings Interventions Feasibility and Impact Assessment
    - Costs for Safety Interventions in High Rise Residential Buildings
    - Risk Assessment Process for High Rise Residential Buildings for the Protection Board Building Risk Review Process
- £3m uplift for Improvement Capability of the sector, to include recruitment of specialist expertise, NFCC capacity and enhance Programme Management Office programme plans, which is covered in more detail on pages 11-13 of this report

In the 2021-22 financial year a further £14m was allocated to FRS to continue their uplift in the protection teams, with a further £6.5m allocated to the NFCC to continue their work in this area.

### 3.1.2. Investment needed over the spending review period

Whilst this one-off funding is welcome and will deliver significant improvement to the sector's protection capacity as well as specific pieces of work (such as assurance on high risk, high rise buildings), it is the first investment in fire protection via FRS for many years and represents only 1.3% of core spending power[xvii]. Sustained investment will support continued delivery against priorities already identified through legislative review, which align with ministerial priorities:

- Building upon 2020-21 and 2021-22 Grant funded activity to consolidate FRS protection teams' competence and capacity to respond to new legislative environment – maintaining the £10m Protection Uplift Programme to support sustainable recruitment in to specialist roles.
- It is assumed that the *High Rise High Risk Review* exercise was a one-off pending introduction of new legislation. If this work is to continue, ongoing funding of £6m is required
- The current Protection Board Programme is planned to run until December 2021; Augmenting the £0.7m NFCC funded Building Safety Team via a £3m per year grant

(£0.75m in year 1) to the Fire Protection Hub will maintain capability in key specialist areas to support new legislative requirements – this represents a £1m saving against the initial investment as individual FRS build their capacity and capability in Fire Safety

Figure 5 – Building Safety Team – planned annual investment

| **Data & analytics** | **Fire safety** | **Central Policy** | **Comms & education** |
|---|---|---|---|
| current staff | current staff | current staff | current staff |
| new analysts | new legal advisers | new policy/admin staff | new comms/ed staff |
| IT and software | contracted services | hub leadership | learning |
| expenses | flexible resource, FRS | miscellaneous | engagement |
| **£0.52m** | **£0.67m** | **£0.89m** | **£0.92m** |

The Board aims to strengthen protection activities across FRSs in England and is charged with delivery of the ministerial commitment to increase the pace of inspection activity across high rise/high risk buildings to inspect or assure these properties no later than December 2021. The Board has been developing a programme of work to meet this new expectation and increase the capacity of services ahead of the new Building Safety Regime, helping to identify and help resolve fire safety issues before other major incidents occur. The work of the Board will be essential in supporting the new Building Safety Regime going forward, central support capacity will continue to be needed alongside:

- New burdens are being placed upon FRS through the introduction of new legislative requirements. The Fire Safety Bill familiarisation costs are expected to be £0.7m in year 1, with ongoing costs of fire safety inspections increasing by £0.7m[xviii]
- The draft Building Safety Bill has identified in its central case £30.3m - £44.7m of ongoing costs[xix] for FRS to support the safety of 1.7m homes
- The impact assessment for the uplift to the Fire Safety Order and changes to building control consultations with FRS are still unknown but will not be insignificant

## 3.2. Fit for the Future – enhancing professional expertise

HMICFRS has identified an urgent need for the sector to enhance its capability to deal with existing and emerging issues: the assessment of risk, data needed to inform decision making, developing a diverse and inclusive workforce which is appropriately trained to prevent and respond to incidents and incorporates learning. These issues are well highlighted by the Grenfell Tower Inquiry, Lord Greenhalgh's ministerial priorities, the LGA Fire Service Management Committee and previous reviews of Fire (such as Thomas/ Knight).

The NFCC, LGA and National Employers (England) have therefore developed a "Fit for the Future" plan which identifies sector improvement objectives. This joint piece of work provides a roadmap for the development of the sector going forwards, with each organisation contributing to its implementation. The NFCC Central Programme Office (CPO) coordinates the multiple improvement programmes of work on behalf of the NFCC. This overarching coordination helps the NFCC avoid duplication; prioritise work more effectively; and develop solutions and tools more efficiently which support fire and rescue services where a national approach would be beneficial. The NFCC CPO also provides support to the Fire Standards Board and coordinates the development of the full suite of Fire Standards. The guidance that underpins each Fire Standard will be developed by the subject matter expertise drawn from the NFCC network of services and other relevant stakeholders. All NFCC products and Fire Standards will be subject to Quality Assurance to ensure those products have been produced efficiently and effectively involving all stakeholders and are fit for use. Use of those products, especially when they underpin fire Standards, will help bring about national consistency and drive transformation across services[xx].

Development of guidance and standards works well but it has been identified as one of the Fit for the Future improvement objectives that a key element of reform delivery across many of the improvement objectives going forward would be the creation of a central resource to aid implementation and support consistency. The NFCC and the LGA working together are well placed to provide this implementation support, subject to provision of funding.

### 3.2.1. 2021-22 Grant Funding

In the 2021-22 financial year, a £3m grant has been provided as an uplift for Improvement Capability of the sector, to include recruitment of specialist expertise, NFCC capacity and enhance Programme Management Office programme plans. This funding is in addition to the £1.5m funding available for the Fire Standards Board. The deliverables against this funding have been identified in the Home Office Grant Conditions[xxi] and performance against plans will be monitored on a quarterly basis.

### 3.2.2. Investment needed over the spending review period

Whilst this one-off funding is welcome and will deliver significant improvement to the sector's capability and capacity as well as specific pieces of work (such as fire standards), sustained investment will support continued delivery against priorities already identified through legislative review.

- The Fire Standards Board will continue to require funding and support by the CPO as this is ongoing work
- The current programme of deliverables is due to complete by Q1 of 2021-22; Augmenting the £1.1m NFCC funded CPO via a £2.5m per year grant (£1.5m in year 1) to enable further activity– this represents a £0.5m saving against the initial investment as individual FRS build their capacity and capability in these key areas
- Funding will also be needed for a team of implementation officers - embedded within the LGA and NFCC - to support roll out of reform within Fit for the Future. At present the NFCC and the LGA feel that the flexibilities and potential of the current grey book provisions and associated firefighter role expectations are not fully utilised by all services. The LGA posts would provide a consultancy and support service to enable them to do so. This should ease the introduction of initiatives like more effective working patterns and flexibilities within the role maps. These are key elements in support of a number of Fit for the Future initiatives. The NFCC CPO has identified specific deliverables[xxii] which cannot be supported by the current programme, which will be aligned to the key areas of
    - Leadership
    - Digital & Data
    - Community Risk
    - Culture & Ethics

## 3.3. Leadership development

Governance is a central pillar of the fire sector and elected members set the policy direction of their services, set the budget and hold assets, provide scrutiny and challenge to services to make improvements and deliver on the policy priorities of the authority. The LGA as the representative body for 44 out of 44 English fire authorities, providing a voice for the sector and supports member development through a sector improvement offer which it funds itself.

The LGA's support offer is open to elected members from all fire authority types. The support offer is designed to support members to further develop their leadership and governance skills, to promote a deep understanding of key issues like building safety and support the sector to improve equality, diversity and inclusion. This is done through a series of activities including training, such as the Leadership Essentials programme for fire and rescue authority members, governance and leadership training events and the Diversity and Inclusion Champions Network. It is vital that the LGA can continue to support members in this way to ensure members have access to resources that can help them provide good governance. Sustained activity to embed these principles will be required to create the desired impact.

### 3.3.1. Investment needed over the spending review period

Responsibility for the member development offer should sit within the Home Office fire budget.

- This work will continue to require funding and support by the LGA to ensure that we can provide ongoing development for members. A grant of £115,000 over the spending review period would allow the LGA to continue to provide the member development offer and to work with the NFCC to develop and support the development of a programme of activity around principles of good governance and decision-making and to develop training events for members and officers to embed those principles. Over the three year SR period this would include approximately
    - £50,000 for 6 leadership essentials programmes
    - £40,000 governance and leadership training
    - £25,000 for specialist training for the Inclusion and Diversity Member Champions Network and wider FRA members on equality, diversity and inclusion issues.

**CPO Activity Plan beyond grant funding**

| Activity/Project | Deliverables |
|---|---|
| Developing effective communications and data sharing (including improving site specific information to operational crews) at operational incidents | Review of the nature and structure of communication between incident ground and control rooms considering technical solutions, message discipline and existing changes in technology. |
| Developing effective communications and data sharing (including improving site specific information to operational crews) at operational incidents | Conduct feasibility study and survey into existing technical solution and impact upon command and control structure. |
| Reviewing National Operational Guidance (NOG) | NFCC guidance on risk inspection visits and ensure all actions relating to plans and 7(2)(d)s are incorporated. |
| Review of National Operational Learning system and arrangements | Recommendations for expansion of National Operational Learning (NOL) to accommodate organisational learning inputs |
| Supervisory Leader Development Programme | A development programme to nurture leadership at the first level of management with an FRS organisation. |
| Direct Entry Pathways | A Direct Entry Pathway to include a training programme for entrants on operational duties above firefighter level. |
| Organisational Learning project | To be scoped |
| Culture (diagnostic tools) | To be scoped - review of the diagnostic tools available to fire service organisations that support cultural improvement |
| Health & Wellbeing | To be scoped - would include research projects to provide the evidence-base to support delivery of standards and improved practice in the physical and mental health and wellbeing. |
| Training courses procurement framework | To be scoped - A procurement framework that aligns National Operational Guidance against training courses bringing consistency and best value. |
| Immersive technologies | To be scoped - A review and research project into the immersive technologies available (such as virtual reality) and how they might translate to address some of the challenges around maintaining the competency of the workforce. |

| | |
|---|---|
| Fire Protection national guidance | Develop Fire Protection national guidance to support changes made following recommendations by MHCLG Building Safety Programme Resident's Voice Work stream. Development will follow the NFCC Quality Assured approach, hosted on a digital platform using the same integrated approach and accessibility as NOG. |
| Enforcement toolkit | To maintain a toolkit that can be used by services to improve the consistency and effectiveness of enforcement. |
| Online public services | Equitable online access to the public for all non-response services. |
| Data skills | All fire and rescue service staff have a level of data literacy appropriate to their role. |
| Application development guidance | Standards for local development of software and applications to enable sharing and scalability across services. |
| Evaluation | Areas of best practice within the UK fire and rescue service will be identified and scaled to be made available to all, improving consistency and maximising existing investment. |
| Evaluation | Consistent and comparable methodologies to evaluate the performance of local activities. |
| National Organisational Learning | Evolution of National Operational Learning into National Organisational Learning platform |
| Digital information service | A national Digital Information Service provides clear direction and consistency in relation to the use and implementation of data analytics within the UK fire and rescue services. |

## 4. Summary

The FRS has demonstrated through national incidents such as flooding and the C19 pandemic its ability to step up and meet demands placed on the country. Within this the FRS has demonstrated its expertise in command and control and logistics. With further development there is no doubt that the FRS can be the primary rescue organisation for the UK, with control of the inner cordon at major incidents and a more significant role in command, logistics and resourcing of national emergencies.

A decade of austerity measures and the localism agenda has had a significant impact on the way that fire and rescue services operate and their financial sustainability. FRS are resourced to risk, focus must be placed on delivering greater consistency and productivity whilst maintaining the ability to respond to local risks and provide essential cover across England. There are clearly opportunities for increased collaboration and more efficient ways of working. However, any resulting savings are tiny when compared to the amount of investment needed to deliver against the new legislative requirements alongside legacy improvements and reform.

The sector is responding to these challenges using a coordinated approach to deliver sustainable change to fire and rescue services and ultimately improved outcomes for the public.

In the last decade the sector has made efficiencies, for example, through a reduction in staffing numbers, estate rationalisation, collaboration and sharing of support services and procurement practices. Further opportunities remain and work is underway to improve understanding, identify and share good practice across the sector and monitor delivery of gains.

The sector proposes to offer further efficiency savings of 2% of non-payroll budgets, totalling circa £500m, with the savings to be reinvested within the sector.

The productivity improvements shown on pages 7 and 8 are illustrative, based on using the equivalent of 3% of wholetime firefighter time differently to drive local activity, for instance this would be equivalent to increasing the number of home fire safety checks by 65,000 (3.7% increase per annum over three years) and fire safety audits by 18,000 (11.1% increase per annum over three years).

The NFCC is in the process of establishing a productivity and efficiency workstream, and it is suggested that the Home Office should consider establishing a Board similar to the Efficiency in Policing Board, in order to provide a forum to share information and strengthen work on efficiency and productivity. This board should comprise of the LGA, NFCC, HMICFRS and the appropriate Government departments to better inform future spending reviews and sector improvements.

Although productivity improvements are illustrated in terms of additional HFSCs and fire safety audits, local services are best placed to determine the output from improvements in productivity. Likewise, although the improvement has been illustrated using the equivalent of 3% of wholetime firefighter time, some services will inevitably deliver productivity improvements through on-call firefighters and/or support staff.

Services will commit to improvements by producing local productivity and efficiency plans, and progress against these will be monitored and reported on over the SR period through the newly created NFCC productivity and efficiency group.

To enable all of this, the sector would need:

- Council Tax precept flexibility of £5 for all FRS
- Baseline FRS funding to increase by the rate of inflation each year
- Other specific funding requirements identified to be fully funded by Government

# Annex 1 – Fire Sector funding proposal

| | | | Sector proposal for Spending Review (£m) | | | |
|---|---|---|---|---|---|---|
| **Funding Requirement** | **Recipient** | **2021-22** | **2022-23** | **2023-24** | **2024-25** | **Notes** |
| Baseline FRS Funding | FRS (SFA) | 1.51% | **1.79%** | **1.89%** | **1.93%** | Inflationary uplift (based on current projections) |
| Flooding Capability | FRS (Capital) | - | **30** | **-** | **-** | Purchase of response assets to meet new duties |
| Precept Flexibility | FRS | 2.00% | **£5 flexibility** | | | |
| Pay | FRS | 1.50% | **5.00%** | **5.00%** | **5.00%** | Estimate - subject to negotiations over reformed role |
| GAD revaluation | FRS (SFA) | 115 | **117.4** | **119.9** | **122.4** | Inflationary uplift as a minimum - should track pay |
| McCloud Sargeant (Implementation Costs) | FRS | - | **5** | **-** | **-** | Current minimum estimate of implementation costs only (software and administration) |
| McCloud Sargeant (Revaluation and potential injury to feeling awards) | FRS | n/a | **To be confirmed** | | | In base funding |
| McCloud Sargeant (Other Costs) | FRS | 3 | **To be confirmed** | | | Includes on-going admin costs, legal costs and compensation costs. |
| O'Brien/Matthews (Administration) | FRS | n/a | **1.4** | **1.4** | **1.4** | Assumes implementation from 2022-23 |
| O'Brien/Matthews (Resulting revaluation) | FRS | n/a | **To be confirmed** | | | In base funding |
| Collection Fund Deficits 2021/22 | FRS | n/a | **18.5** | **18.5** | **18.5** | One-third of calculated figures in section 2.3, to be updated by Home Office |
| Collection Fund Deficits 2022/23 | FRS | n/a | **To be confirmed** | | | To be assessed by Home Office |
| Collection Fund Deficits 2023/24 | FRS | n/a | **To be confirmed** | | | To be assessed by Home Office |
| National Resilience | FRS | 10.2 | **10.4** | **10.6** | **10.8** | Support required to project FRS grant funding |

| Funding Requirement | Recipient | 2021-22 | Sector proposal for Spending Review (£m) 2022-23 | 2023-24 | 2024-25 | Notes |
|---|---|---|---|---|---|---|
| Protection Capacity | FRS | 14 | 10 | 10 | 10 | Assumes high risk high rise one-off exercise |
| Protection Team | NFCC | 2.5 | 3 | 3 | 3 | |
| Fire Safety Bill | FRS | - | 1.4 | 0.7 | 0.7 | |
| Building Safety Bill | FRS | - | 30.3 | 30.3 | 30.3 | Assumes implementation 2022-23 |
| Fire Safety Order | FRS | - | To be confirmed | | | |
| Leadership Capability uplift | LGA | - | 0.12 | - | - | |
| Leadership Capability uplift | NFCC | 2.5 | 2.5 | 2.5 | 2.5 | |
| Fire Standards Board | NFCC | 1.5 | 1.5 | 1.5 | 1.5 | |
| Implementation Officer Group (Fit for the Future) * | LGA | - | 0.2 | 0.2 | 0.2 | 1 x Industrial Relations Specialist<br>1 x Employment Law Specialist |
| Implementation Officer Group (Fit for the Future) * | NFCC | - | 0.3 | 0.3 | 0.3 | 3 x GM 1 x SM 1 x FRS Grade F |

* Figures in the table above are shown rounded to the nearest £m. Detailed figures (£) for the last two rows are:

| Funding Requirement | Recipient | 2021-22 | 2022-23 | 2023-24 | 2024-25 | Notes |
|---|---|---|---|---|---|---|
| Implementation Officer Group (Fit for the Future) | LGA | - | £200,331 | £204,578 | £208,813 | 1 x Industrial Relations Specialist<br>1 x Employment Law Specialist |
| Implementation Officer Group (Fit for the Future) | NFCC | - | £309,500 | £316,061 | £322,603 | 3 x GM 1 x SM 1 x FRS Grade F |

## Annex 2 – NFCC, LGA and National Employers (England) Fit for the Future Improvement Objectives

1. Fire and rescue services have evidence based, high quality and consistent risk management plans that encompass all aspects of service deployment and delivery, addressing issues of local risk and ensuring they are resilient to national risks and threats including terrorism.
2. Fire and rescue services refocus their investment in the selection, training, development and support of employees to maintain, support and improve their skills and knowledge throughout their careers.
3. Fire and rescue services have access to a comprehensive national infrastructure and repository of standards, guidance and tools that are embedded in their own local service delivery.
4. Fire and rescue services support new and innovative ways to prevent fires and other emergencies. Firefighters work with people who are at risk in local communities to make them safer in all aspects of their lives, not only from fire.
5. Fire protection activity carried out by fire and rescue services is redefined and expanded by using new professional standards, competence requirements and training for firefighters and specialist protection staff assisted by a significant reallocation of resources through increases in productivity.
6. The benefits of all fire and rescue service activity are measured and evaluated so that decision making about resource allocation can be improved.
7. Prospective employees are attracted to fire and rescue services as an employer of choice where inclusive recruitment practices and the available diverse roles and responsibilities help the service manage risk in the local community.
8. An inclusive culture is at the heart of every fire and rescue service. They are a welcoming and supportive place to work for the widest variety of people from all backgrounds.
9. Political leaders, governments and fire and rescue service officers use a single leadership framework that sets out clearly a suite of service values, expectations and behaviours which all can promote and support. It is the basis on which fire and rescue services and all their employees operate.
10. Working with others in all aspects of fire and rescue service activity is core business, based on solid evidence and data that determines the most efficient and effective use of resources to ensure firefighter and public safety.
11. The National Employers (England), LGA and the NFCC jointly own and maintain an organisational learning system that will promote continuous improvement at a strategic level.

# Annex 3 - Notes

[i] https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/state-of-fire-and-rescue-2019-2.pdf
[ii] https://www.local.gov.uk/inclusive-service-twenty-first-century-fire-and-rescue-service
[iii]
https://www.nationalfirechiefs.org.uk/write/MediaUploads/NFCC%20Guidance%20publications/NFCC%20Position%20papers%202020/People/NFCC_Equality_and_Diversity_position_statement.pdf

FRA Response Times and Staffing.p

[iv] Somerset Technical Team report "FRA Response Times and Staffing", July 2020
[v] Somerset Technical Team report "FRA Response Times and Staffing", July 2020
[vi] https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/public-perceptions-of-fire-and-rescue-services-in-england-2019-report.pdf
[vii] https://www.nationalfirechiefs.org.uk/write/MediaUploads/COVID-19/NFCC_Making_A_Difference_Document.pdf

Illustration of
[viii] 65000 more HFSC.dc

[ix] NFCC Reserves Surveys 2018 and 2019 identified 18% of reserves for change programmes and a further 2% for specific digital enhancements
[x] 50% of grossed up admin cost per http://www.fpsboard.org/images/PDF/Surveys/Aonreportfinal.pdf
[xi]
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/900766/Public_Service_Pensions_Consultation.pdf, page 31 para 2.58
[xii] 2 x grossed up admin costs per http://www.fpsboard.org/images/PDF/Surveys/Aonreportfinal.pdf
[xiii] https://www.gov.uk/government/publications/local-authority-covid-19-financial-impact-monitoring-information
[xiv] Using pay including on costs of £41,100 = 1,352 FF
[xv] % of 22,108 FF per https://lginform.local.gov.uk/reports/lgastandard?mod-metric=964&mod-period=1&mod-area=E92000001&mod-group=AllRegions_England&mod-type=namedComparisonGroup
[xvi] HMICFRS State of Fire 2019 "In the 27 services that provided comparable data, the number of appropriately trained staff who were allocated to protection work had reduced from 655 in 2011 to 450 in 2019. Another problem the sector faces is the number of qualified protection staff who move to more lucrative posts in the private sector. With inspecting officer qualifications taking at least 18 months to complete, services don't have a quick fix to fill staffing shortfalls." (p87, para 3.)
[xvii] £30m / £2.367bn from Fire Core Spending Power spreadsheet
[xviii] https://publications.parliament.uk/pa/bills/cbill/58-01/0121/20200316FireSafetyBill2020IA.pdf
[xix] "Further Costs to the FRS" Page 48 of
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901866/20200708__Fire_Safety_Order__2005__Uplift_Consultation_IA.pdf

NFCC Plan on a
[xx] Page 2020-21.docx

CFOA GRANT
[xxi] CONDITIONS- FINAL

[xxii] CPO Deliverables list for Grant Conditions, July 2020 filtered by "Red" funding status and no timeline allocated

West Yorkshire Fire & Rescue Authority

OFFICIAL

# Reserves Strategy 2021/22 - 2025/26

## Finance & Resources Committee

Date: 15 October 2021

Agenda Item: 6

Submitted By: Chief Finance and Procurement Officer

**Purpose** To seek endorsement of the Authority's Reserves Strategy 2021/22 to 2025/26

**Recommendations** That Members approve the Reserves Strategy 2021 /22 to 2025/26


**Summary** The level of usable reserves of stand-alone fire and rescue services is of particular interest at a national level and it is recognised that there is a need for greater transparency around reserves. The reserves strategy is approved annually at Finance and Resources Committee and Full Authority approves the use of reserves to support the revenue budget in February as part of the budget setting process.


Local Government (Access to information) Act 1972

Exemption Category: None

Contact Officer:


Alison Wood
alison.wood@westyorksfire.gov.uk
01274 682311 ext 660204


Background papers open to inspection: CIPFA LAAP Bulletin 99

Annexes: Reserves Strategy 2021/22 to 2025/26

# 1 Introduction

1.1 It is a requirement that local authorities publish their reserves strategy either as a separate document on their website or include it a part of the budget setting process. The Reserves Strategy is formally approved at Finance and Resources Committee and then subsequently published on the Authority's website. In addition, the planned use of usable reserves over the next four years to support the Medium-Term Financial Plan is presented to Full Authority as part of the budget setting process.

1.2 Reserves are an essential tool of good financial management; they allow authorities to manage unpredictable financial pressures and plan for their future spending to facilitate long-term budget stability.

# 2 Information

2.1 At a national level there has been considerable debate about the level of general reserves that are being held by local authorities. Whilst there is no specified minimum general reserve level, a broad rule of thumb adopted by most Chief Finance Officers in Local Government has been that an appropriate and prudent level is one that is equivalent to 5% of the budget.

2.2 The current level of reserves for West Yorkshire as at the 1 April 2021 were £5.0m of general fund balances and £32.313m in earmarked reserves, equating to a total usable reserve balance of £37.313m. The general fund balance represents 5.6% of the revenue budget.

2.3 It is worth reminding members that although the Authority has £37.3m of usable reserves on the face of the balance sheet these are backed by £36.5m in cash and investments at the 1st April. If the Authority were to spend its reserves over and above its cash balance, we would have to borrow either on a short or long term basis, thus adding pressure to the revenue budget in the form of interest payments. The current policy of utilising our own cash rather than taking out new loans has saved the Authority over £5.4m over the past 10 years.

2.4 In determining the appropriate level of reserves required by the authority, the Chief Finance and Procurement Officer is required to form a professional judgement on this, considering the strategic, operational and financial risk facing the authority. This is completed based on guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and includes an assessment of the financial assumptions underpinning the budget over the medium to long term. This includes issues such as uncertainty surrounding future funding settlements, pay awards, changes to pension schemes rates, volatility of the retirement profile.

2.5 In July 2021 the National Fire Chiefs Council with the guidance of the Fire Finance Network conducted a review of Fire and Reserves and forecasts about future levels of reserves to 2025/26. Thirty-nine Fire and Rescue Services, a response rate of 89%, responded to this survey which was coordinated by the Somerset Technical Team. A copy of the full is attached for information, the main highlights from the report are:

- Total usable reserves for English Fire and Rescue Services (FRS) at the 1st April 2020 is £790m, an increase of £108m from the previous year, this is primarily due to unspent Covid19 grants.
- Compared to the size of the Net Revenue Budget, earmarked reserves represented 37%% in 2020/21.

- Over the medium term, FRS forecast a significant reduction in useable reserves, with an estimated balance of £273m by 2024/25, a 65% reduction from 2020/21.
- A large proportion of reserves are earmarked to be spent in 2021/22 for capital expenditure (29.2%) and revenue funding pressures (13.4%).

2.6 A detailed analysis of the Authority's earmarked reserves and their planned use is in included with the Reserves Strategy, which is attached to this report.

2.7 In summary, it is planned, to use over £28.6m of earmarked reserves by the end of 2025/26 which will be primarily to support the revenue budget if the results of the Comprehensive Spending Review, due in April 2021 are unfavourable. It is projected that earmarked reserves will be utilised as follows:

- £18.3m on the rebuild and major development of our property assets, the largest cost been the redevelopment of FSHQ.
- £0.29m on invest to save initiatives from the Service Support Reserve
- £0.18m from the insurance reserve to fund the increase in insurance premiums in 2021/22.
- £1.083m from the pay and prices reserve in 22/23 if the full year effect of the pay award in 21/22 cannot be found from within existing budgets.
- £2m to support the Medium-Term Financial Plan in the event of a greater than forecast cut to funding
- £0.56m on the final payment for the Command and Control System
- £1.0m to support the potential business rates and council tax collection fund deficits resulting from Covid19.
- £2.28m on Covid19 expenditure, the balance remaining of £1.36m of the Covid grant and the Tax Income Guarantee grant will be fully expended during the period; the former to fund the cost of overtime to cover cancelled annual leave and the latter to fund council tax collection fund deficits.
- £4.6m to fund in the short term the estimated increase in employer contributions resulting from McCloud/Sargeant pensions age discrimination ruling.

## 3 Financial Implications

3.1 The management of usable reserves is important for sound financial management and the production of a sustainable Medium Term Financial Plan. The earmarking of reserves for specified future projects and potential liabilities means that funding has been set aside and cannot be used for other purposes. This facilitates improved planning and transparency.

## 4 Legal Implications

4.1 The Monitoring Officer has considered this report and has no observations to make at the time of submission of this report but may provide legal advice at the committee meeting and/or respond to any requests by Members for legal advice made at the meeting.

## 5 Human Resource and Diversity Implications

5.1 None associated with this report.

## 6 Equality Impact Assessment

| | |
|---|---|
| Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk) | **No** |

## 7 Health and Safety Implications

7.1 None associated with this report.

## 8 Your Fire and Rescue Service Priorities

8.1 The reserves strategy supports all the fire and rescue service priorities.

## 9 Conclusions

9.1 It is a requirement that the Authority reviews and approves its Reserve Strategy on an annual basis. The use and management of reserves will be the key to financial stability especially at a time when the Authority is facing funding uncertainty.

# WEST YORKSHIRE FIRE AND RESCUE SERVICE

# RESERVES STRATEGY 2021/22 TO 2025/26

## 1 What are Reserves

1.1 Reserves are an essential part of good financial management in that they help the fire authority manage with unpredictable financial pressures and plan for future spending commitments. The level, purpose and planned use of reserves are important factors in developing the Medium Term Financial Plan and setting the annual budget. In setting the budget the fire authority decides what it will spend and how much income it needs from council tax to supplement government funding. The fire authority may choose to fund some of its spending from its reserves and balances in the short term until long-term savings initiatives are realised.

1.2 Having the right level of reserves is important. If reserves are very low, there may be little resilience to financial shocks and sustained financial challenges.

1.3 The requirement for a local authority to maintain financial reserves is acknowledged in legislation and thus preventing the authority to over committing financially. These are:

- The requirement to set a balanced budget as set out within the Local Government Finance Act 1992.
- The requirement of the authority to make arrangements for the proper administration of their financial affairs and the appointment of a Chief Finance Officer (section 151 officer) to take responsibility for the administration of those affairs.
- In accordance with the Local Government Finance Act 1988 (Section 114), the Chief Finance Officer must report if there is or is likely to be unlawful expenditure or an unbalanced budget.
- The Local Government Act 2003, places a duty on the Chief Finance Officer to give positive assurance as part of the budget setting process of the adequacy of balances.
- The Local Government Finance Act 1992 requires fire authorities as a precept authority to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- The external auditors' responsibility to review and report on the authority's financial standing as per the annual external audit report.

1.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) published LAAP Bulletin 99 in July 2014 which provides guidance on the management of reserves which has been adopted by the authority.

## 2 National Framework

2.1 The National Framework which was published in May 2018 includes a section on reserves, the main components of which are:

- General reserves should be held by the fire and rescue authority and managed to balance funding and spending priorities and to manage risks. These should be established as part of the medium term financial planning process.
- Each fire and rescue authority should publish their reserves strategy on their website. The strategy should include details of current and future planned reserve levels, setting out a total amount of reserves and the amount of each specific reserve that is held for each year. The reserves strategy should provide information for at least two years ahead.
- Sufficient information should be provided to enable understanding of the purpose for which each reserve is held and how holding each reserve supports the fire and rescue authority's medium term financial plan.
- Information should be set out in a way that is clear and understandable for members of the public and should include:

    - How the level of general reserve has been set.
    - Justification for holding a general reserve larger than five percent of budget
    - Whether the funds in each earmarked reserve are legally or contractually committed, and if so, what amount is committed and,
    - A summary of what activities or items will be funded by each earmarked reserve and how these support the fire and rescue authority's strategy to deliver good quality services to the public.

## 3 Determining the Level of Reserves

3.1 Reserves are an essential tool to ensure long-term budget stability particularly at a time when the Authority is facing significant year on year reductions in grant funding over the medium term.

3.2 Reserve balances 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, there are sufficient balances to support the budget requirements and provide adequate contingency for budget risks.

3.3 In accordance with the authority's financial regulations, the authority holds reserves which fall into two distinct categories:

- General Reserves – these are necessary to fund any day to day cash flow requirements and also to provide a contingency in the event of any unexpected events or emergencies; and
- Earmarked Reserves – these have been created for specific purposes and involve funds being set aside to meet known or predicted future liabilities. By establishing such reserves, it will smooth the expenditure profile and avoid liabilities being met from Council Tax in the year that payments are made.

3.4 The Authority also has a number of provisions on the Balance Sheet which, provide funding for a liability or loss that is known with some certainty will occur in the future but the timing and amount is less certain.

3.5 There is not a recognised formula for determining the level of reserves that each fire authority should maintain. It is up to each authority to consider the local circumstances and the potential issues/risks that may occur across the medium term. In determining the level of reserves for the Authority the risks and issues that should be taken into consideration will include the following:

- The risk that specific fire revenue grants are not continued, unlike revenue support grant and business rates top up grant, these grants are paid as Section 31 grants and are not included within baseline funding levels.
- To provide cover for extraordinary or unforeseen events occurring: given the purpose of the fire and rescue service is to respond to emergency situations, there is always the potential for additional, unexpected and unbudgeted expenditure to occur.
- The commitments falling on future years as a result of capital plans and proposals to improve the asset base. Having reserves mitigate the impact on the revenue budget of borrowing and/or revenue contributions to capital and would support projects/programmes that will support revenue efficiencies.
- The risk on inflation, especially pay awards. In 2020/21 there was no provision for a pay award meaning that the resulting pay award had to be met from existing budgets. For 2022/23 onwards, there is currently 3% provided for a pay award in the Medium-Term Financial Plan, but if this is higher and the cost cannot be found from within existing budgets, it will have to be funded from reserves.
- Enable the Authority to resource one-off policy developments and initiatives without causing an unduly disruptive impact on Council Tax.
- Spread the cost of large-scale projects which span a number of years.

3.6 The Authority has a robust approach to managing risk and there are effective arrangements for financial control in place. However, given the high level of influence of third parties such as the Local Government Employers and Government departments on its income and expenditure there is always the risk that the Authority will unexpectedly become liable for expenditure that it has not budgeted for.

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

3.8 The Authority has set its’ guideline Prudential indicator for the General Reserve at 5% of annual budget which is a commonly used benchmark across the fire sector. The Authority also uses the Risk Register to determine the level of

General Fund Reserve. This Risk Register details 53 separate risks the Authority faces, which has an estimated financial liability of £5m. This equates to 5.6% of the annual budget, slightly higher than the guideline of 5%.

## 4 Reserves Position 1 April 2021

4.1 Although the Authority has on the face of the Balance Sheet £37.4million in usable reserves, the actual cash readily available at the 31 March 2021 is £36.5million. The level of cash fluctuates during the year due to the timing of Government grants, notably the top up grant which we received £31 million in July 2021. If the Authority wanted to utilise reserves which exceeds our working cash flow balance, we would need to borrow. Because the rate of interest for investments is at such a low level, it is good financial management that we use our cash flow to fund expenditure rather than borrow.

4.2 The current balance of reserves is summarised in the table below:

| Type of Reserve | Balance at 1/4/21 |
|---|---|
| General Fund | £5,000,000 |
| Earmarked Reserves | £32,313,108 |
| TOTAL | £37,313,108 |

4.3 The general fund reserve is not specified for a determined use: it is maintained for cash flow purposes.

4.4 Earmarked reserves are funds that are set aside to meet costs for specific purposes in future financial years. These reserves allow the Authority to adopt a more flexible approach to budget management and meet cost pressures in future years. Some reserves are a result of the receipt of a Government grant that has been given for a specific purpose, others are from the transfer of revenue budgets to reserves for future costs.

4.5 Detailed below are the Authority's reserves, an explanation of their purpose and forecast balance at the 31/3/2026.

**RESERVES AS A RESULT FROM GRANTS**

| Description | Balance 1/4/21 | Estimated Balance 31/3/26 | Purpose and Origin of the Reserve |
|---|---|---|---|
| Council Tax Reform | £27,000 | £27,000 | This was a one off grant received in 2012/13 from Central Government to assist with the costs associated with the reform of business rates. To date, no expenditure has been charged to this reserve. |
| Body Bag Decontamination | £40,000 | £40,000 | This grant was received in 2012/13 and 2013/14 from Central Government. |
| Control Room | £563,000 | £0 | This is the remainder of grant for the New Control Project which West Yorkshire manage on behalf of both West and South Yorkshire. This reserve will be fully used once the final payment to Systel has been paid. |
| Enhanced Logistics | £201,709 | £51,709 | This was a grant initially received in 2011/12 for the provision of the purchase of the new command unit. This is now complete and a replacement of the vehicle will be charged to this reserve if required in the future. |
| Transparency | £53,853 | £53,853 | This is a central government grant to enable organisations to meet the requirements of data transparency. To date, no expenditure has been charged to this reserve. |
| Business Rate Appeals | £1,114,224 | £414,224 | This reserve is used to manage the volatility on the revenue budget from business rate appeals. A grant is received from government each year to ease the potential cost which is based in the NNDR1 returns from the 5 district councils. |
| Tax Income Guarantee | £922,053 | £0 | This reserve holds the grant that government has provided to cover 75% of irrecoverable local tax deficits relating to council tax and business rates. The grant has been paid in full in 2021/22 and will be used against the deficit spread over the next three years. |
| Covid19 | £1,355,874 | 0 | This reserve holds the grant relating to supporting ther costs associated with Covid 19. |

**RESERVES AS A RESULT FROM REVENUE ALLOCATIONS**

| Description | Balance 1/4/21 | Estimated Balance 31/3/26 | Purpose and Origin of the Reserve |
|---|---|---|---|
| Emergency Services Mobile Communications Programme (ESMCP) | £258,000 | £0 | This reserve has been established to recognise the risk that Government funding for ESMCP may cease after 2022. This reserve will fund those contracts for which the Authority will be contractually committed to after this date. |
| Insurance Claims | £418,650 | £238,650 | This reserve was established in 2013/14 following the receipt of an insurance claim relating to the stores fire, an additional £158k was put aside in 2014/15 and £77k in 2017/18 and 2018/19. This reserve will be used for any uninsured losses the authority may face in future years e.g. mesothelioma. In 2020/21 the Authority has experieinced an increase in its public liability insurance premium which is due to an outstanding claim. The additional cost in 2021/22 will be met from the insurance reserve |
| Service Support Reserve | £342,573 | £54,573 | This reserve was established in 2013/14 with the purpose to fund any expenditure that is not included in the MTFP but will generate savings in the longer term. £399k was paid from this reserve in 2020/21 to cover the costs associated with the lean working and property reviews and the equipment for CLM vehicles |
| Pension Equalisation Reserve | £4,582,751 | £0 | This reserve is used to ease the potential cost of increased ill health retirements which have to be met from revenue. Any underspend on the ill health revenue budget is transferred to this reserve at the end of the financial year. Currently this budget is £1.8 million and annual spend is in the region of £1.6 million. The amount transferred in 2020/21 was £513k. This reserve will also be used to fund in the short term, the increase in employer pension contributions resulting from the McCloud/Sargeant actuarial review in 2024. |

| Description | Balance 1/4/21 | Estimated Balance 31/3/26 | Purpose and Origin of the Reserve |
|---|---|---|---|
| Reserve for Pay and Prices | £2,127,211 | £1,044,211 | This reserve will be used to fund any pay awards that are in excess of that included within the Medium Term Financial Plan or any other inflationary increases not provided for in the annual budget. |
| Capital Finance Reserve | £18,306,078 | £0 | The purpose of this reserve is to ease the cost of financing the capital plan in future years. Property new builds and major refurbishments will be funded from the capital finance reserve. Any underspending on capital financing charges and the revenue budget are initially transferred to this reserve which may then be used to pay additional voluntary capital charges as per the Authority's Minimum Revenue Provision Policy. |
| Medium Term Funding Impact Reserve | £2,000,000 | £0 | This reserve has been established to mitigate any funding shortfalls as a consequence of the Fair Funding Review and the Comprehensive Spending Review due in 2021 which have not been included within the Medium Term Financial Plan |

## 5 Review of Reserves

5.1 The Authority’s reserves will be reviewed as part of the following processes:

- The reserves will form part of the budget setting process and the level and use of reserves will be considered when setting the annual budget and Medium Term Financial Plan. This will include the approval at Full Authority Committee.
- The Reserves Strategy will be reviewed annually by the Finance and Resources Committee in October.
- Reserves are reviewed and externally audited during the closure of the Authority’s accounts and are included in the Statement of Accounts. There is a statutory requirement to detail the movement between reserves during the year and show the opening and closing position in the Movement in Reserves Statement and the Expenditure and Funding Analysis. The Statement of Accounts is approved at the Authority’s audit committee.
- The minimum level of General Fund Reserves will be assessed during the year by the financial appraisal of risks on the Authority’s risk register. The Risk Management Strategy Group which meets quarterly whose aim is to manage the register and identify and assess risks. This group is chaired by the Deputy Chief Fire Officer and is attended by internal audit, a

representative from insurance, a member champion and those responsible for the key risks within the organisation.

**Introduction**
This paper summarises data from the NFCC Reserves Survey 2021. Specifically, it analyses the state of fire and rescue authorities' reserves following the 2020-21 financial year, as well as forecasts through to 2025-26.

**Background**
In the summer of 2018, the National Fire Chiefs Council Finance Committee (NFCC) and the Fire Finance Network (FFN) conducted a survey of Fire and Rescue Authorities' (FRAs) reserves positions and forecasts from 2016-17 to 2022-23, led by Mark Hemming (Buckinghamshire). In April 2019, NFCC and the FFN conducted a survey of Fire and Rescue Authorities' (FRAs) medium-term financial plans (MTFPs) and current budgetary positions, scoping from 2018-19 to 2022-23 and following up on the 2018 MTFP Survey led by Lynda Tunnicliff (Kent). Shortly after the 2019 Sector MTFP Survey the Reserves Survey was issued for 2019.

For 2020, the two main NFCC finance surveys were combined and circulated for completion by Amy Webb (then Devon & Somerset and CSR lead) on 7 May 2020. However, due to the combination of the Covid-19 pandemic and the length of the combined survey, responses were not received from all FRAs and most missed the deadline for responses by several months (the last response was received in March 2021). Furthermore, data received for the MTFP Budget parts of the 2020 Survey was patchy and therefore less information was able to be summarised. Given the issues with the 2020 Survey, for 2021 the Reserves Survey was issued once again as a standalone item. On 14 May, FRAs were asked to complete the Reserves Survey which, with the exception of the addition of a forecasting assumptions table (for more see below), was given in the same format as the Reserves section of the 2020 Survey.

**Response Rate**
The initial deadline for responses was 18 June, and by 2 July responses were received for 39 of the 44 FRAs (Isles of Scilly has been assumed to be a nil return in-line with Cornwall), a response rate of 89%. Whilst only 89% of responses have been received a comparison of 2018-19 reserves (the most recent year where a full dataset is available), shows that respondents make up 97.12% of total English FRA reserves. For the purpose of the analysis below, nationwide estimates will be given using this figure (i.e. by dividing the sum of responses by 0.9712).

**Forecasting Assumptions**
In previous surveys, analysis has been caveated with the following: *"The forecasting techniques and methodologies used by each respondent are beyond the scope of the survey and this analysis; and could vary significantly and (dependant on the methodologies used) could be subject to optimism and/or pessimism biases".* In order to help understand respondents' forecasting assumptions better (as stated above) the 2021 Survey included a small assumptions table.

Based on the March 2021 Economic and Fiscal Outlook, it was recommended that FRAs use the following assumptions:

*Table 1 - Recommended Forecasting Assumptions*

| ***Recommended Assumptions*** | ***22-23*** | ***23-24*** | ***24-25*** | ***25-26*** |
|---|---|---|---|---|
| *Pay Inflation* | *2.0%* | *2.0%* | *2.0%* | *2.0%* |
| *Non-pay Inflation* | *1.8%* | *1.9%* | *1.9%* | *2.0%* |
| *Increase in Settlement Funding Assessment (SFA)* | *1.8%* | *1.9%* | *1.9%* | *2.0%* |
| *Band D Increase (assume maximum inc. approved)* | *2.0%* | *2.0%* | *2.0%* | *2.0%* |
| *Increase in Council Tax Base* | *1.1%* | *1.5%* | *1.4%* | *1.2%* |

Approximately half of respondents used all of these assumptions as recommended. An unweighted average of the assumptions reported gives the following:

*Table 2 - Respondents' Forecasting Assumptions (unweighted average)*

| **FRA Forecasting Assumptions** | **2022-23** | **2023-24** | **2024-25** | **2025-26** |
|---|---|---|---|---|
| Pay Inflation | 2.04% | 2.01% | 2.01% | 1.42% |
| Non-pay Inflation | 1.74% | 1.82% | 1.83% | 1.90% |
| Increase in Settlement Funding Assessment (SFA) | 1.08% | 1.20% | 1.37% | 1.57% |
| Band D Increase (assume maximum inc. approved) | 1.99% | 2.00% | 2.05% | 2.05% |
| Increase in Council Tax Base | 0.92% | 1.20% | 1.26% | 1.12% |

From the Tables 1 and 2 above, one notes that as recommended pay inflation has been assumed to be around 2% for the years 2022-23 to 2024-25, however a much lower increase is forecasted in 2025-26. In fact, for 2025-26 almost all respondents forecast either a 1% or a 2% increase, with slightly more forecasting a 1% increase than a 2% increase. Non-pay inflation is assumed to be slightly lower than recommended but there is no significant divergence from recommended assumptions.

The most striking change between Table 1 and Table 2 is regarding Settlement Funding Assessment (SFA). Whilst it was recommended that respondents assume increases of around 1.9% each year, respondents are far less optimistic about the outlook for their SFA income, forecasting 1.1%, 1.2%, 1.4% and 1.6% in the respective years 2022-23 to 2025-26, this includes three respondents forecasting flat cash SFA and three more forecasting reductions in SFA over the forecasted period.

Regarding council tax it is (as recommended) assumed that Band D precepts increase by around 2% each year, though respondents' assumptions regarding taxbase lead to a lower expected council tax revenue (compared with the use of recommended assumptions). For the years 2022-23 to 2025-26 respondents assumed 0.9%, 1.2%, 1.3% and 1.1% taxbase increases.

**Summary of FRAs' Reserves**

As in previous analyses of FRA reserves, Table 3 below sets out the aggregate level of reserves levels for respondents broken down into the usual categories of General Fund, Earmarked Reserves, Capital Grants Unapplied and Capital Receipts Reserves. As stated above (based on previous years) respondents make up 97% of the national aggregate in 2019. Therefore Table 4 uses this figure to estimate total English FRA reserves from 2019-20 to 2024-25, whilst full response rates allow the use of outturn data for 2016-17 to 2018-19 without the requirement for such calculations.

*Table 3 - Total Usable Reserves of Respondents*

| Respondents (outturn) | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|---|---|---|---|---|
| General Fund | £162,075,472 | £150,710,739 | £125,561,787 | £117,536,000 | £114,773,000 |
| Earmarked Reserves | £490,949,371 | £490,219,444 | £492,467,219 | £500,216,088 | £595,583,934 |
| Capital Grants Unapplied | £24,273,615 | £21,678,524 | £12,313,083 | £5,447,000 | £11,770,000 |
| Capital Receipts Reserve | £52,254,363 | £44,159,273 | £72,642,140 | £38,693,000 | £45,084,000 |
| **TOTAL USABLE RESERVES** | **£729,552,821** | **£706,767,980** | **£702,984,229** | **£661,892,088** | **£767,210,934** |

| Respondents (forecasts) | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|
| General Fund | £110,414,450 | £107,977,450 | £104,778,450 | £88,720,450 | £85,400,450 |
| Earmarked Reserves | £408,245,650 | £300,872,650 | £252,983,450 | £195,766,450 | £174,705,000 |
| Capital Grants Unapplied | £4,899,000 | £2,934,000 | £2,934,000 | £2,934,000 | £2,934,000 |
| Capital Receipts Reserve | £29,724,800 | £18,635,800 | £11,303,000 | £9,794,000 | £2,192,000 |
| **TOTAL USABLE RESERVES** | **£553,283,900** | **£430,419,900** | **£371,998,900** | **£297,214,900** | **£265,231,450** |

*Table 4 - Total Usable Reserves for All English FRAs*

| All English FRAs (outturn) | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|---|---|---|---|---|
| General Fund | £166,878,824 | £155,177,279 | £129,283,000 | £121,019,357 | £118,174,471 |
| Earmarked Reserves | £505,499,397 | £504,747,838 | £507,062,229 | £515,040,748 | £613,234,964 |
| Capital Grants Unapplied | £24,993,000 | £22,321,000 | £12,678,000 | £5,608,430 | £12,118,822 |
| Capital Receipts Reserve | £53,803,000 | £45,468,000 | £74,795,000 | £39,839,726 | £46,420,132 |
| **TOTAL USABLE RESERVES** | **£751,174,221** | **£727,714,117** | **£723,818,229** | **£681,508,261** | **£789,948,389** |

| All English FRAs (forecasts) | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|
| General Fund | £113,686,749 | £111,177,525 | £107,883,718 | £91,349,815 | £87,931,421 |
| Earmarked Reserves | £420,344,627 | £309,789,466 | £260,480,997 | £201,568,285 | £179,882,647 |
| Capital Grants Unapplied | £5,044,189 | £3,020,954 | £3,020,954 | £3,020,954 | £3,020,954 |
| Capital Receipts Reserve | £30,605,739 | £19,188,100 | £11,637,981 | £10,084,260 | £2,256,963 |
| **TOTAL USABLE RESERVES** | **£569,681,305** | **£443,176,044** | **£383,023,650** | **£306,023,313** | **£273,091,985** |

Having originally peaked in 2016-17 at £751m, total English FRA reserves fell by 3.1% in 2017-18, a further 0.5% in 2018-19 and a further 5.8% in 2019-20; a total decline of 9.3%. As shown in Table 4, there was therefore approximately £680m of usable reserves held by FRAs in 2019-20. In 2020-21, Tables 3 and 4 show that reserves increased significantly, from £660m to £770m for respondents and from an estimated £680m to an estimated £790m nationwide; a new record for total usable reserves held. It is abundantly clear that reserves have increased in 2020-21 due to the Covid-19 pandemic – 28 specific references to Covid were made by respondents (relating to unspent grants, future resilience, project delays, and savings). It is therefore unclear at present, whether reserves will return to pre-pandemic levels shortly after the return to normal or whether longer-term scarring is seen.

Over the medium term, FRAs forecast a significant reduction in useable reserves, with the nationwide aggregate estimated to be just £273m in 2024-25 (a 65% reduction from March 2021 levels). It is worth noting that a significant reduction has been forecasted in previous years which has yet to materialise.

**Comparison with Previous Surveys**

Given the significant forecasted reduction in reserves it is important to put this into the context of previous returns. To this end, Figure 1 sets out the summary data from Table 4 compared with 2019 and 2020 surveys.

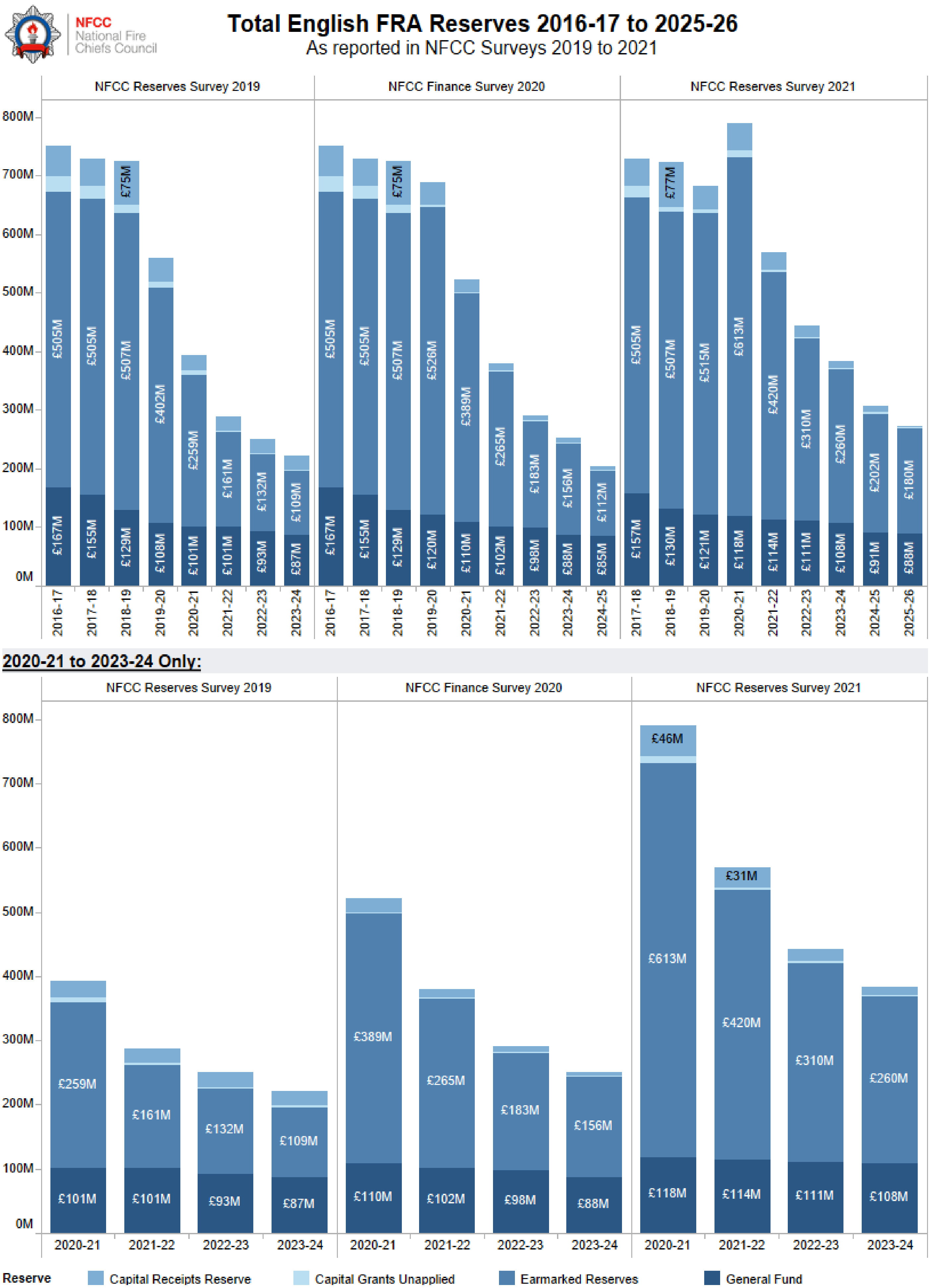



*Figure 1 - Comparison of NFCC Reserves Surveys 2019 to 2021 (showing reserves from 2016-17 to 2025-26)*

From Figure 1, one notes that, as stated above, significant reductions in total useable reserves have been forecasted in previous years, without substantial materialisation. In the NFCC Reserves Survey 2019 respondents forecasted a 23% reduction in reserves in 2019-20, but in the NFCC Finance Survey 2020 a 5% reduction was reported. In the 2020 Survey respondents forecasted a 24% reduction in reserves in 2020-21, but in the 2021 Survey a 15% increase has been reported.

Looking ahead 2021 forecasts show that respondents expect reserves to decrease by 29% in 2021-22. Given what has happened previously it is too soon to state whether or not these reductions will be realised.
The likely reason for the discrepancy between previous forecasts and outturn figures is threefold:

1. Covid-19: As stated above, the pandemic has increased 2020-21 reserves due to unspent Covid funding, additional need for future resilience, delays to projects, and savings in training.

2. Optimism Bias: the speed that projects for which reserves are earmarked will be achieved is often subject to optimism bias. Clearly the impact of Covid-19 overlaps.

3. Pessimism Bias: Given the financial uncertainty of roll-over spending reviews and settlements it is important that FRAs plan for worst reasonable case scenarios regarding their funding. This is likely to feed into past survey responses, and whilst the forecasting assumptions given above should help explain this in future it is unlikely to completely explain all pessimism biases. Again, the impact of Covid-19 overlaps here. Looking ahead, respondents are cautious regarding taxbase growth in the medium term, whilst some are forecasting real terms reductions in SFA; whether or not this proves to be too pessimistic is currently unknown.

**Statistically Forecasting Reserves based Exclusively on Outturn Data**
On 30 November 2020, the Home Office published reserves levels for standalone FRAs. Given that this data (summarised to General, Earmarked and Capital reserves) is available from 2011, it is a more suitable dataset to conduct analytical outturn-based forecasts to establish what past trends suggest will happen to FRA reserves levels.

To this aim, the Technical Support Team aggregated standalone FRA's reserves levels from 2011 to 2019. These annual totals, which cover standalone FRAs only, have subsequently been uplifted to a national level using previous Reserves Survey responses and the result has been combined with Reserves Survey data.

Now, there is no unanimously agreed upon best method for forecasting future reserves based on outturn data, therefore the Technical Support Team has conducted multiple forecasts and used these to establish a feasible range. Based exclusively previous and current reserves levels the upper and lower bounds show the region in which total English FRA reserves would be expected to be in the upcoming years.

It should be noted that genuine reasons to expect a downward trend in reserves are clear in the dataset, perhaps most notably regarding reserves earmarked for capital spend (these are expected to be spent at some point), therefore it is understandable that respondents forecasts are lower than the feasible range established. However, until the two align more closely it is likely that government will see reserves as sufficiently, or perhaps even excessively, high. Home Office data uplifted to England-wide, Reserves Survey outturn figures, forecasts and the statistical feasible range of forecasts based on outturn data are all set out in Figure 2 below.

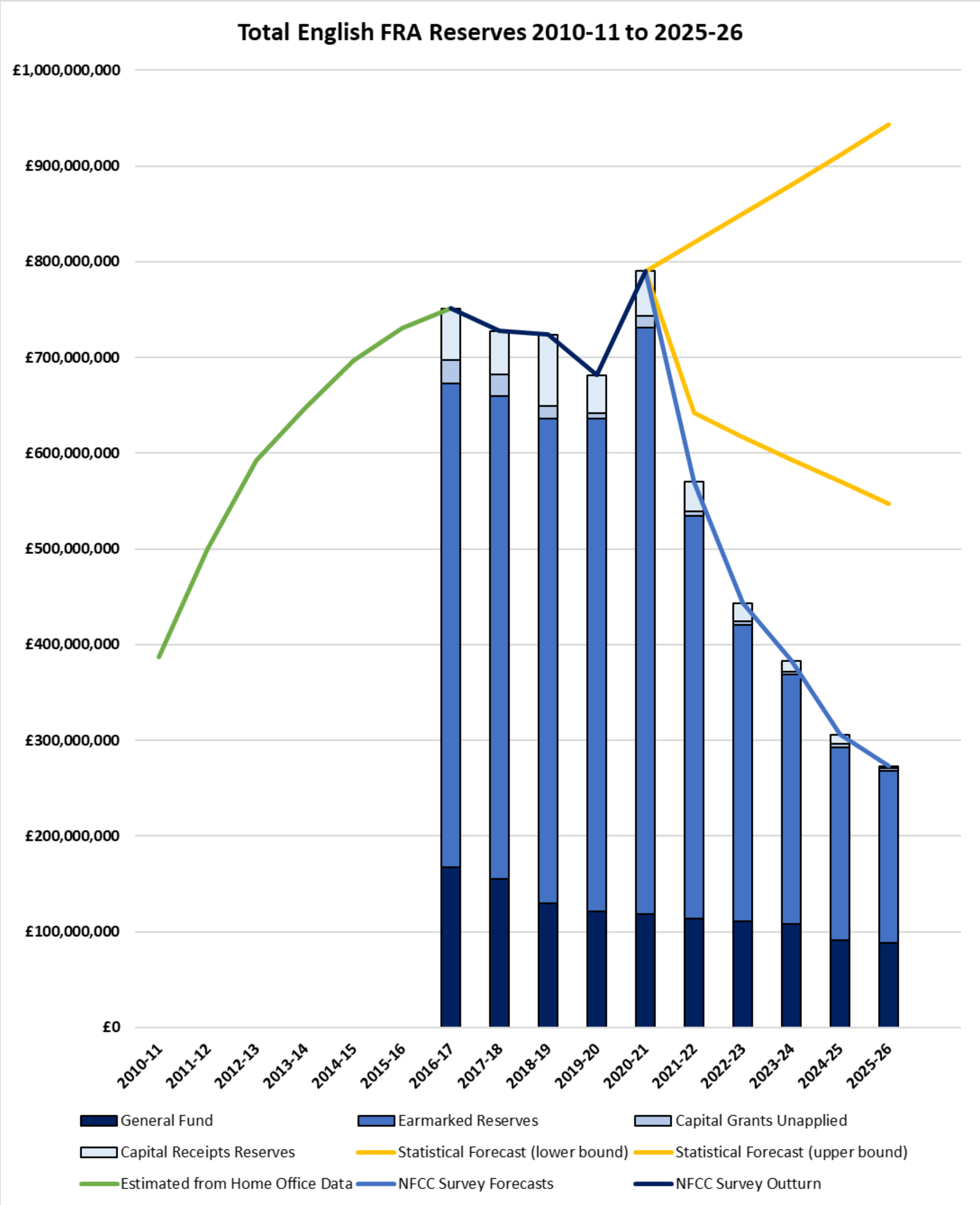



*Figure 2 - Reserves March 2011-present and Forecasts to March 2026*

From Figure 2, one observes that reserves levels increased significantly between 2011 and 2017 before starting to decline very slightly. As stated above, respondents have reported a new peak in March 2021 followed by a significant reduction in future years. However, as shown by the yellow lines, there is not yet sufficient outturn data to support this claim. The Technical Support Team's outturn-based forecast estimates shows that standalone FRAs' reserves could change by between an 20% reduction and a 31% increase from 2020-21 to 2025-26.

Again, it is vital to remember that this analysis does not say the reserves will stay within these upper and lower bounds. What this analysis does show is that until a greater decline in reserves comes 'on stream', there is insufficient evidence to suggest a significant reduction in reserves and insufficient data to establish an outturn-based estimate for the speed of any decline.

Reserves levels should continue to be monitored closely so that, as soon as any significant changes are seen, the medium-term national FRA reserves projection can be amended. It is vitally important that the government responds with sufficient support should such large losses come 'on stream'.

**Breakdown of Reserves**

As shown above, forecasts suggest that aggregated reserves will significantly decline in the medium term. Whilst this has not yet come 'on stream' it is important to note that a large proportion of current reserves are earmarked for capital spend and are therefore particularly likely to be spent in the medium term; even if the rate of spending may turn out to be slower than currently forecasted (whether or not these would be replenished is beyond the scope of this paper). With this in mind, Table 5 below sets out the proportion of in-year reserves earmarked for different types of spend (capital, revenue, unspent grants and other). For 2019-20, figures provided in Table 5 have also been given in Figure 3 below.

*Table 5 - Breakdown of Usable Reserves 2017-18 to 2025-26*

| BREAKDOWN OF USABLE RESERVES | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|---|---|---|---|
| General Fund | 21.6% | 18.1% | 17.8% | 15.0% | 20.0% | 25.1% | 28.2% | 29.9% | 32.2% |
| Property - New Build | 9.0% | 7.9% | 7.4% | 7.9% | 7.7% | 4.1% | 0.9% | 0.1% | 0.0% |
| Property - Refurbishment | 4.4% | 4.1% | 3.9% | 3.4% | 1.7% | 0.9% | 0.8% | 1.0% | 1.1% |
| Operational Vehicles | 3.4% | 2.9% | 2.6% | 4.4% | 3.2% | 1.9% | 0.4% | 0.3% | 0.4% |
| Non-Operational Vehicles | 0.4% | 0.3% | 0.4% | 0.3% | 0.2% | 0.2% | 0.0% | 0.0% | 0.0% |
| Operational Equipment | 1.0% | 1.0% | 1.1% | 1.0% | 1.0% | 0.7% | 0.4% | 0.3% | 0.3% |
| IT (excluding Control Rooms) | 1.4% | 1.7% | 1.5% | 2.2% | 2.3% | 1.6% | 1.7% | 0.6% | 0.4% |
| Control Rooms | 1.0% | 1.0% | 1.6% | 1.1% | 0.9% | 1.1% | 0.8% | 0.5% | 0.1% |
| Reserve allocated for future capital | 10.9% | 12.2% | 10.9% | 6.9% | 5.4% | 3.8% | 2.7% | 1.5% | 1.4% |
| Other Capital Projects | 7.3% | 9.0% | 8.0% | 7.6% | 6.8% | 7.0% | 7.2% | 7.1% | 7.0% |
| ***Earmarked Reserves (for Capital)*** | *38.6%* | *40.2%* | *37.3%* | *34.8%* | *29.2%* | *21.1%* | *14.8%* | *11.4%* | *10.7%* |
| Reorganisation | 5.2% | 5.3% | 4.8% | 3.5% | 4.0% | 3.8% | 3.4% | 2.4% | 2.2% |
| Recruitment | 0.7% | 0.9% | 0.8% | 0.6% | 0.6% | 0.6% | 0.6% | 0.5% | 0.3% |
| Training | 0.4% | 0.5% | 0.7% | 0.7% | 0.6% | 0.5% | 0.4% | 0.5% | 0.5% |
| Revenue Funding Pressures | 7.2% | 8.8% | 10.3% | 10.5% | 13.4% | 16.5% | 18.3% | 18.9% | 19.3% |
| Insurance reserves | 2.6% | 2.8% | 3.0% | 2.9% | 3.8% | 4.9% | 5.6% | 5.7% | 6.1% |
| Reserves of trading and business units | 0.2% | 0.2% | 0.2% | 0.1% | 0.2% | 0.2% | 0.2% | 0.3% | 0.2% |
| Reserves for service departmental use | 2.2% | 2.0% | 2.3% | 2.9% | 2.3% | 2.2% | 2.2% | 2.2% | 2.4% |
| Digital Transformation revenue project | 0.6% | 1.2% | 1.8% | 2.0% | 1.4% | 0.6% | 0.5% | 0.5% | 0.6% |
| Other Revenue Reserves | 7.8% | 8.6% | 10.0% | 11.7% | 12.2% | 12.5% | 13.8% | 15.4% | 15.2% |
| ***Earmarked Reserves (Revenue)*** | *27.1%* | *30.2%* | *33.9%* | *35.0%* | *38.4%* | *41.8%* | *44.9%* | *46.4%* | *46.9%* |
| ESMCP | 2.4% | 2.3% | 2.6% | 2.4% | 2.2% | 1.9% | 1.4% | 0.9% | 0.7% |
| Airwave/Firelink | 0.4% | 0.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| National Resilience/New Dimensions | 0.8% | 0.6% | 0.5% | 1.8% | 0.5% | 0.5% | 0.4% | 0.3% | 0.3% |
| Other Revenue Grants | 3.3% | 1.2% | 1.1% | 5.4% | 1.9% | 1.5% | 1.4% | 0.2% | 0.2% |
| ***Sub-Total: Unspent Grants*** | *6.8%* | *4.4%* | *4.3%* | *9.6%* | *4.6%* | *3.9%* | *3.3%* | *1.5%* | *1.1%* |
| PFI Contracts | 3.9% | 4.4% | 4.6% | 4.0% | 5.5% | 6.9% | 7.7% | 9.3% | 9.9% |
| Other (please add comments) | 2.1% | 2.8% | 2.2% | 1.7% | 2.4% | 1.2% | 1.1% | 1.6% | -0.9% |
| ***Other Revenue Reserves*** | *6.0%* | *7.1%* | *6.8%* | *5.6%* | *7.8%* | *8.1%* | *8.8%* | *10.9%* | *9.0%* |
| **TOTAL USABLE RESERVES** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |

*Please note that 2018-19 figures will differ slightly from the 2020 analysis due to incomplete responses.*

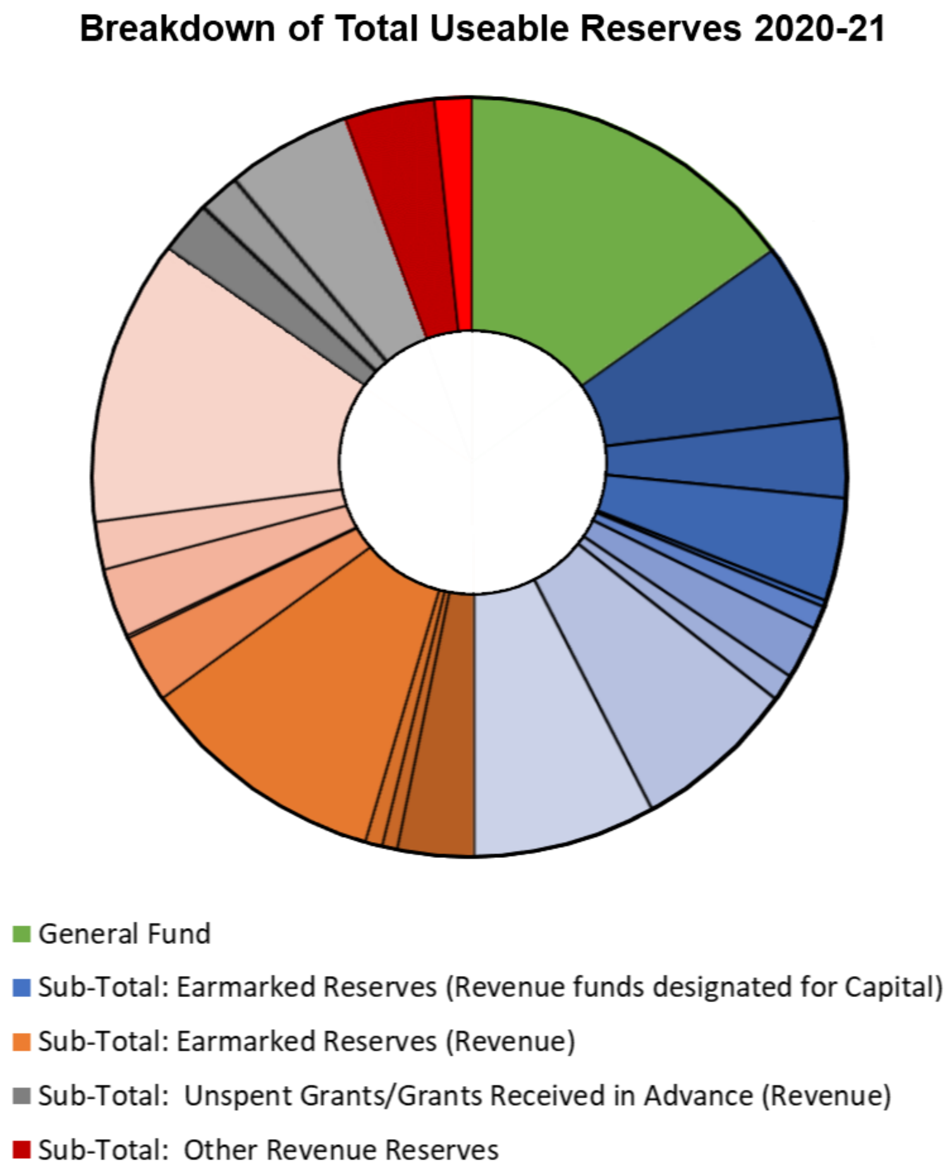



*Figure 3 - Breakdown of Total Usable Reserves in 2020-21 (colours as in Table 5)*

<u>Earmarked Reserves Designated for Capital</u>
From Table 5 and Figure 3 above, one observes that Earmarked Reserves designated for Capital Spend made up 34.8% of the total reserves in 2020-21, down from 37.3% in 2018-19 and 40.2% in 2018-19. Whilst earmarked reserves designated for capital spend made less of the total reserves at March 2021 than in March 2020, this is purely a reflection of increasing reserves elsewhere. In cash terms nationwide estimates for all English FRAs show in increase in reserves earmarked for capital from £254m in 2019-20 to £275m in 2020-21; though this is less than the total reserves earmarked for capital spend in 2017-18 and in 2018-19.

Within this 34.8% however, 6.9% has been set aside as reserve funds allocated for future capital and 7.6% for other capital projects (mostly unapplied capital receipts reserves), with the remaining 20.3% of total reserves (estimated to be £161m, a significant increase from £125m in 2019-20) set out for known specific projects; though some of the reserves allocated for future capital and other capital projects will be set out for specific projects, as these are not provided, a conservative approach has been adopted. It is, therefore, extremely likely that at least approximately one-fifth of reserves will indeed be spent in the medium term.

Regarding earmarked reserves for specific capital spend, 11.3% of total reserves (£89m nationwide) has been set aside for property. Of this, the vast majority has been set aside for new builds. It is likely that the pandemic will have delayed many of these projects however forecasts suggesting that these reserves will be spent in the medium term seem very reasonable, (again, replenishment is likely but not forecasted at this stage). Following reserves earmarked for property, 4.7% of all reserves have been earmarked for vehicles with 2.2% earmarked for IT in 2019-20 (excluding digital transformation, see below).

Earmarked Revenue Reserves and General Reserves

In 2020-21 earmarked revenue reserves made up 35.0% of respondents total reserves, this is estimated to be £277m nationwide (up from approximately £231m in 2019-20). Of this, 10.5% of the total reserves has been set aside for revenue funding pressures; this is in addition to the 15% of general reserves.

General reserves are forecasted to fall by more than a quarter between 2020-21 and 2025-26 (from £118m to £88m). However, as earmarked reserves are forecasted to fall further, general reserves are forecasted to make up a significantly larger proportion of the total reserves in 2025-26 (32.2%).

In addition to reserves earmarked for revenue funding pressures, a significant proportion of reserves (11.7% of the total) were categorised as 'Other Revenue Reserves' by respondents for 2020-21, as in 2019-20 a large proportion of this is unspent Covid funding. Following this, 3.5% of total reserves are earmarked for reorganisation, 2.9% for insurance, 2.9% for service departmental use and 2.0% for digital transformation.

Unspent Grants/Grants Received in Advance

Unspent grants more than doubled from £29m in 2019-20 to £76m in 2020-21. Again, this was largely associated with Covid funding. In terms of total reserves in 2020-21, unspent grants made up 9.6% of the total position, of this 5.4% was classified as other, 2.4% was associated with ESMCP and 1.8% (up from 0.5% in 2019-20 associated with national resilience.

Other Reserves

Other reserves total c.£45m nationwide a very slight reduction in cash terms from 2019-20, though because of other reserves increasing, this represents a decrease from 6.8% of total reserves to 5.6% in 2020-21. The majority of this continues to relate to PFI contracts (4.0%) which aren't expected to decrease significantly during the medium term (as with General Reserves, this means that a larger percentage of total reserves is expected to relate to PFI contracts in the coming years). Other reserves include business rates reserve, referendum reserves and a capital receipts reserve.

**Comparison of FRAs in terms of NRB**

Using Fire and Rescue spend as reported in the Revenue Outturn for 2019-20 to scale responses according to budget size, Table 6 below sets out respondents' current reserves positions from highest to lowest reserves. As one might expect, Table 6 shows that county/unitary FRAs (given in blue) hold the lowest fire and rescue specific reserves, as reserves are often held centrally by the local authority and would be made available to the fire service as required.

*Table 6 – 2020-21 Reserves by FRA Proportional to Fire and Rescue Service Budgets (£millions)*

| FRA | GF | ER (Cap) | ER (Rev) | Unspent | Other | All | FRS Spend | % of Budget |
|---|---|---|---|---|---|---|---|---|
| Shropshire & Wrekin | 2.18 | 12.53 | 2.40 | 0.00 | 0.18 | 17.28 | 21.59 | 80% |
| Tyne & Wear | 3.94 | 12.30 | 18.31 | 1.77 | 1.03 | 37.35 | 47.35 | 79% |
| Merseyside | 3.00 | 13.58 | 10.47 | 10.55 | 1.87 | 39.46 | 52.20 | 76% |
| Kent | 3.71 | 27.05 | 5.56 | 5.62 | 7.88 | 49.81 | 72.93 | 68% |
| Bedfordshire | 2.40 | 4.52 | 9.66 | 0.00 | 0.00 | 16.57 | 26.73 | 62% |
| Lancashire | 6.04 | 19.73 | 3.30 | 2.67 | 4.59 | 36.33 | 59.27 | 61% |
| Devon and Somerset | 5.32 | 23.39 | 9.68 | 6.76 | 1.38 | 46.53 | 78.15 | 60% |
| East Sussex | 1.96 | 10.68 | 6.56 | 3.93 | 0.00 | 23.14 | 39.96 | 58% |
| Staffordshire | 1.91 | 1.50 | 6.70 | 1.55 | 5.58 | 17.24 | 30.95 | 56% |
| Hereford & Worcester | 1.54 | 6.61 | 6.52 | 1.30 | 0.00 | 15.97 | 30.34 | 53% |
| Cheshire | 2.21 | 3.86 | 14.35 | 0.00 | 0.00 | 20.42 | 41.40 | 49% |
| West Yorkshire | 5.00 | 17.57 | 13.65 | 0.26 | 0.00 | 36.48 | 79.96 | 46% |
| Hampshire | 2.50 | 25.78 | 5.76 | 1.76 | 0.00 | 35.80 | 78.70 | 45% |
| West Midlands | 5.83 | 19.08 | 10.94 | 9.23 | 0.00 | 45.09 | 99.94 | 45% |
| Dorset & Wiltshire | 2.84 | 4.99 | 9.61 | 6.82 | 0.00 | 24.26 | 55.75 | 44% |
| Greater Manchester | 11.78 | 10.60 | 10.46 | 8.17 | 0.00 | 41.01 | 95.25 | 43% |
| Avon | 1.50 | 11.68 | 4.66 | 0.25 | 1.36 | 19.45 | 45.51 | 43% |
| Cleveland | 1.55 | 1.15 | 8.04 | 0.00 | 0.00 | 10.74 | 27.25 | 39% |
| Buckinghamshire | 1.50 | 2.61 | 1.82 | 0.49 | 0.60 | 7.02 | 18.38 | 38% |
| South Yorkshire | 5.00 | 3.39 | 9.23 | 0.42 | 0.00 | 18.04 | 49.34 | 37% |
| Essex | 4.35 | 0.00 | 9.66 | 0.80 | 9.67 | 24.48 | 72.10 | 34% |
| Humberside | 6.37 | 4.16 | 2.11 | 0.80 | 0.30 | 13.74 | 41.71 | 33% |
| Derbyshire | 1.90 | 3.73 | 5.63 | 1.27 | 0.00 | 12.53 | 38.17 | 33% |
| Cambridgeshire | 2.10 | 4.44 | 2.56 | 0.31 | 0.00 | 9.42 | 29.35 | 32% |
| North Yorkshire | 1.08 | 0.40 | 5.14 | 1.34 | 0.00 | 7.95 | 31.03 | 26% |
| Durham | 1.46 | 2.69 | 2.81 | 0.78 | 0.00 | 7.74 | 30.35 | 26% |
| Berkshire | 2.27 | 3.78 | 2.27 | 0.51 | 0.00 | 8.83 | 35.26 | 25% |
| Nottinghamshire | 5.09 | 0.56 | 2.74 | 2.42 | 0.00 | 10.80 | 43.79 | 25% |
| Northamptonshire | 3.00 | 0.81 | 1.28 | 0.39 | 0.00 | 5.47 | 23.23 | 24% |
| London | 15.45 | 13.17 | 64.83 | 0.84 | 0.00 | 94.29 | 407.37 | 23% |
| Gloucestershire | 0.00 | 0.00 | 0.01 | 0.73 | 4.90 | 5.64 | 25.01 | 23% |
| Suffolk | 0.00 | 0.22 | 0.38 | 0.14 | 2.22 | 2.97 | 25.25 | 12% |
| Cumbria | 0.00 | 0.00 | 0.00 | 0.16 | 1.76 | 1.92 | 22.84 | 8% |
| Norfolk | 0.00 | 0.30 | 1.49 | 0.12 | 0.00 | 1.90 | 31.62 | 6% |
| Warwickshire | 0.00 | 0.00 | 0.00 | 1.14 | 0.00 | 1.14 | 22.53 | 5% |
| Hertfordshire | 0.00 | 0.00 | 0.00 | 0.43 | 0.00 | 0.43 | 42.25 | 1% |
| Cornwall | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 24.29 | 0% |
| IOS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.63 | 0% |
| Lincolnshire | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.44 | 0% |
| **All Respondents** | **114.77** | **266.85** | **268.57** | **73.72** | **43.30** | **767.21** | **2,023.18** | **38%** |
| Non-Respondents | 3.40 | 7.91 | 7.96 | 2.18 | 1.28 | 22.74 | 135.31 | 17% |
| **England** | **118.17** | **274.75** | **276.53** | **75.90** | **44.59** | **789.95** | **2,158.49** | **37%** |

Table 6 shows that reserve levels continue to vary significantly amongst FRAs. Whilst all the lowest levels of reserves are held by counties and unitaries followed by London, the range (of standalone FRAs' reserves positions) starts at 24% (Northamptonshire) and ends at 80% (Shropshire) of fire and rescue service expenditure. Despite this large range, no FRA is a statistical outlier.

Table 6 shows that whilst it is helpful to understand the national FRA reserves position, between authority variation is very high. It is therefore vital that reserves levels continue to be monitored closely at an individual

FRA level as well as a national level. Table 6 shows that the government may be required to respond with sufficient funding quickly as some FRAs are far better placed to use large amounts of reserves whilst others will need to keep a significant proportion of their current reserves to manage their medium term budgets and risks.

**Summary of Reserves Position**

Fire and rescue reserves reached a new peak in 2020-21, based on responses received to date this is estimated to total £790m nationwide, a £108m, 16% increase. However, it is abundantly clear that reserves have increased in 2020-21 due to the Covid-19 pandemic – 28 specific references to Covid were made by respondents (relating to unspent grants, future resilience, project delays, and savings). It is therefore unclear at present, whether reserves will return to pre-pandemic levels shortly after the return to normal or whether longer-term scarring is seen.

FRAs continue to forecast significant reductions in reserves with nationwide estimates for 2025-26 totalling £273m, a £517m, 65% reduction from 2020-21. However, as shown above, there is not yet sufficient outturn data to support this claim. The Technical Support Team’s outturn-based forecast estimates shows that standalone FRAs’ reserves could change by between an 20% reduction and a 31% increase from 2020-21 to 2025-26. Again, it is vital to remember that this analysis does not say the reserves will stay within these upper and lower bounds. What this analysis does show is that until a greater decline in reserves comes ‘on stream’, there is insufficient evidence to suggest a significant reduction in reserves and insufficient data to establish an outturn-based estimate for the speed of any decline.

Given that one-fifth of reserves are earmarked for known capital projects, it is very likely that significant levels of reserves will indeed be used in the medium term. Continued uncertainty due to Covid-19 and roll-over spending reviews and settlements mean that more reserves are required for risk management than normal. Further the governments reasonably good funding of the sector in response to the pandemic (but without any guaranteed funding for 2021-22) has seen large levels of unspent grants in 2020-21.

Reserves levels should continue to be monitored closely so that, as soon as any significant changes are seen, the medium-term national FRA reserves projection can be amended. It is vitally important that the government responds with sufficient support should such large losses come ‘on stream’. Beyond the national FRA reserves position, between authority variation is very high. It is therefore vital that reserves levels continue to be monitored closely at an individual FRA level as well as a national level. The government may be required to respond with sufficient funding very quickly should forecasted losses come through, particularly as some FRAs are far less able to manage such a reduction than others.

West Yorkshire Fire & Rescue Authority

OFFICIAL

# Information Governance Annual Update

## Finance & Resources Committee

Date: 15 October 2021

Agenda Item: **7**

Submitted By: Chief Employment Services Officer

**Purpose**

To provide an annual update on the implementation of Information Governance arrangements within West Yorkshire Fire and Rescue Service (WYFRS).

**Recommendations**

That the contents of the report are noted.

**Summary**

This report provides an annual update on the implementation of Information Governance and Security arrangements throughout the Authority.

Local Government (Access to information) Act 1972

| | |
|---|---|
| Exemption Category: | None |
| Contact Officer: | Alison Davey<br>Corporate Services Manager<br>Tel. 01274 682311<br>alison.davey@westyorksfire.gov.uk |
| Background papers open to inspection: | None |
| Annexes: | None |

## Introduction

1.1 WYFRS has taken the proactive and pragmatic decision to implement sensible and proportionate security measures aligned to Her Majesty's Government Security Policy Framework (HMG SPF) and commensurate with the risks presented.

1.2 The General Data Protection Regulation (GDPR) came into force on 25 May 2018 with the Data Protection Act 2018 gaining Royal Assent on the same day. As an organisation, WYFRS is tasked to implement and demonstrate compliance with the requirements of GDPR. To provide assurance of continuing adherence to the regulations, WYFRS are conducting; information governance audits across departments and data security e-learning and face to face data protection training has been implemented and communicated to all staff.

## Information

2.1 This report provides an update on the key areas of development during 2020/21 to ensure the effective implementation of the Information Governance (IG), Information Security (IS) and wider Protective Security (PS) arrangements across the Authority.

2.2 The strategic Information Governance and Security Group (IGSG) and the operational Corporate Information Management Group (CIMG) continue to develop, implement, and promote information governance across all departments and to co-ordinate activities relating to information, physical and personnel security aspects across the service.

2.3 The Information Governance Statement has been readily endorsed by the Chief Fire Officer. This statement outlines the Authority's commitment to IG and has been quoted as being good practice during both internal and external audits.

2.4 The requirements of the General Data Protection Regulation (GDPR) which was introduced on 25 May 2018 have been implemented across WYFRS and work continues to ensure adherence to the regulation.

2.5 The programme of information governance audits across departments/stations commenced in late 2019 but was suspended due to the COVID pandemic in mid-March 2020. To ensure that departments were still assessed regarding their data protection arrangements, an audit process was introduced as part of the service improvement and assurance programme where departments assessed themselves against the audit criteria. These results have been analysed and an action plan prepared to address areas for improvement.

2.6 Assistance and training have been given to Information Asset Owners (IAO) and Information Asset Administrators (IAA) to ensure departments assets are managed appropriately and meet the requirements of the organisation ensuring risks are dealt with effectively and in line with the Information Risk Policy. In addition, an Information Asset Owner's toolbox has been created to assist IAOs and IAAs to fulfil their duties in ensuring security of data.

2.7 To ensure the Information Asset Register is updated in real time, IAOs are now required to take direct ownership of their assets on the register. Guidance has been produced and IAOs are required to report any changes to the register to the Information Governance and Security Group quarterly.

2.8 The Information Commissioner's Office has recently produced an accountability framework self-assessment to assist organisations to assess how they are meeting their obligations within the GDPR. The framework is divided into 10 categories which include; Leadership and Oversight, Policies and Procedures, Training and Awareness, Individuals' Rights, Transparency, Records of Processing and Lawful Basis, Contracts and Data Sharing, Risks and Data Protection Impact Assessments, Records Management and Security and Breach Response and Monitoring. WYFRS has undertaken the self-assessment and achieved the score of 97%. This framework will be monitored regularly and actions taken to continuously improve.

2.9 Since the pandemic lockdown in March 2020 support has been provided to ensure data protection and security of information around COVID-19 initiatives such as the use of Microsoft Teams in addition to collecting data associated with lateral flow testing etc. Guidance and assistance has been provided to ensure that WYFRS continues to adhere to the concept of privacy by design via the continual use of Data Protection Impact Assessments (DPIA).

2.10 Regular Burning Issues articles have been published throughout the year to support staff with regard to their data protection and security responsibilities whilst working from home during the COVID–19 pandemic to reduce the risks of this change in the working environment. In addition, articles have also been provided giving advice on other areas of information security such as physical security, email management, phishing emails and the importance of records management best practice.

2.11 Kirklees internal audit carried out an audit of WYFRS Data Protection/GDPR arrangements in December 2020/January 2021 and concluded that good progress has been made to implement GDPR and Data Protection requirements and processes appear well established with clear review processes and therefore the Internal Audit Report provided a Substantial Assurance opinion on the arrangements.

2.12 As part of WYFRS analysis against the NHS Data Protection and Security Toolkit, which has been adopted as a useful performance analysis tool, a staff survey was undertaken to gauge employees' experiences with regard to WYFRS data protection and information security arrangements. This survey provided an ideal opportunity to measure staff awareness of their responsibilities with regard to data protection and security and their confidence in the organisation's ability to provide appropriate processes, tools and support to ensure data protection and security compliance. It is the second year the survey has been conducted and this year 10 out the 17 questions showed a positive percentage increase. This feedback from staff enables WYFRS to develop areas for improvement from staff's perceptions.

2.13 All information security incidents or suspected incidents are monitored through the Information Security Incident Management System. All staff are required to report information security incidents to enable actions to be taken to mitigate the risk of reoccurrence.

2.14 To ensure that security of sensitive data including other documentation which should be restricted to specific users, all Information Asset Owners (IAO) must undertake access permission audits, to ensure that access to particular documentation/sites is correctly allocated to users who require access to the information to undertake their job role. The access permission audits are required to be undertaken quarterly and are reported to the Information Governance and Security Group quarterly to provide assurance that the audits have been conducted and only those who should have access to data do so.

2.15 Following a waste management procurement tender process, WYFRS confidential waste collections and disposal has been reviewed and a new system put in place to ensure the arrangements are adequate. An audit has also been carried out regarding confidential waste shredders on stations/departments to ensure effective arrangements are maintained.

2.16 The Customer Service Excellence audit in February 2021 confirmed that WYFRS had maintained the Compliance Plus standard for the way 'we protect customer privacy both in face-to-face discussions and in the transfer and storage of customer information'.

2.17 In summary, the current attainment against the information governance and security frameworks are as follows (2019/20 attainment figures in brackets):

- Data Security and Protection toolkit = 98% (100%)
- Information Security Standard (ISO27001) = 99% (99%)
- HMG Security Policy Framework = 98% (97%)
- ICO Accountability Framework (new) = 97%

2.18 WYFRS aims to deal with both Freedom of Information Requests (FOIs) and Subject Access Requests (SARs) within the statutory timescale. There were 13 SARs responded to in 2020/21 compared to 15 in 2019/20. All but one was dealt with in accord with the required timescale. 113 FOI requests were received during 2020/21 compared to 141 in 2019/20.

2.19 The Environmental Information Regulation (EIR) request figures for 2020/21 is 31 generating an income of £5,359 inc VAT. The request figures for 2019/20 was 36 which generated an income of £7,287.

2.20 The Access to Images Request system ensures that personal information (images) is only disclosed in compliance with the Data Protection Act and the rights of the individual and to provide an audit trail with clear segregation and lines of approval. The system relates to any requests to access any video footage captured on WYFRS owned CCTV systems be that fixed camera, Silent Witness, or mobile video. In 2020/21 WYFRS received a total of 101 requests to access CCTV footage which is the same number of requests as 2019/20.

2.21 For 2020/21 WYFRS received an annual total of 94 Incident/Fire Investigation Report requests which are charged at £55, resulting in a total of £5,170 on a cost recovery basis. For 2019/20, WYFRS received an annual total of 106 requests. This generated an income of £4,896. The vast majority of requests were summary Incident Reporting System (IRS) reports received by insurance companies/claim handlers and full IRS reports requested by the Police or Local Authorities.

2.22 In accordance with the Department for Communities and Local Government Transparency Code, WYFRS has a statutory duty of providing data transparency to local residents and businesses. As such a series of datasets are available on the corporate website and are updated on either a quarterly or annual basis in accordance with the specifications. The following information is a brief overview of the published datasets that can be found on the Data Transparency section of the authority's website:

**a) Financial Transactions**

All transactions WYFRS make via the Government Procurement Cards are published on the website on a quarterly basis, in addition to the spend over £500 that was previously published.

**b) People and Pay**
All details relating to senior staff salaries, pay scales, pay multiples, alongside the organisation chart can be found on the Data Transparency pages of the website. The organisation chart provides direct links to relevant departmental information, contact details of Heads of Department etc.

**c) Tenders and Procurement**
All Tender and Procurement information is logged on the website (for the amount of £5,000 or more).

**d) Land and Assets**
All detail of land and assets owned by WYFRS is publicly available.

**e) Trade Unions**
All details relating to Fire Brigades Union (FBU), Fire Officers Association (FOA) and UNISON activity is published on the website.

## 3 Financial Implications

3.1 The Information Commissioner's Office issue monetary penalty notices, requiring organisations to pay up to €20 million or 4% of the company's global annual turnover for serious breaches of the General Data Protection Regulation.

## 4 Legal Implications

4.1 The Monitoring Officer has considered this report and has no observations to make at the time of submission of this report but may provide legal advice at the committee meeting and/or respond to any requests by Members for legal advice made at the meeting.

## 5 Human Resource and Diversity Implications

5.1 There are no direct human resource and diversity implications associated with this report.

## 6 Equality Impact Assessment

| | |
|---|---|
| Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk)) | No |

## 7 Health, Safety and Wellbeing Implications

7.1 There are no health, safety or wellbeing implications associated with this report**.**

## 8 Environmental Implications

8.1 There are no environmental implications associated with this report.

## 9 Your Fire and Rescue Service Priorities

9.1 This report refers to all the priorities in ‘Your Fire and Rescue Service’.

## 10 Conclusions

10.1 There has been significant work, and achievements gained, towards the implementation and management of Information Governance arrangements and security controls across the Service. Members are requested to note the contents of this report.

OFFICIAL

# Financial Management Code

## Finance & Resources Committee

Date: 15 October 2021

Agenda Item: **8**

Submitted By: Chief Finance and Procurement Officer

**Purpose** To inform Members of the Financial Management Code.

**Recommendations** That Members note the report.

**Summary** There have been a number of high-profile financial crisis across Local Authorities which have seen Chief Finance Officers having to issue Section 114 notices to prohibit all but essential expenditure. Notably, Northampton County Council in 2018, Croyden in December 2020 and more recently Slough in July 2021. In response to this CIPFA have introduced the Financial Management Code to support good practice in financial management and to assist local authorities demonstrating their financial sustainability.

Local Government (Access to information) Act 1972

Exemption Category: None

Contact Officer: Alison Wood

alison.wood@westyorksfire.gov.uk

01274 682311 ext 660204

Background papers open to inspection: Financial Management Code

Annexes: Annex A – Financial Management Code self-assessment

## 1 Introduction

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) published The Financial Management Code (FM Code) in October 2019. The first full year of compliance is 2021/22. The FM Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.

1.2 The FM Code provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively. For the first time the FM Code sets out the standards of financial management.

1.3 The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management, which is an essential part of ensuring that public sector finances are sustainable.

1.4 The FM Code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing successful practices and sets explicit standards of financial management.

1.5 Complying with the standards set out in the FM Code is the collective responsibility of elected members, the Chief Finance Officer and their professional colleagues in the leadership team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

1.6 The FM Code builds on elements of other CIPFA codes, such as The Prudential Code for Capital Finance, the Treasury Management in the Public Sector Code of Practice and the Code of Practice on Local Authority Accounting in the United Kingdom.

1.7 By following the essential aspects of the FM Code, local authorities are providing evidence to show they are meeting important legislative requirements.

## 2 Information

2.1 The FM Code focuses on value for money, governance and financial management styles, financial resilience and financial sustainability. The FM Code has been designed on a principles-based approach which will assist in determining whether in applying standard of financial management, a local authority is financially sustainable.

The FM Code establishes an approach based on six principles of good financial management:

1. **Organisational Leadership**
   Demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.

2. **Accountability**
   Based on medium term financial planning, driving the annual budget process, supported by effective risk management, quality supporting data and whole life costs.

3. **Transparency**
   At the core of financial management, using consistent, meaningful and understandable data, reported frequently, with evidence of periodic officer action and elected member decision making.

4. **Professional Standards**

Promoted by the leadership team, with adherence evidenced.

5. **Assurance**
Recognised as an effective tool, mainstreamed into financial management, including political scrutiny and the results of both external audit, internal audit and inspection.

6. **Long-Term Sustainability**
At the heart of all local services' financial management processes, evidenced by the prudent use of public resources.

2.2 In turn the FM Code is structured around seven areas of focus:

- The Responsibilities of The Chief Finance Officer and Leadership Team
- Governance and Financial Management Style
- Long to Medium Term Financial Management
- The Annual Budget
- Stakeholder Engagement and Business Plans
- Monitoring Financial Performance
- External Financial Reporting

Each of these is supported by a set of seventeen guidance standards against which local authorities should be assessed. CIPFA's expectation is that authorities will have to comply with all the financial management standards if they are to demonstrate compliance with the FM Code and to meet its statutory responsibility for sound financial administration and fiduciary duties to taxpayers, customers and lenders.

2.3 Explicit standards of financial management are set out by the FM Code. These are the minimum standards which have to be complied with in order for the Service to demonstrate its compliance with the FM Code. The standards articulate the practical application of the principles of financial management based on the requirements of primary legislation, associated CIPFA codes and guidance on professional codes of practice and ethics. Whilst compliance with the standards is mandatory, the FM Code does not prescribe how they should be achieved.

2.4 Demonstrating compliance with the FM Code is a collective responsibility of Elected Members, The Chief Finance and Procurement Officer (CFPO) and Management Board.

2.5 The CPFO and Management Board have internally reviewed its current processes, procedures and governance arrangements, to understand where it is already compliant with the FM Code standards and to identify any areas of non-compliance or where compliance is weak. Each Standard has been graded:

| Grade | Level of Compliance |
|---|---|
| Green | Compliant |
| Amber | Can be Improved |
| Red | Non Compliance |

2.6 The self-assessment has rated 3 areas to be amber and the remaining 14 areas green. One of the amber ratings is the undertaking of a financial resilience assessment which is a prescribed assessment using a framework designed by CIPFA. Although this is mandatory for local councils, there is no formal requirement for this to be undertaken by Fire and Rescue Authorities, but to demonstrate to members our Authority's financial resilience, this will be assessed prior to budget setting in February 2022. Other areas of improvement identified are around the stakeholder engagement standard, which although we are compliant, improvements could be made to the documenting of the processes.

There were no areas of significant non-compliance. Details of the self-assessment and actions required can be found in Appendix A.

All actions should be completed by 31 March 2022 when a further report will be brought to this Committee

2.7 During 2022, Internal Audit will be asked to undertake an audit of the Authority against the FM Code and progress against the improvements identified in the internal review.

## 3 Financial Implications

3.1 There are none associated with this report.

## 4 Legal Implications

4.1 The Monitoring Officer has considered this report and has no observations to make at the time of submission of this report but may provide legal advice at the committee meeting and/or respond to any requests by Members for legal advice made at the meeting.

## 5 Human Resource and Diversity Implications

5.1 There are none associated with this report.

## 6 Equality Impact Assessment

| | |
|---|---|
| Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk)) | **No** |

## 7 Health, Safety and Wellbeing Implications

7.1 There are none associated with this report.

## 8 Environmental Implications

8.1 There are none associated with this report.

## 9 Your Fire and Rescue Service Priorities

9.1 Compliance with the Financial Management Code underpins all the Your Fire and Rescue priorities.

## 10 Conclusions

10.1 Following a number of local authorities experiencing financial difficulties resulting in the issue of Section 114 notices, CIPFA has introduced the Financial Management Code which is a self-assessment framework whereby authorities can demonstrate compliance with and areas for improvement in financial resilience. Although West Yorkshire Fire have a balanced budget and hold healthy reserves, compliance with the code provides additional assurance to members and executive officers about financial sustainability.

**RESPONSIBILITY OF CHIEF FINANCE OFFICER AND MANAGEMENT BOARD**

| | STANDARD | RAG Rating | Guidance Notes - Key Questions | CFPO Assessment | Further Action Required |
|---|---|---|---|---|---|
| A | **The leadership team is able to demonstrate that the services provided by the authority provide value for money** | GREEN | Does the Authority have a clear and consistent understanding of what value for money means to it and its leadership team? | The Authority was rated good against efficiency in the HMICFRS inspection. Before a project is approved, a business case has to be presented to demonstrate the project delivers VFM. | |
| | | | Does the Authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services? | The procurement processes ensure that VFM is considered for all purchases. Cost/ benefit analysis is undertaken to ensure that expenditure is delivering value for money. | |
| | | | Is the Authority able to demonstrate the action that it has taken to promote value for money and what it has achieved? | A new reporting requirement has been implemented by the National Audit Office for 20/21 whereby Deloitte our external auditors have to produce an independent report on VFM for the Authority. This will be presented to Full Authority on 17th December 2021. | |
| B | **The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government** | GREEN | Is the Chief Finance Officer a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions? | The Chief Finance and Procurement officer is a member of Management Board and the financial impact of projects/proposals are reviewed by the CFPO before approval | |
| | | | Does the CFO lead and champion the promotion and delivery of good financial management across the Authority? | Good financial management is promoted throughout the Authority. All managers with budgetary responsibility have one to one budget meetings so that the budgetary monitoring information is understood which facilitates improved financial understanding amongst managers. | Undertake a review of the skillsets of budget holders and offer further training where required |
| | | | Is the CFO suitably qualified and experienced? | The CFPO is a qualified CIPFA accountant with 26 years post qualification experience and is committed to CPD by the attendance at accounting update seminars and conferences. | |
| | | | Is the finance team suitably resourced and fit for purpose? | The finance team is adequately resourced and the accounting team are either qualified accounting technicians or/and either CIPFA or CIMA qualified accountants. The Authority subscribes to the CIPFA publication scheme which ensures that all staff have access to technical guidance and accounting code updates.<br>The finance team attend training courses to assist them with the Closedown of Accounts and any new accounting requirements that are introduced e.g. IFRS16; changes to leasing arrangements. | |

GOVERNANCE AND MANAGEMENT STYLE

| | STANDARD | RAG Rating | Guidance Notes - Key Questions | CFPO Assessment | Further Action Required |
|---|---|---|---|---|---|
| C | **The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control** | GREEN | Does the leadership team espouse the Nolan principles? | The leadership team exhibit the Nolan principles of public life (ie) selflessness, integrity, objectivity, accountability, openness, honesty and leadership and these are also represented in the Authority's Cultures and Values. | |
| | | | Does the Authority have in place a clear framework for governance and internal controls? | The constitution includes the framework for governance and internal control which is reviewed annually. The constitution includes contract procedure rules, financial procedure rules, code of corporate governance, member and officer code of conduct, officers delegation scheme, role and responsibilities of Management Board. | |
| | | | Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability? | Internal audit is provided through a Service Level Agreement with Kirklees Council. In addition the Authority has a Service Improvement and Assurance Team (SIAT) whose principle role is to provide high level assurance to Management Board and the Fire Authority through the implementation of the service assurance process. Each department are required to complete a self assessment which involves answering and providing evidence to a range of questions that include performance indicators, policy compliance, financial controls, operational effectiveness and internal and external audit review. | |
| | | | Does the leadership team espouse high standards of governance and internal controls? | The Authority has a formal code of conduct for the leadership team and members. A register of interest is maintained and keep up to date for the leadership team and members. The leadership team espouses the principles of constructive challenge by engaging with internal and external audit, consultation with stakeholders about the contents of the Integrated Risk Management Plan. | |
| | | | Does the leadership team nurture a culture of effective governance and robust internal control across the Authority? | The Authority ensures that new codes of practice that are issued by relevant or public bodies are complied with. The Authority puts in place an action plan to implement recommendations from internal audit reports | |

| | | | | | |
|---|---|---|---|---|---|
| D | **The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016)** | GREEN | Has the Authority sought to apply the principles, behaviour and actions set out in the framework to its own governance arrangements? | The Authority maintains an effective audit committee which meets 4 times per year. The internal audit manager reports on the findings and recommendations of each individual internal audit and if an audit has a limited assurance this is re-audited within 12 months to provide assurance that the recommendations are been implemented. The internal audit function is PSIAS conformant. | |
| | | | Does the Authority have in place a suitable local code of governance? | The code of governance is included within the Constitution which is reviewed on an annual basis | |
| | | | Does the Authority have a robust assurance process to support the Annual Governance Statement? | The Annual Governance Statement is reviewed and approved by Management Board before submission to Audit Committee for approval | |
| E | **The financial management style of the authority supports financial sustainability** | GREEN | Does the Authority have in place an effective framework of financial accountability? | Financial responsibility is clearly laid out in the constitution which includes delegated powers relating to financial decisions. Contract Procedure Rules are in place and compliance is subject to internal audit. | |
| | | | Is the Authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services? | Budget holders are required to report to the CFPO on forecast budget under/over spends and identify corrective measures if required. Business cases are required to be submitted for capital and revenue bids and an annual Organisational Planning day identifies future projects. | |
| | | | Does the Authority's finance team have appropriate input into the development of strategic and operational plans? | The finance team support managers by explaining budget performance and providing financial data and support for business cases before they are presented for approval. | |
| | | | Do managers across the Authority possess sufficient financial literacy to deliver services cost- effectively and to be held accountable for doing so? | The finance team provide financial support to managers and ad hoc training is undertaken to improve managers financial awareness, e.g. treasury management training is provided annually to give managers an overview of how the authority manages its cash flows. When a manager is promoted or appointed, a finance overview is included within their induction. | Undertake a review of the skillsets of budget holders and offer further training where required |
| | | | Has the Authority sought an external review on its financial style, for example through a process of peer review? | The Authority had a procurement peer review in 2019 and the CFPO is a member of the fire finance network where good practice is discussed. | |
| | | | Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities? | Officer delegated powers are clearly laid out in the Constitution | |

LONG TO MEDIUM TERM FINANCIAL PLANNING

| | STANDARD | RAG Rating | Guidance Notes - Key Questions | CFPO Assessment | Further Action Required |
|---|---|---|---|---|---|
| F | **The authority has carried out a credible and transparent financial resilience assessment** | AMBER | Has the Authority undertaken a financial resilience assessment? | This is not currently a requirement of Fire and Rescue Services, but an assessment will be carried out prior to budget approval in February | To assess financial resilience using the CIPFA model |
| | | | Has the assessment tested the resilience of the Authority's financial plans to a broad range of alternative scenarios? | Funding scenarios of a 0%, 5% and 10% cut in funding and the options to address the funding deficits is presented annually to Executive Committee. In the Medium Term Financial Plan that is presented with the budget report in February includes the effect of a change in assumptions surrounding inflation, tax base growth, pay awards etc. | |
| | | | Has the Authority taken appropriate action to address any risks identified as part of the assessment? | A range of options are presented to the Executive Committee which could be used to address funding shortfalls. | |
| G | **The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members** | GREEN | Does the Authority have a sufficiently robust understanding of the risks to its financial sustainability? | The budget report details the risks to its financial sustainability which includes details of cost pressures, effect of the economy and the government finance policy on the revenue budget | |
| | | | Does the authority have a strategic plan and long-term financial strategy that adequately address these risks? | The Authority has a medium term financial plan that is reviewed during the year and reported to members | |
| | | | Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (e.g. using a technique such as scenario planning)? | Funding scenarios of a 0%, 5% and 10% cut in funding and the options to address the funding deficits is presented annually to Executive Committee | |
| | | | Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short and medium-term decision making? | The budget report presented to Full Authority identifies long term financial sustainability and the use of reserves. The report also includes the use of assumptions surrounding the MTFP and the impact of a change in these assumptions. | |

| | | | | | |
|---|---|---|---|---|---|
| H | **The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities** | GREEN | Has the authority prepared a suitable capital strategy? | The authority has a five year capital strategy which is included within the Treasury Management Strategy which is presented to Full Authority in February. | |
| | | | Has the authority set prudential indicators in line with the Prudential Code? | The CIPFA Prudential Code for Capital Finance in Local Authorities has been adopted and prudential indicators are included within the Budget Report and the Treasury Management Strategy. | |
| | | | Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators it has set? | The Mid year Treasury Management report is presented to Finance and Resources Committee. The CFPO and the Treasury Management Officer have quarterly updates with the Treasury Management Consultant where performance against prudential indicators is reviewed and reported. | |
| I | **The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans** | GREEN | Does the authority have in place an agreed medium-term financial plan? | The Authority has a Medium Term Financial Plan (MTFP) which is reviewed during the year | |
| | | | Is the medium-term financial plan consistent with and integrated into relevant service plans and it's capital strategy? | The MTFP is aligned to the CRMP , the workforce plan and is linked to the capital strategy | |
| | | | Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand? | The MTFP is based on credible assumptions and forecasts about the economy to include inflation, pay awards, tax base growth, effect of retirements on the workforce plan and budget. | |
| | | | Does the authority have in place a suitable asset management plan that seeks to ensure that it's property and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the Authority's strategic aims? | The authority's asset management plan is defined in the CRMP which sets out the infrastructure to support service delivery. The management of property assets is set out in the asset condition survey, the authority's fleet is detailed in the vehicle replacement plan strategy and the ICT infrastructure is set out in the Data and Digital Strategy. These all feed into the MTFP and the capital strategy. | |

THE ANNUAL BUDGET

| | STANDARD | RAG Rating | Guidance Notes - Key Questions | CFPO Assessment | Further Action Required |
|---|---|---|---|---|---|
| J | **The authority complies with its statutory obligations in respect of it budget setting obligations** | GREEN | Is the authority aware of its statutory obligations in respect of the budget-setting process? | Training is provided to members by the CFPO to inform them of their statutory obligation in respect of setting the Authority's budget. Responsibilities are clearly laid out within section 8 of the budget report | |
| | | | Has the authority set a balanced budget for the current year? | The authority has a balanced budget for 2021/22 | |
| | | | Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so? | The issuing of a section 114 is unlikely for a fire and rescue authority due to the stability of service demands, members will be aware of the requirements of a section 114 notice at their respective district councils. | To be included in the annual budget setting training |
| K | **The budget report includes a statement by the Chief Finance officer on the robustness of estimates and a statement on the adequacy of the proposed financial reserves.** | GREEN | Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves? | Section 6 of the budget report includes a Positive Assurance Statement from the CFPO on the robustness f estimates and the adequacy of financial reserves | |
| | | | Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case? | The report clearly lays out the assumptions and estimates and the impact of a variance in these | |
| | | | Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future? | The authority has sufficient reserves and has a strategy for the use of these reserves | |
| | | | Does the report set out the current level of the authority's reserves, whether these are sufficient to ensure the Authority's ongoing financial sustainability and the action that the authority is to take to address any shortfall? | The budget report includes the current level of reserves and their planned use over the next four years. | |

STAKEHOLDER AND BUSINESS PLANS

| | STANDARD | RAG Rating | Guidance Notes - Key Questions | CFPO Assessment | Further Action Required |
|---|---|---|---|---|---|
| L | **The authority has engaged where appropriate key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget** | Amber | How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget? | The authority consults with stakeholders on the CRMP. The CFPO, Chief Fire Officer and the Chair of the Fire Authority presents the budget proposals formally to the political leaders of West Yorkshire before the budget is set. Proposals for the increase in precept are sent to the Federation for Small Business for their comment prior to it been presented to the Fire Authority for approval. | To consider further stakeholder engagement prior to budget approval |
| | | | How effective has this engagement been? | Recent stakeholder engagement for the CRMP consultation has been limited due to restrictions on social gatherings imposed by the pandemic. | |
| | | | What action does the authority plan to take to improve its engagement with key stakeholders? | The authority has a communications strategy and a community engagement strategy whose aim is to improve stakeholder engagement. | |
| M | **The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions** | Amber | Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in the IFAC/PAIB publication Project and Investment Appraisal Creation: Principles in Project and Investment Appraisal? | The authority does not currently have a formal process for the undertaking and documenting option appraisals. Alternative options are considered before a business case is presented to Management Board/Management Team and the progress is monitored and scrutinised at Change Management Board. | Assess whether the IFAC/PAIB model is suitable for our organisation to use. |
| | | | Does the authority offer guidance to officers as to when an option appraisal should be undertaken? | Support is provided by the finance team to assist officers with appraising different options. | |
| | | | Does the authority's approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options? | Support is provided by the finance team to assist officers with appraising different options. The CIPFA Whole Life Cosing Model is used before committing to investments in property, fire appliance replacements and purchase of high value assets to ensure that all factors are considered before making a decision to invest. | |
| | | | Does the authority's approach to option appraisal include suitable mechanisms to address risk and uncertainty? | The risk is measured through the Risk Management Strategy Group and the Change Management Board. | |
| | | | Does the authority report the results of option appraisals in a clear, robust and informative manner that gives clear recommendation and outlines the risk associated with any preferred option(s)? | A full business case for revenue and capital is completed so that the financial impact and subsequent risk can be assessed. | |

MONITORING FINANCIAL PERFORMANCE

| | STANDARD | RAG Rating | Guidance Notes - Key Questions | CFPO Assessment | Further Action Required |
|---|---|---|---|---|---|
| N | **The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability** | GREEN | Is the leadership team provided with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability? | Monthly budget monitoring reports are provided to budget holders and directors and a summary high level report is presented monthly to Management Team for review. | |
| | | | Do the reports cover both forward and backward-looking information in respect of financial and operational performance? | The report include forecasts for the current year and the outturn for the prior year for each cost element | |
| | | | Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such as contract monitoring data? | A performance management report is presented to Full Authority and areas underachieving target are reported to Audit Committee. The authority publishes all contracts on the authority's website in line with statutory requirements | |
| | | | Are the reports provided to the leadership team in a timely manner and in a suitable format? | The reports are provided timely and feedback is sought on the presentation to ensure they are fulfilling budget holders requirements. Ad hoc reports are produced for budget holders upon request. | |
| | | | Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action? | Feed back is regularly sought on the suitability of the information provided and a monthly meeting is conducted with the budget holder and a member of the finance team to discuss any action that may be required from the budget report. The CFPO reports on virements/transfers between budgets and contingencies to Finance and Resources Committee | |
| O | **The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability** | GREEN | Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability? | Reporting is made on the critical areas of the Balance Sheet, i.e. investments, borrowing and reserves. Other areas such as creditors and debtors (excluding council tax) and provisions are low risk in comparison to the overall size of the Balance Sheet. | |
| | | | Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of it Balance Sheet? | These are reported in the Quarterly Financial Review report which is presented to Finance and Resources Committee | |
| | | | Is the authority taking action to mitigate any risks identified? | There are no risks currently identified, the authority's risk register includes a financial estimation of the impact of each risk should it materialise | |
| | | | Does the authority report unplanned use of its reserves to the leadership team in a timely manner? | The authority does not use reserves that have not been approved and planned | |
| | | | Is the monitoring of Balance Sheet risks integrated into the authority's management accounts reporting process? | The quarterly treasury management position is reported to Finance and Resources Committee and Balance Sheet expenditure is monitored centrally by the finance team. | |

EXTERNAL FINANCIAL REPORTING

| | STANDARD | RAG Rating | Guidance Notes - Key Questions | CFPO Assessment | Further Action Required |
|---|---|---|---|---|---|
| P | **The Chief Finance Officer has personal and statutory responsibility for ensuring that the Statement of Accounts produced the Local Authority complies with the reporting requirements of the Code** | GREEN | Is the authority's CFO aware of their responsibilities in terms of the preparation of the annual financial statements? | The CPFO is aware of her statutory responsibility for the preparation of the annual financial statements | |
| | | | Are these responsibilities included in the CFO's role description, personal objectives and other relevant performance management mechanisms? | These are included within the CFPO job description and are discussed in the annual review meeting | |
| | | | Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom? | The Statement of Accounts are prepared in accordance with the Code of Practice on Local Authority Accounting and within the statutory deadlines. | |
| Q | **The presentation of the final outturn figures and variations from the budget allows the leadership team to make strategic financial decisions** | GREEN | Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget? | The financial revenue outturn is reported to Audit Committee which includes a narrative on the significant variations from budget. The outturn budget report is issued to budget holders in June and the current years budget report includes the comparative expenditure from the previous year. | |
| | | | Is the information in these reports presented effectively? | The information is provided effectively. | |
| | | | Are these reports focused on information that is of interest and relevance to the leadership team? | All directorate expenditure is deemed to be important so outturn reports are provided for all cost centres and at a subjective level. | |
| | | | Does the leadership team feel that the reports support it in making strategic financial decisions? | The finance team actively seeks feedback on the suitability of the budget report and as such the reports do enable managers to make strategic financial decisions | |