Calendar of Meetings 2024 -25

Full Authority

Date: 29 February 2024

Agenda Item: **08**

Submitted By: Director of Corporate Services

Purpose

To agree the programme of Authority and Committee meetings for 2024 – 2025.

Recommendations

That the programme of meetings for 2024 – 2025 be approved as detailed in the report now submitted.

Summary

A programme of meetings for the forthcoming municipal year has to be agreed by the Full Authority prior to it becoming effective immediately following the Annual General Meeting and any changes to an agreed programme require the approval of the Full Authority.

Local Government (Access to information) Act 1972

Exemption Category: None

Contact Officer: Jik Townson, Committee Services
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Background papers open to inspection: None

Annexes: Draft Calendar of Meetings 2024 - 2025

1 Introduction

1.1 It is necessary to give consideration to the programme of meetings for the next municipal year based on a quarterly cycle. In advance of the commencement of the programme the Authority will hold its Annual Meeting on Thursday 20 June 2024.

1.2 In accordance with the agreed Terms of Reference the Local Pension Board will meet on a six-monthly basis scheduled in July and January of each municipal year.

2 Information

2.1 The Annual Meeting marks the start of the programme of meetings. The programme of meetings for 2024 - 25 attached at Annex A is recommended for adoption by the Authority.

3 Financial Implications

3.1 There are no direct financial implications arising from this report. Members are entitled to claim mileage / out of pocket expenses for meetings they attend in accordance with the Authority's approved Constitution.

4 Legal Implications

4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution

5 Human Resource and Diversity Implications

5.1 There are no direct human resources and diversity implications arising from 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 direct health and safety implications arising from this report.

8 Environmental Implications

8.1 There are currently no environmental implications arising directly from this report.

9 Your Fire and Rescue Service Priorities

9.1 This report links with the Community Risk Management Plan 2022-25 strategic priorities below;

- Promote the health, safety, and wellbeing of all our people.
- Encourage a learning environment in which we support, develop, and enable all our people to be at their best.
- Provide ethical governance and value for money.

- Collaborate with partners to improve all of our services.
- Work in a sustainable and environmentally friendly way.
- Achieve a more inclusive workforce, which reflects the diverse communities we serve.
- Continuously improve using digital and data platforms to innovate and work smarter.
- Plan and deploy our resources based on risk.

WEST YORKSHIRE FIRE AND RESCUE AUTHORITY

PROGRAMME OF MEETINGS 2024 / 2025

FRIDAY 10.30 AM AUDIT COMMITTEE	**FRIDAY 10.30AM COMMUNITY SAFETY COMMITTEE**	**FRIDAY 10.30AM FINANCE & RESOURCES COMMITTEE**	**FRIDAY 10.30AM HUMAN RESOURCES COMMITTEE**	**FRIDAY 12:00 LOCAL PENSION BOARD (UPON RISING OF HR)**	**FRIDAY 10.30AM AUTHORITY**
26 July 2024	12 July 2024	19 July 2023	5 July 2023	5 July 2023	Friday 27 September 2024
25 October 2024	11 October 2024	18 October 2023	4 October 2024		Friday 13 December 2024
7 February 2025	24 January 2025	31 January 2025	17 January 2025	17 January 2025	Thursday 27 February 2025
11 April 2025	28 March 2025	4 April 2025	21 March 2025		Thursday 19 June 2025 (AGM)

[Protective Markings]

Pay Policy Statement

Full Authority

Date: 29 February 2024

Agenda Item: **09**

Submitted By: Director of Human Resources

Purpose	To request approval of the Pay Policy Statement under the Localism Act 2011
Recommendations	That Members approve the Pay Policy Statement
Summary	The report sets out the Authority's Pay Policy Statement and requests approval of said statement

Local Government (Access to information) Act 1972

Exemption Category:	None
Contact Officer:	Ian Brandwood, Director of Human Resources Tel: 01274 682311 x 671358
Background papers open to inspection:	None
Annexes:	Annex A – Pay Policy Statement 2024-25

1 Introduction

1.1 Under Section 38 (1) of the Localism Act 2011, relevant Authorities, (which include Fire and Rescue Authorities) are required to prepare a pay policy statement. These statements must articulate an Authority's own policies towards a range of issues relating to the pay of its workforce, particularly its senior staff (or 'Chief Officers') and its lowest paid employees.

1.2 Pay policy statements must be prepared each financial year. They must be approved by 'Full Council', or a meeting of members in the case of a Fire and Rescue Authority, and published. The statement must be approved by March 31st each year.

1.3 Each local Authority / Fire Authority is an individual employer in its own right and has the autonomy to make decisions on pay that are appropriate to local circumstances and which deliver value for money for local taxpayers. The provisions of the Act do not seek to change this or determine what decisions on pay should be taken or what policies individual employing Authorities should have in place. They require that Authorities are open about their own local policies and how their local decisions are made.

2 Information

2.1 The guidance, to which Authorities must have regard when exercising their functions under pay accountability provisions, sets out what the pay policy statements should include and these are:

- The level and elements of remuneration for each Chief Officer
- Remuneration of Chief Officers on recruitment
- Increases and additions to remuneration of each Chief Officer
- The use of performance related pay for Chief Officers
- The approach to the payment of Chief Officers on their ceasing to hold office under, or being employed by, the Authority and
- The publication of and access to information relating to remuneration of Chief Officers

The guidance also sets out what 'remuneration' for these purposes covers.

- The Chief Officer's salary or, in the case of a Chief Officer engaged by the Authority under a contract for services, payments made by the Authority to the Chief Officer for those services
- Any bonuses payable by the authority to the Chief Officer
- Any charges, fees or allowances payable by the Authority to the Chief Officer
- Any benefits in kind to which the Chief Officer is entitled as a result of the Chief Officer's office or employment
- Any increase or enhancement of the chief officer's pension entitlement when the increase or enhancement is as a result of a resolution of the authority, and

- Any amounts payable by the authority to the Chief Officer on the Chief Officer ceasing to hold office, under or be employed by the authority other than the amounts that may be payable by virtue of any enactment

2.2 For the purposes of clarity, Chief Officers in this context will be those officers in this Authority on either gold or blue book conditions i.e. members of the Management Board. The attached pay policy statement addresses all the points and guidance set out above.

2.3 The draft Pay Policy statement for 2024-25 is attached for approval as Annex A

3 Financial Implications

3.1 There are no financial implications arising from this report

4 Legal Implications

4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution

5 Human Resource and Diversity Implications

5.1 Demonstrating that the Authority has had due regard to advance equality of opportunity (particularly equal pay for employees with protected characteristics) would provide evidence of compliance with the Public Sector Equality Duty. The job evaluation scheme to which the Authority subscribes aims to deliver this.

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))	~~Yes~~ / No
Date EIA Completed	DD/MM/YY
Date EIA Approved	DD/MM/YY

The EIA is available on request from the report author or from diversity.inclusion@westyorksfire.gov.uk

7 Health, Safety and Wellbeing Implications

There are no health and safety implications arising from this report

8 Environmental Implications

There are no environmental implications

9 Your Fire and Rescue Service Priorities

This report links with the Community Risk Management Plan 2022-25 strategic priorities below;

- Encourage a learning environment in which we support, develop, and enable all our people to be at their best.
- Achieve a more inclusive workforce, which reflects the diverse communities we serve.

10 Conclusions

10.1 The attached Pay Policy Statement meets the requirements of Section 38 (1) of the Localism Act 2011. The statement will be published on the West Yorkshire Fire and Rescue Authority website

WEST YORKSHIRE FIRE AND RESCUE AUTHORITY PAY POLICY STATEMENT

1 April 2024 - 31 March 2025

Introduction and purpose

This Pay Policy Statement (the 'statement') sets out West Yorkshire Fire and Rescue Authority's (WYFRA) approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. The purpose of the statement is to provide transparency about WYFRA's approach to setting the pay of its employees by identifying:

- The methods by which salaries of all employees are determined.
- The detail and level of remuneration of its most senior staff i.e. Chief Officers, as defined by the relevant legislation.
- The Committees/Departments responsible for ensuring the provisions set out in this statement are applied consistently throughout WYFRA and recommending any pay policy amendments to the Fire Authority.

This policy statement has been approved by the Fire Authority and is effective from April 1st, 2024. It will be subject to review annually and in accordance with new or proposed legislation to ensure that it remains relevant and effective.

Accountability and decision making

The WYFRA Constitution outlines the responsibilities for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of WYFRA.

Responsibility and scale

WYFRA is directly responsible for a budget of circa £113 million and for the employment of 1,453 staff (as at December 31st, 2023).

Pay strategy and design

In determining the pay and remuneration of its employees, WYFRA complies with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The

Agency Workers Regulations 2010 and, where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. WYFRA takes the following approach to assessing individual and overall pay levels.

- Salaries of ‘Green Book’ employees in the Service are set using locally determined pay scales within the nationally determined pay spine and the nationally agreed Job Evaluation Scheme, with the Hay Job Evaluation Scheme being used for posts at Grade EO1 and above.

- Salaries of ‘Grey Book’ employees in the Service are set using nationally agreed pay levels.

- Where applicable, annual awards are normally made in April for Green Book Employees, July for Grey Book Employees and January for Directors.

- WYFRA does not use performance related pay for its Chief Officers.

- WYFRA does not award bonuses to Chief Officers.

Pay structure

To encourage Green Book employees to develop in their role and to improve their performance, WYFRA has arranged salaries within 13 pay grades. There are also pay increments within each grade. Progression through the pay grade is based on:

- Meeting identified performance goals

- Length of service

- Promotion and development

New employees will usually be appointed to the minimum pay level for the relevant grade unless relevant supporting experience can be identified. Managers have the discretion to recommend an employee for acceleration of increments within the grade when they have demonstrated exceptional performance.

Grey Book employees can move between roles through successfully completing the promotion assessment process. Within role, individuals will either be paid at a competent or development rate. This will be dependent upon them completing the requirements of development for that role.

From time to time, it may be necessary to pay special allowances or supplements to individual employees as part of their employment contract and/or outside of their employment contract, where specific circumstances require this and where it can be justified in accordance with WYFRA policies.

Other employment-related arrangements

Subject to meeting the qualifying conditions, employees have a right to belong to a pension scheme. The pension schemes WYFRA employees are currently members of include:

- The Local Government Pension Scheme - The employee contribution rates, which are defined by statute, currently range between 5.5 per cent and 12.5 per cent of pensionable pay.

- Firefighters Pension Scheme 2015 - The employee contribution rates currently range between 11 per cent and 14.5 per cent of pensionable pay.

Under the LGPS, the Authority has the discretion to augment membership of the scheme up to a maximum of ten extra years, or enable early access to the scheme.

Pay arrangements for Chief Officers

West Yorkshire Fire and Rescue Authority Chief Officers' pay is determined by the conditions of service to which officers are subject.

In this case, they are the National Joint Council for Brigade Managers of Fire and Rescue Services (Gold Book) and the Joint Negotiating Committee for Chief Officers of Local Authorities (Blue Book).

The information detailed below is approved by the Full Authority of elected members and the statement is available on the West Yorkshire Fire and Rescue Authority website, www.westyorksfire.gov.uk.

	Salary Point One	Salary Point Two	Salary Point Three	Lease Car Contribution
Chief Fire Officer	£176,234	£180,753	£185,273	£8,655
Deputy Chief Fire Officer	£157,947	£161,998	£166,049	£7,588
Assistant Chief Fire Officer	£139,365	£142,940	£146,514	£7,588
Chief Finance and Procurement Officer	£116,138	£119,116	£122,095	£5,419
Director of Human Resources	£116,138	£119,116	£122,095	£5,419
Director of Corporate Services			£87,908	£5,419

The above is based on Full Time Equivalents.

- The Chief Fire Officer is currently paid at salary point 3
- The Deputy Chief Fire Officer is currently paid at salary point 3
- The Assistant Chief Officer is currently paid at salary point 3
- CFPO is paid at salary point 3
- DHR is paid at salary point 3 (Up to May31st.) The new DHR is paid at salary point 1 from April 1st.

Chief Officers also receive reimbursement for internet and telephone charges and for professional subscriptions.

Lowest paid employees

The lowest paid persons employed under a contract of employment with WYFRA are employed on full time 37 hours equivalent salaries in accordance with the salary scale currently in use within WYFRA.

As at 1 April 2023, this is scale point 4 within Grade 1 of the Authority's pay scale and has a salary of £23,1114 (£11.98 per hour). The Living Wage currently stands at £11.44 per hour which equates to a salary of £22,010 per annum. The Authority is committed to paying the Real Living Wage. This currently stands at £12.00 per hour. The Real Living Wage rates increase in November each year and the Authority has 6 months to implement any increase (the increase will be implemented on April 1st 2024). (It should be noted that the national pay award, effective from April 1st, 2024, is still to be determined. It is likely that any award will ensure the Authority's lowest paid employees remain above the living wage. If this is not the case, then a salary supplement will be paid in accordance with Authority policy.

The term 'lowest paid employees' is defined as a full-time equivalent employee on the bottom scale column point of the Authority's pay scale or the lowest paid role/rank for Grey Book employees.

The Authority adopts this definition because pay arrangements for employees' who are not Chief Officers, are based upon nationally negotiated pay scales from the National Joint Council for Local Authority Fire and Rescue Services ('Grey Book') and the National Joint Council for Local Government Services ('Green Book').

The relationship between Chief Officers' pay and other Authority employees is represented by the pay multiple between the two categories:

- The pay multiple between the highest and lowest paid salaries is 8.01 (8.12 in 2023-24 and 9.09 in 2022-23)

- The pay multiple between the highest paid salary and the median salary of the whole of the Authority's workforce is 5.11. (5.33 in 2023-24, 5.19 in 2022-23)

Chief Officers' salaries are determined by reference to appropriate National Joint Council conditions of service, comparison of salaries in similar authorities and occasionally by reference to employment consultants. The last external review was completed in 2022.

All the information relating to the remuneration of Chief Officers is available in West Yorkshire Fire and Rescue Service's Statement of Accounts published on the website and is also available under 'Transparency' in the Finance section on the Authority website.

In addition, the pay scales of all other senior staff within the Authority are available under 'Transparency' in the Finance section on the Authority website.

Payment on termination of employment

Those Chief Officers who are contracted to the National Joint Council for Brigade Managers of Fire and Rescue Services are members of the Firefighters Pension Scheme (FPS). Those within the FPS pay contributions between 13.5% and 14.5%. Any payments made to them on retirement are subject to the rules and regulations of this pension scheme.

Similarly, those Chief Officers contracted to the Joint Committee for Chief Officers of Local Authorities are members of the Local Government Pension Scheme (LGPS) and are subject to the rules and regulations of that pension scheme. Those within the LGPS pay pension contributions of between 9.9% and 10.5%. In addition, there is provision at a local level for them to request flexible retirement via the Flexible Retirement Policy which is available on the Authority website.

Under the LGPS, the Authority also has the discretion to augment membership of the scheme up to a maximum of ten extra years, or to enable early access to the scheme.

In cases where an employee's contract is terminated on the grounds of redundancy or on grounds of efficiency there is discretion to pay a lump sum of up to 104 weeks' pay. Further details of these payments can be found within the Authority's 'Early Termination Policy' sited within the Human Resources section of the Authority website. This will be reviewed once the Government plans to cap public sector exit payments are enacted to ensure full compliance.

Those Chief Officers who are members of the Firefighters Pension Scheme do not receive any enhancements to redundancy payments.

Publication of pay policy statement

Upon approval by the Fire Authority, this statement will be published on the West Yorkshire Fire and Rescue Authority website; www.westyorksfire.gov.uk. In addition, for posts where the full-time equivalent salary is at least £50,000, the Authority's annual statement of accounts will include a note setting out the total amount of:

- Salary, fees or allowances paid to or receivable by the person in the current and previous year

- Any bonuses so paid or receivable by the person in the current and previous year

- Any sums payable by way of expenses allowance that are chargeable to UK income tax

- Any compensation for loss of employment and any other payments connected with termination

- Any benefits received that do not fall within the above.

Treasury Management Strategy 2024/25

Full Authority

Date: 29 February 2024

Agenda Item: **10**

Submitted By: Chief Finance and Procurement Officer

Purpose

To present the Treasury Management Strategy 2024/25

Recommendations

That member approve The Treasury Management Strategy 2024/25 including:
a) Treasury Management Practices
b) the capital strategy outlined in section 2.1
c) the borrowing strategy outlined in section 2.2
d) the investment strategy in section 2.3 and Appendix B.
e) the policy for provision of repayment of debt outlined in Appendix D
d) the Treasury Management Prudential indicators in Appendix E
e) the Capital Plan 2024/25 – 2028/29 in Appendix F

Local Government (Access to information) Act 1972

Exemption Category:	None
Contact Officer:	Alison Wood, Chief Finance and Procurement Officer E: alison.wood@westyorksfire.gov.uk T: 07500 075362 T: 01274 682311 Ext: 660204
Background papers open to inspection:	The Prudential Code for Capital Finance in Local Authorities
Annexes:	Appendix A – Treasury Management Practices Appendix B– Investment strategy Appendix C– Credit rating scores Appendix D – Provision for repayment of debt Appendix E – Treasury Management indicators Appendix F – Capital Plan 2024/25 -2028/29

Summary

The Treasury Management Strategy Statement is an annual statement that sets out the expected treasury activities for the forthcoming year 2024/25. These activities include the Authority's expected borrowing and treasury investments, cashflows and banking.

The Authority has formally adopted CIPFA's Code of Practice on Treasury Management and is thereby required to consider a treasury management strategy before the start of each financial year. In addition, the Department for Communities and Local Government (DCLG) issued guidance on local authority investments in March 2010, which requires the Authority to approve an Investment Strategy before the start of each financial year.

1 Introduction

1.1 Treasury management is defined by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice as:

"The management of the Authority's borrowings, investments and cash flows, its banking, money market and capital market transactions; the effective control of risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

1.2 There are two parts to the treasury management operations, the first is to ensure that the Authority's cash flow is adequately planned, with cash being available when it is needed. Surplus monies are placed in low-risk counterparties or instruments in line with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return. The second main function of treasury management is the funding of the Authority's capital plans. The Capital Strategy provides a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning to ensure that the Authority can meet its capital spending obligations.

1.3 The CIPFA Code of Practice on Treasury Management (TM) and the CIPFA Prudential Code require local authorities to determine and set the Authority's Treasury Management Strategy, its Strategy relating to investment activity, and Prudential Indicators on an annual basis. The Authority currently has cash backed reserves and balances of circa £43m, so it is important that robust and appropriate processes are in place to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund. Set out below are the key elements of the Strategy covering the borrowing requirements and investment arrangements.

1.4 The Authority's Investment Strategy has regard to the TM Code and the Guidance. It has two objectives: the first is security, in order to ensure that the capital sum is protected from loss, ensuring that the Authority's money is returned; and the second is portfolio liquidity, in order to ensure that cash is available when needed. Only when the proper levels of security and liquidity have been determined can the Authority then consider the yield that can be obtained within these parameters.

1.5 This Strategy has been created based on CIPFA Prudential and Treasury Management Codes, which requires the Authority to prepare a Capital Strategy. This Authority does not envisage any commercial investments and has no non-treasury investments.

1.6 Treasury Management activity is governed and managed by using a set of standards which are called Treasury Management Practices. These set out the manner in which the Authority aims to achieve its treasury management policies and objectives and how it will manage and control those activities. It is good practice that these are presented to members for information. These are attached in Appendix A

National Guidance and Governance

1.7 CIPFA published the revised CIPFA Treasury Management Code and Prudential Code on the 20th of December 2021 and has stated that revisions need to be included in the reporting framework from the 2023/24 financial year. This Authority, therefore, has to have regard to these Codes of Practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Authority for approval.

The revised Treasury Management Code will require an authority to implement the following:

a) Adopt a new debt liability benchmark treasury indicator.

b) Re-class long term treasury investments as commercial investments (not applicable)

c) Pooled funds to be included in the indicator for principal sums maturing in year beyond the initial budget year (not applicable)

d) Amendments to the knowledge and skills register for those involved in the treasury management function (TMP6)

e) Report to members quarterly on indicator performance

f) Environmental, social and governance (ESG) issues to be addressed within the Authority's treasury management policies and practices (TMP1)

In addition, this Strategy also complies with the CIPFA Treasury Management in Public Services Code of Practice and Cross-Sectoral Guidance Notes ("the TM Code"), and Guidance on Local Government Investments issued by the Secretary of State for Communities and Local Government under section 15(1)(a) of the Local Government Act 2003 ("the Guidance"). Specific decisions on the timing and amount of any borrowing will be made by the Authority's Director, Finance and Corporate Services in line with the agreed Strategy.

1.8 The Local Government Act 2003, section 15 (1)(a), gives local authorities the power to use capital receipts to fund certain categories of expenditure. Guidance around the flexible use of capital receipts was issued by The Secretary of State and was effective from the 1st of April 2022. The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to an authorities', or several authorities, and/or to another public sector body's net service expenditure. A list of types of projects that would qualify for the flexible use of capital receipts is included in the Guidance. These include investment in service reform feasibility work, the cost-of-service reconfiguration, restructuring or rationalisation, improving systems to tackle fraud and corruption, setting up commercial delivery models to deliver services more efficiently. If the Authority decides to use capital receipts flexibly on projects included in the guidance, it is required to produce a Flexible use of Capital Receipts Strategy.

It is not expected that the Authority will call upon the flexible use of capital receipts and will continue to use them to fund existing capital expenditure. As such a capital receipts strategy is not required.

Governance

1.9 CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes (2021) requires public sector organisations to nominate a responsible body for the scrutiny of treasury management strategy and policies. The Finance and Resources Committee is the nominated committee to scrutinise treasury management and to support this it receives and approves a number of financial reports each year, which cover the following:

(a) **An Annual Treasury Management and Investment Strategy:** This Strategy is reported annually to Full Authority in February. This Strategy includes: -

- the Capital Programme together with the appropriate prudential indicators.
- the minimum revenue provision (MRP) policy, which details how residual capital expenditure is charged to revenue over time.
- the Treasury Management Strategy, which defines not only how the investments and borrowings are to be organised, but also sets out the appropriate treasury indicators; and
- an Investment Strategy which sets out the parameters on how deposits are to be managed.

(b) **A Mid-year Treasury Management Report:** This is presented to Finance and Resources Committee in February and provides an update on current investments and borrowing, the Capital Programme, performance of prudential indicators

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

1.10 **External Support**

The Authority uses Link Group as its external Treasury Management Advisor. The Authority recognises that the responsibility for treasury management decisions remains with itself and will ensure that undue reliance is not placed upon the external advisor. The Authority appointed Link Group in July 2021 when the responsibility for Treasury Management was transferred to the Authority from Kirklees Council, where it was provided as a Service Level Agreement.

The CFPO and the treasury management accountant receive daily, weekly, and monthly reports on treasury management activity within the UK, Europe and Worldwide.

1.11 **Training**

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. A training session was delivered by Link in October which was attended by both members and officers.

The training needs of treasury management officers is ongoing to ensure that knowledge is kept up to date.

2 Information

2.1 Capital Strategy

The purpose of the Capital Strategy is to demonstrate that the Authority takes capital expenditure and investment decisions in line with corporate and service objectives and properly takes account of stewardship, value for money, prudence, sustainability, and affordability. It sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. Fundamentally, the objective of the code is that the total of an Authority's capital investment remains within sustainable limits, following consideration of the impact on the bottom-line Council Tax.

Each financial year the Authority produces a rolling five-year capital programme, and owing to the nature of capital expenditure, a large number of schemes slip between financial years. The detailed capital plan and associated prudential indicators are included in the Budget Report.

2.1.1 The Capital Strategy comprises a number of distinct, but inter-related, elements as follows:

- **Capital Expenditure**
This section includes an overview of the governance process for approval and monitoring of capital expenditure, including the Authority's policies on capitalisation, and an overview of its capital expenditure and financing plans.

- **Capital Financing and Borrowing**
This section provides a projection of the Authority's capital financing requirement, how this is impacted by capital expenditure decisions and how it will be funded and repaid. It therefore sets out the Authority's borrowing strategy and explains how it will discharge its duty to make prudent revenue provision for the repayment of debt.

- **Chief Finance and Procurement Officer statement**
This section contains the Chief Financial Officer's views on the deliverability, affordability and risk associated with the capital strategy.

2.1.2 **Capital Expenditure**

<u>Capitalisation Policy</u>

2.1.3 Expenditure is classified as capital expenditure when it results in the acquisition or construction of an asset (e.g. land, buildings, vehicles, plant, and equipment etc.) that:

- Will be held for use in the delivery of services, for rental to others, investment or for administrative purposes; and
- Are of continuing benefit to the Authority for a period extending beyond one financial year.

Subsequent expenditure on existing assets is also classified as capital expenditure if these two criteria are met.

2.1.4 There may be instances where expenditure does not meet this definition but would be treated as capital expenditure, including:

- Where the Authority has no direct future control or benefit from the resulting assets but would treat the expenditure as capital if it did control or benefit from the resulting assets. For example, where a grant is provided by the Authority to an external body in order that the body can purchase an asset for its own use. The provision of the grant would be treated as capital expenditure in the accounts of the Authority.

- Where statutory regulations require the Authority to capitalise expenditure that would not otherwise have expenditure implications according to accounting rules. For example, where the Government permits authorities, in special circumstances, to treat redundancy costs as capital costs therefore increasing flexibility as such costs can then be met using their existing borrowing powers or capital receipts.

2.1.5 The Authority operates a de-minimis limit for capital scheme expenditure of £10,000. This means that items below these limits are charged to revenue rather than capital. The capital schemes that tend to be charged to revenue are for the purchase of operational equipment, for example, gas tight suits and water rescue equipment. The annual financial impact in the revenue budget is a maximum of £19,998.

Governance

2.1.6 Capital expenditure is a necessary element in the development of the Authority's services since it generates investment in new and improved assets. Capital expenditure is managed through the five-year Capital Programme which is reviewed annually as part of the budget setting process and reviewed in year as part of financial monitoring arrangements.

2.1.7 The Authority's Financial Regulations and Contract Regulations provide a framework for the preparation and appraisal of schemes proposed for inclusion in the Capital Plan, these include appropriate authorisations for individual schemes to proceed and facilitate the overall management of the Capital Programme within defined resource parameters.

2.1.8 The CFPO shall determine the format of the Capital Programme and the timing of reports relating to it. The approved Capital Programme will comprise a number of individual schemes each of which will be quantified on an annualised basis. Each directorate will submit capital bids to the finance department which are then collated and presented to the Management Board Star Chamber for scrutiny and approval for inclusion on the proposed capital plan. The bids are then collated for submission to the Full Authority meeting in February.

2.1.9 The capital plan is monitored on a monthly basis with the provision of detailed budget monitoring reports to managers and is reported quarterly to the Finance and Resources Committee.

2.1.10 The Budget Management Monitoring Group meet bi-monthly where the capital plan is scrutinised, and managers are required to report on the progress of each capital scheme for which they are responsible. This is chaired by the CFPO.

Capital Financing and Borrowing

2.1.11 The Authority's capital expenditure plans as per the Capital Programme are set out in Appendix F and will be presented in the Budget Report for approval.

2.1.12 When expenditure is classified as capital expenditure for capital financing purposes, this means that the Authority is able to finance that expenditure from any of the following sources:

- **Capital grants and contributions** – amounts awarded to the Authority in return for past or future compliance with certain stipulations.

- **Capital receipts** – amounts generated from the sale of assets and from the repayment of capital loans, grants, or other financial assistance.

- **Revenue contributions** – amounts set aside from the revenue budget and the earmarked capital finance reserve.

- **Borrowing** – amounts that the Authority does not need to fund immediately from cash resources, but instead charges to the revenue budget over a number of years into the future.

Chief Finance and Procurement Officer Statement

2.1.13 The Prudential Code requires the Chief Financial Officer to report explicitly on the affordability and risk associated with the Capital Strategy. The following are specific responsibilities of the Chief Finance Officer:

- recommending clauses, treasury management policy/practices for approval, reviewing regularly, and monitoring compliance.
- submitting quarterly treasury management reports.
- submitting quarterly capital budget reports.
- reviewing the performance of the treasury management function.
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- ensuring the adequacy of internal audit and liaising with external audit.
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments, and treasury management.

- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money.
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the Authority.
- ensure that the Authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing.
- ensuring the proportionality of all investments so that the Authority does not undertake a level of investing which exposes the Authority to an excessive level of risk compared to its financial resources.
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities.

Statement of Policy on the Minimum Revenue Provision (MRP)

2.1.14 Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2008, which came into effect on 31 March 2008, replaced the former statutory rules for calculating MRP with a requirement for each local authority to determine a “prudent” provision. The regulations require authorities to draw up a statement of their policy on the calculation of MRP which requires approval by Full Authority in advance of the year to which it applies. The recommended policy statement is detailed at Appendix D.

Capital Financing Requirement

2.1.15 The Capital Financing Requirement (CFR) represents the Authority’s underlying need to finance capital expenditure by borrowing or other long-term liability arrangements. An Authority can choose to borrow externally to fund its CFR. If it does this, it is likely that it would be investing externally an amount equivalent to its total reserves, balances, and net creditors. Alternatively, an Authority can choose not to invest externally but instead use these balances to effectively borrow internally and minimise external borrowing. In between these two extremes, an Authority may have a mixture of external and internal investments/external and internal borrowing.

Forecasts for CFR as at the 31 March 2024 are as follows:

	Estimate 2023/24 £000's	Estimate 2024/25 £000's	Estimate 2025/26 £000's	Estimate 2026/27 £000's
CFR	53,195	79,332	78,162	80,428

The movement in the CFR can be further explained via the table below:

	Estimate 2023/24 £000's	Estimate 2024/25 £000's	Estimate 2025/26 £000's	Estimate 2026/27 £000's
CFR b/fwd	41,437	53,195	79,332	78,162
Capital Expt	36,497	35,587	8,249	8,301
Capital Receipts		0	-3,500	0
Earmarked Reserve	-20,289	-4,791	-500	-500
Revenue Contribution	-2,000	-1,700	-950	-950
MRP	-2,450	-2,959	-4,469	-4,585
Closing CFR	**53,195**	**79,332**	**78,162**	**80,428**

2.1.16 Prior to 2009/10 the Authority’s policy had been to borrow up to its CFR and investing externally the majority of its balances. With the onset of instabilities in the financial markets and the economic downturn, the policy changed to one of ensuring the security of the Authority’s balances. This coincided with dramatic falls in investment returns making the budgetary benefit of maximising external borrowing more marginal. Over the past few years, the Authority has chosen to finance its capital expenditure by ‘borrowing‘ internally. This has principally been because of the relatively low rates of interest receivable on investments prior to the beginning of 2022, particularly when compared to the cost of borrowing longer term loans from the PWLB. Interest received on investments has increased following the increase in bank base rate over the past year with the average rate been at 5.37%, however, there has been an increase in PWLB borrowing rates, which is still at a higher rate than that earned on investments.

2.2 Borrowing Strategy

2.2.1 Borrowing Arrangements

The Authority has been using its cash balances by deferring long term borrowing, no new long-term borrowing has been taken out since December 2011. Accountants engaged in treasury management monitor interest rates and receives advice from the Authority’s Treasury Management Advisor on changes to market conditions, so that borrowing and investing activity can be undertaken at the most advantageous time. At the time of writing this report, it is not anticipated that the Authority will take out any new external borrowing until Summer 2024, which is dependent on the delivery of the capital plan.

2.2.2 When taking new borrowing, due attention will be paid to the Authority’s debt maturity profile. It is good practice to have a maturity profile for long-term debt which does not expose the Authority to a substantial borrowing requirement in years when interest rates may be at a relatively high level. In accordance with the requirements of the Code, the Authority has a prudential indicator that sets out limits with respect to the maturity structure of its borrowing. This is shown in Appendix E.

2.2.3 It is predicted that as at the 31 March 2024, the Authority will have total external borrowing and other long-term liabilities of around £41.9 million.

This is analysed as follows:

	Estimated Debt 31 March 2024 £m	%
PWLB Loans	39.9	95.2%
LOBO	2.0	4.8%
TOTAL	41.9	100%

2.2.4 Historically, the biggest source of borrowing for local authorities has been PWLB loans. These Government loans have offered value for money and also flexibilities to restructure and make possible savings. Although, the Government decided to raise rates for new PWLB loans in October 2010 by around 0.90%, it has since introduced a discounted rate for local authorities joining the new "certainty rate" scheme. The Authority has joined the scheme and will have access to loans discounted by 0.20% in 2024/25.

2.2.5 The Authority also has a LOBO (Lender's Option, Borrower's Option) loan. The way this loan works is that the Authority pays interest at a fixed rate (3.58%) for an initial period and then the lender has the option in the secondary period to increase the rate. If the option is exercised, the Authority can either accept the new rate or repay the loan. The Authority's loan is in its secondary period with intervals of 5 years between options. The next option date is May 2026. There have been moves by some lenders to amend the terms of their LOBO loans to convert them to 'vanilla' fixed rate loans. No approach has yet been made by Dexia Credit Local, the lender to the Authority to amend any of the conditions of the loan.

2.2.6 The Local Capital Finance Company was established in 2014 by the Local Government Association as an alternative source of local authority finance. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; there will be a lead time of several months between committing to borrow and knowing the interest rate payable.

2.2.7 In terms of meeting the Authority's borrowing requirement over the next five years, it is proposed to take out short term temporary borrowing until the long term PWLB rate reduces to previous levels which is forecast to be Q3 2025.

The table below shows the forecast for PWLB bank rates to March 2026

PWLB	Dec-23 %	Mar-24 %	Sep-24 %	Mar-25 %	Sep-25 %	Mar-26 %
5 year	5.00%	4.90%	4.70%	4.20%	3.80%	3.60%
10 year	5.10%	5.00%	4.70%	4.20%	3.80%	3.70%
25 year	5.50%	5.30%	4.90%	4.50%	4.20%	4.10%
50 year	5.30%	5.10%	4.70%	4.30%	4.00%	3.90%

2.2.8 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. The Authority may take advantage of this and replace some of the higher rate loans with new loans at lower interest rates where this will lead to an overall saving or reduce risk. A review is undertaken annually to assess if this is financially advantageous for the authority, all reviews have concluded that it is not viable to repay existing loans.

2.2.9 Borrowing in Advance of Need

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

2.2.10 Borrowing policy and performance will be continuously monitored throughout the year and will be reported to Members.

2.3 Investment Strategy

Overview

2.3.1 Investment guidance issued by the Department for Levelling Up Housing and Communities (DLUHC), requires that an investment strategy, outlining the Authority's policies for managing investments in terms of risk, liquidity, and yield, should be approved by full Authority or equivalent level, before the start of the financial year. This strategy can then only be varied during the year by the same executive body.

2.3.2 The Authority's Investment Strategy has regard to:

- DLUHC's guidance on Local Government investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021.

The Investment Strategy has two main objectives: the first is security, in order to ensure that the capital sum is protected from loss; and the second is portfolio liquidity, in order to ensure that cash is available when needed. Only when the proper levels of security and portfolio liquidity have been determined can the Authority then consider the yield that can be obtained within these parameters.

The Authority will ensure that robust due diligence procedures cover all external investments.

The Treasury Management Code of Practice details that the term “investments” used in the definition of treasury management activities also covers other non-financial assets which an organisation holds primarily for financial returns, such as investment property portfolios. The Authority does not hold non-financial assets primarily for financial returns, nor does it propose to do so.

The guidance from DLUHC and CIPFA places a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

- Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties.
- Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
- Other information sources used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

2.3.3 As at the 31 March 2024, the Authority is expected to have around £14.0 million invested externally, primarily in instant access accounts or short-term deposits, with local authorities, major British owned banks, building societies or Money Market Funds (MMFs). This will also ensure compliance with The Markets in Financial Instruments Directive II, whereby those maintaining a professional status must keep a minimum of £10 million invested at any point in time.

Guidance

2.3.4 The guidance splits investments into two types – specified and non-specified.

- <u>Specified investments</u> are those offering high security and liquidity. All such investments should be in sterling with a maturity of no more than a year. Investments made with the Government’s Debt Management Account Deposit Facility (DMADF) and a local authority automatically count as specified investments, as do investment with bodies or investment schemes of “high credit quality”. It is for individual authorities to determine what they regard as “high credit quality”.
- <u>Non-specified investments</u> have greater potential risk, being investments with bodies that have a credit rating below “high credit quality”; bodies that are not credit rated at all; and investments over a year.

2.3.5 It is estimated that the Authority could have up to £35million to invest at times during the year which is a combination of cash received in advance, reserves, and creditors.

Strategy

2.3.6 It is proposed to continue with a low-risk strategy in line with previous years and where possible to borrow internally. This will help in reducing the amount of money the Authority has invested at any one time and minimise the cost of borrowing.

Key features of the strategy are as follows:

Specified Investments

- The Authority is able to invest up to £6 million on an instant access basis with foreign based banks with a "high to upper medium grade" credit rating.
- The Authority can invest up to £6 million in individual MMFs (instant access or two-day notice). MMFs are pooled investment vehicles, having the advantage of providing wide diversification of risk, coupled with the services of a professional fund manager.
- The Authority can invest in the Governments Debt Management Account Deposit Facility (DMADF) for up to 6 months.
- The Authority can invest in local authorities for up to 364 days.

Non-Specified Investments

- The Authority is able to invest up to £1 million and up to two months with individual UK banks and building societies with a "medium grade" credit rating.
- The Authority adopts an overall limit for non-specified investments of £2 million.

2.3.7 A maximum limit of £6 million applies to any one counterparty and this applies to a banking group rather than each individual bank within a group.

For illustrative purposes, Appendix B lists which banks and building societies the Authority could invest with based on credit ratings as at the end of December 2023.

2.3.8 The policy allowing the Authority to invest up to £6 million with part-nationalised UK banks with mid "medium grade" credit ratings has been removed. With the Government steadily divesting themselves of their stake in these banks and the recent bail-in legislation, it is unlikely that the Government would bail these banks out if they got into further trouble.

2.3.9 There may be opportunities in the future for local authorities to use collateralised products, in particular reverse repurchase agreements (REPOs). These products are secured on the borrower's assets (such as gilts or corporate bonds) and are exempt from bail-in. The rates are currently comparable to unsecured investments, but entry levels are likely to be for investments of £10 million plus. It is proposed that reverse repurchase agreements are available to use under the strategy at the higher level indicated above.

2.3.10 The Authority uses credit ratings from the three main rating agencies - Fitch, Moody's and Standard & Poor's to assess the risk of investment defaults (Appendix C). The lowest credit rating of an organisation will be used to determine credit quality. Long term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade, while ratings of BB+ and below are described as speculative grade.

2.3.11 Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria:

- No new investments will be made.
- Any existing investments that can be recalled at no cost will be recalled.
- Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

2.3.12 Where a credit rating agency announces that a rating is on review for possible downgrade (“rating watch negative or credit watch negative”) so that it is likely to fall below the required criteria, then no further investments will be made in that organisation until the outcome is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

2.3.13 Full regard will be given to other available information on the credit quality of banks and building societies, including credit default swap prices, financial statements and rating agency reports. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the approved criteria.

2.3.14 Investments may be made using the following instruments:

- Interest paying bank accounts.
- Fixed term deposits.
- Call or notice deposits.
- Callable deposits.
- Shares in money market funds.
- Reverse repurchase agreements.

2.3.15 Investment of money borrowed in advance of need.

The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. However, as this would involve externally investing such sums until required and thus increasing exposures to both interest rate and principal risks, it is not believed appropriate to undertake such a policy at this time.

2.3.16 Annual cash flow forecasts are prepared which are continuously updated. This helps determine the maximum period for which funds may be prudently committed.

2.3.17 Investment policy and performance will be monitored continuously and will be reported to Members during the year and as part of the annual report on Treasury Management.

3 Prudential Indicators

3.1 The Authority is asked to approve certain treasury management indicators, the purpose of which is to contain the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decision impacting negatively on the Authority's overall financial position. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs. The proposed indicators are set out in Appendix E.

4 Financial Implications

4.1 Financial implications are included within the main body of the report.

5 Legal Implications

5.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution

6 Human Resource and Diversity Implications

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

7 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

8 Health, Safety and Wellbeing Implications

8.1 There are no health, safety and wellbeing implications associated with this report.

9 Environmental Implications

9.1 There are no environmental implications associated with this report.

10 Your Fire and Rescue Service Priorities

10.1 Treasury management underpins the financial management of the Authority which affects all the fire and rescue service priorities.

11 Conclusions

11.1 The treasury management strategy determines the framework upon which the Authority manages its borrowing and investments during the year. This is essential for sound financial governance.

TREASURY MANAGEMENT PRACTICES

The following Treasury Management Practices (TMPs) set out the manner in which the Authority aims to achieve its treasury management policies and objectives, and how it will manage and control those activities.

1. **TMP 1 Risk management**

The Chief Finance & Procurement Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

Credit and counterparty risk management

The Authority regards a prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments, methods and techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

Liquidity risk management

The Authority will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to which are necessary for the achievement of its business/service objectives. The Authority will not borrow in advance of need.

Interest rate risk management

The Authority will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements.

It will achieve these objectives by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

Exchange rate risk management

The Authority will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

Refinancing risk management

The Authority will ensure that its borrowing is negotiated, structured and documented, and the maturity profile of the monies raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Authority as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

Legal and regulatory risk management

The Authority will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1(i), it will ensure that there is evidence of counterparties' powers, authority, and compliance in respect of the transactions they may affect with the Authority.

The Authority recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

Fraud, error and corruption, and contingency management

The Authority will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

Market risk management

The Authority will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests and will accordingly seek to protect itself from the effects of such fluctuations.

Environmental, Social & Governance Considerations

The Authority's credit and counterparty policies set out the policies and practices relating to environmental, social and governance investment considerations. The credit rating agencies that the Authority uses, incorporate ESG risks alongside more traditional financial risk metrics when assessing counterparty ratings.

2. **TMP2 Performance measurement**

The Authority is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its Treasury Management Policy Statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Authority's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery and of other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the prudential indicators included within the treasury management strategy..

2 TMP3 Decision-making and analysis

The Authority will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

3 TMP4 Approved instruments, methods and techniques.

The Authority will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 Risk management.

Where the Authority intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The Authority will seek proper advice when entering into arrangements to use such products.

5. **TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements**

The Authority considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, and for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principles on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Authority intends, as a result of lack of resources or other circumstances, to depart from these principles, the Chief Finance & Procurement Officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The Chief Finance & Procurement Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangement for absence cover. The present arrangements are detailed in the schedule to this document.

The Chief Finance & Procurement Officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegation to the Chief Finance & Procurement Officer in respect of treasury management is set out in the schedule to this document. The Chief Finance & Procurement Officer will fulfil all such responsibilities in accordance with the Authority's policy statement and TMPs and, as a CIPFA member, the Standard of Professional Practice on Treasury Management.

6. **<u>TMP6</u> Reporting requirements and management information arrangements**

The Authority will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, the Authority and Finance & Resources Committee will receive:

- an annual report on the strategy and plan to be pursued in the coming year.
- a mid-year review.
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's Treasury Management Policy Statement and TMPs.

The present arrangements and the form of these reports are detailed in the treasury management strategy.

7. **<u>TMP7</u> Budgeting, accounting and audit arrangements**

The Chief Finance & Procurement Officer will prepare, and the Authority will approve and, if necessary, from time to time amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at a minimum be those required by statute or regulation, together with such information as will demonstrate compliance with the TMPs. Budgeting procedures are set out in the capital strategy included in section 2.1 of this report. The Chief Finance & Procurement Officer will exercise effective controls over this budget and will report any major variations.

The Authority will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. The present form of this function's accounts is set out in section 2.1 of this document.

The Authority will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

8. **<u>TMP8</u> Cash and cash flow management**

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Authority will be under the control of the Chief Finance & Procurement Officer and will be aggregated for cash flow purposes. Cash flow projections will be prepared on a regular and timely basis, and the Chief Finance & Procurement Officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1(i) Liquidity risk management.

9. **TMP9 Money laundering**

The Authority is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will ensure that staff involved in treasury management activities are fully aware of their responsibilities with regards this. The present safeguards, including the name of the officer to whom any suspicions should be reported, are detailed in the Authority's constitution.

10. **TMP10 Training and qualifications**

The Authority recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

The Chief Finance & Procurement Officer will ensure that Members of the committee providing a scrutiny function have access to regular training relevant to their responsibilities.

11. **TMP11 Use of external service providers**

The Authority recognises that responsibility for treasury management decisions always remains with the organisation. However, it also recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. It will also ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements and the Authority's Contract Procedure Rules will always be observed.

12. **TMP12 Corporate governance**

The Authority is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Authority has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Chief Finance & Procurement Officer will monitor and, if necessary, report upon the effectiveness of these arrangements.

Appendix B

Specified

	Short-term Credit Ratings / Long-Term Credit Ratings			Investment Limits per Counterparty		Counterparties falling into category as at December 2023
	Fitch	**Moody's**	**S & P**	**£m**	**Period (1)**	
Banks / Building Societies (Reverse Repurchase Agreements)	F1 AAA,AA+,AA, AA-,A+,A,A-	P-1 Aaa,Aa1, Aa2, Aa3,A1, A2,A3	A-1 AAA,AA+,AA, AA-,A+,A,A-	10	Up to 364 days	
Banks / Building Societies (Deposit Accounts, fixed term deposits)	F1	P-1	A-1	6	<100 days	
	AAA,AA+,AA, AA-,A+,A,A-	Aaa,Aa1, Aa2, Aa3,A1, A2,A3	AAA,AA+,AA, AA-,A+,A,A-	6	<6mth	Lloyds Group, Standard Chartered, Handelsbanken
MMF (3)	-	-	-	6	Instant access/ up to 2 day notice	Aberdeen Standard, Aviva, Goldman Sachs, Royal London
UK Government (Fixed Term Deposits)	-	-	-	Unlimited	<6mth	
UK local authorities (Fixed Term Deposits)	-	-	-	Unlimited	Up to 364 days	Lancashire CC, Central Bedfordshire Council, Dover District Council, Aberdeen City Council.

Non-Specified (4)

	Short-term Credit Ratings Long-Term Credit Ratings			Investment Limits per Counterparty		Counterparties falling into category as at December 2023
	Fitch	**Moody's**	**S & P**	**£m**	**Period (1)**	
UK Banks / Building Societies (Fixed Term deposits)	F1,F2 Higher than BBB	P-1,P-2 Higher than Baa2	A-1,A-2 Higher than BBB	6	<2mth	

(1) The investment period begins from the date on which funds are paid over.

(2) These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency and means that they are exempt from bail-in. Where there is no investment specific credit rating but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

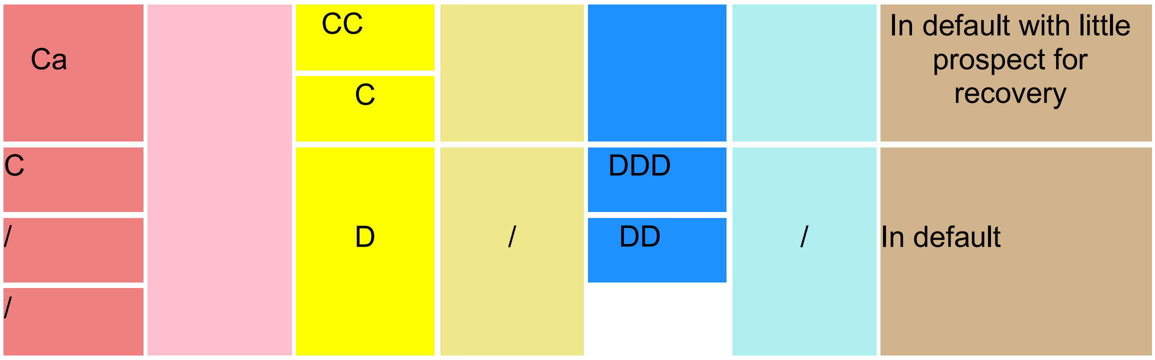
(3) Overall limit for investments in MMFs of £24 million.

(4) Overall limit of £18 million.

Appendix C

Credit ratings

Moody's		S&P		Fitch		
Long-term	**Short-term**	**Long-term**	**Short-term**	**Long-term**	**Short-term**	
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime
Aa1		AA+		AA+		High grade
Aa2		AA		AA		
Aa3		AA-		AA-		
A1		A+	A-1	A+	F1	Upper mediumgrade
A2		A		A		
A3	P-2	A-	A-2	A-	F2	
Baa1		BBB+		BBB+		Lower mediumgrade
Baa2	P-3	BBB	A-3	BBB	F3	
Baa3		BBB-		BBB-		
Ba1	Not prime	BB+	B	BB+	B	Non-investment grade speculative
Ba2		BB		BB		
Ba3		BB-		BB-		
B1		B+		B+		Highly speculative
B2		B		B		
B3		B-		B-		
Caa1		CCC+	C	CCC	C	Substantial risks
Caa2		CCC				Extremely speculative
Caa3		CCC-				


Ca
C
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CC
C
D
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DDD
DD
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In default with little prospect for recovery
In default

Appendix D

STATEMENT OF POLICY ON THE MINIMUM REVENUE PROVISION (REPAYMENT OF DEBT)

1. Background

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2008 which came into force on 31 March 2008, replaced the detailed statutory rules for calculating Minimum Revenue Provision (MRP) with a requirement to make an amount of MRP which the authority considers "prudent".

2. Prudent Provision

2.1 The regulation does not itself define "prudent provision". However, guidance issued alongside the regulations makes recommendations on the interpretation of that term.

The guidance provides two basic criteria for prudent provision: -

- Borrowing not supported by government grant (prudential borrowing) – the provision for repayment of debt should be linked to the life of the asset.
- Borrowing previously supported by revenue support grant (supported borrowing) – the provision should be in line with the period implicit within the grant determination (4% reducing balance).

3. MRP Overpayments

As defined in the Code the Authority has always set aside additional funding, on top of the regulated MRP, to repay the borrowing of money to fund capital. This additional funding that is set aside is called a Voluntary Revenue Provision (VRP). A change introduced by the revised DLUHC MRP Guidance, allows for any charges made over the statutory minimum revenue provision (MRP), to be reclaimed, if required, for use in the budget. These revised guidelines came into effect from the 1st of April 2019. Up until the 31 March 2023 the total VRP overpayments were £6.7m. These overpayments have allowed for prudent voluntary repayments to reduce the indebtedness of the Authority within a shorter timescale providing greater financial stability in the long term.

4. Proposed policy for 2024/25

4.1 The Authority has always been prudent when making provision for the repayment of debt. In addition to the minimum revenue provision of 4% of debt outstanding previously required, the Authority had regularly made additional voluntary contributions. These voluntary contributions have been calculated to reflect asset life. Thus, for example, debt used to finance vehicles and many types of operational equipment has been fully provided for over a 10 to 15-year period and all new buildings over 40. These additional voluntary contributions covered all debt, not just unsupported, and have been calculated using an annuity method with reference to asset lives.

4.2 It is proposed that if any MRP/Interest budget becomes available due to for example, capital schemes being re phased, a reduction in the capital programme or the receipt of additional capital receipts, the Authority may choose to make additional MRP payments providing the financial position remains in line with the approved financial plan. In addition, any revenue budget savings identified during the year may also be used to make one off MRP payments or be transferred to the earmarked capital finance reserve.

4.3 It is recommended that this policy is adopted for 2024/25. The features of the policy can be summarised as follows:

- Provision to be made over the estimated life of the asset for which borrowing is undertaken (maximum asset life of 40 years / 50 years on Land)
- To be applied to supported and unsupported borrowing
- Provision will increase over the asset life using sinking fund tables.
- Provision will commence in the financial year following the one in which the expenditure is incurred.

4.4 The proposed medium term financial plan includes budget provision to meet the MRP and interest payments based on historic and planned future capital spend. The Authority in the past has determined it can afford and sustain prudential borrowing in order to allow the required level of investment in the infrastructure and assets of the Authority to deliver a modern well-equipped fire and rescue service.

TREASURY MANAGEMENT INDICATORS

Gross Debt and the Capital Financing Requirement (CFR)

The Code requires that where gross debt is greater than the CFR, the reasons for this should be clearly stated in the annual strategy. This does not apply to this Authority as its gross debt will not exceed the CFR.

Interest Rate Exposures

While fixed rate borrowing can contribute significantly to reducing the uncertainty surrounding future interest rate scenarios, the pursuit of optimum performance justifies retaining a degree of flexibility through the use of variable interest rates on at least part of the treasury management portfolio. The Code requires the setting of upper limits for both variable rate and fixed interest rate exposure.

It is recommended that the Authority sets an upper limit on its fixed interest rate exposures for 2024/25, 2025/26 and 2026/27 of 100% of net interest payments. It is further recommended that the Authority sets an upper limit on its variable interest rate exposures for 2024/25, 2025/26 and 2026/27 of 40% of its net interest payments.

	Limit Set 2023/24	Forecasted Actual 2023/24
Interest at fixed rates as a percentage of net interest payments	60% - 100%	100.0%
Interest at variable rates as a percentage of net interest payments	0% - 40%	0.0%

This means that fixed interest rate exposures will be managed within the range 60% to 100%, and variable interest rate exposures within the range 0% to 40%.

Maturity Structure of Borrowing

This indicator is designed to prevent the Authority having large concentrations of fixed rate debt* needing to be replaced at times of uncertainty over interest rates. It is recommended that the Authority sets upper and lower limits for the maturity structure of its borrowings as follows:

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.	Limit Set 2023/24	Forecast Actual 2023/24	Limit Set 2024/25
Under 12 months	0% - 20%	2.4%	0% - 20%
12 months to 2 years	0% - 20%	1.8%	0% - 20%
2 years to 5 years	0% - 60%	10.7%	0% - 60%
5 years to 10 years	0% - 80%	5.4%	0% - 80%
More than 10 years	20% - 100%	79.7%	20% - 100%

*LOBOs are classed as fixed rate debt unless it is considered probable that the loan option will be exercised.

Total principal sums invested for periods longer than 364 days.

The Authority is not intending to invest sums for periods longer than364 days.

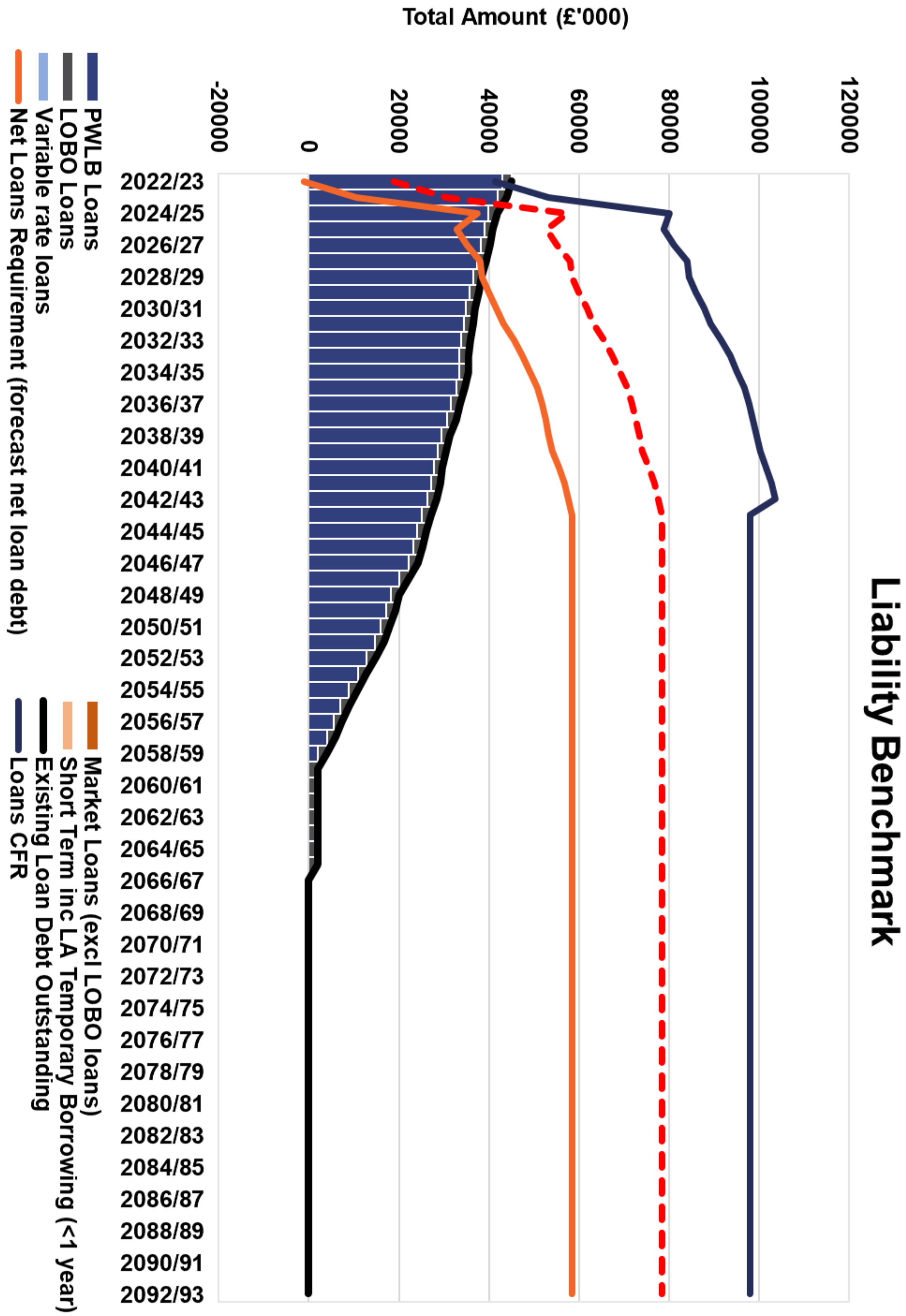
Liability Benchmark

The liability benchmark is a projection of the amount of loan debt outstanding that the authority needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows. It is a long-term forecast of the authority's gross loan debt (or 'gross loans requirement') based on its current capital programme and other forecast cash flow movements.

This is shown by the gap between the authority's existing loans that are still outstanding at a given future date and the authority's future need for borrowing (as shown by the liability benchmark).

It therefore shows how closely the existing loans book fits the future needs of the authority based only on its current plans. Any shortfall will need to be met by future borrowing; any excess will have to be invested (unless existing borrowing is prematurely repaid). Refinancing risk, interest rate risk and credit risk can be minimised or reduced by ensuring that the existing loans portfolio shows a profile close to the liability benchmark.

In particular, the liability benchmark identifies the maturities needed for new borrowing in order to match future liabilities. It therefore avoids borrowing for too long or too short.


Liability Benchmark
Total Amount (£'000)
-20000
0
20000
40000
60000
80000
100000
120000
2022/23
2024/25
2026/27
2028/29
2030/31
2032/33
2034/35
2036/37
2038/39
2040/41
2042/43
2044/45
2046/47
2048/49
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2074/75
2076/77
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2080/81
2082/83
2084/85
2086/87
2088/89
2090/91
2092/93
PWLB Loans
LOBO Loans
Variable rate loans
Net Loans Requirement (forecast net loan debt)
Market Loans (excl LOBO loans)
Short Term inc LA Temporary Borrowing (<1 year)
Existing Loan Debt Outstanding
Loans CFR

Appendix F

	5 Year TOTAL	2024/25	Slippage to 2024/25	2024/25	2025/26	2026/27	2027/28	2028/29
Property New Builds	**£25,461,669**	£1,100,000	£12,004,169	£13,104,169	£2,753,750	£3,753,750	£3,096,250	£2,753,750
Transport	**£16,604,129**	£3,780,000	£7,689,129	£11,469,129	£1,140,000	£1,465,000	£1,765,000	£765,000
Property	**£10,994,000**	£2,654,000	£350,000	£3,004,000	£2,320,000	£1,670,000	£2,000,000	£2,000,000
ICT	**£4,313,538**	£716,000	£632,538	£1,348,538	£1,045,000	£520,000	£1,160,000	£240,000
Operations	**£8,544,814**	£1,469,000	£4,774,814	£6,243,814	£590,000	£492,000	£648,000	£571,000
Fire Safety	**£2,000,000**	£400,000	£0	£400,000	£400,000	£400,000	£400,000	£400,000
Employment Services	**£17,745**	£17,745	£0	£17,745	£0	£0	£0	£0
TOTAL	**£67,935,895**	**£10,136,745**	**£25,450,650**	**£35,587,395**	**£8,248,750**	**£8,300,750**	**£9,069,250**	**£6,729,750**
Financed by								
Borrowing (Internal/External)	**£52,895,336**			£29,846,836	£3,298,750	£6,850,750	£7,619,250	£5,279,750
Reserves	**£6,790,559**			£4,790,559	£500,000	£500,000	£500,000	£500,000
Capital Receipts	**£3,500,000**			£0	£3,500,000		£0	£0
Revenue Contributions	**£4,750,000**			£950,000	£950,000	£950,000	£950,000	£950,000
TOTAL	**£67,935,895**	**£0**	**£0**	**£35,587,395**	**£8,248,750**	**£8,300,750**	**£9,069,250**	**£6,729,750**

OFFICIAL

Capital investment Plan/Revenue Budget and Medium Term Financial Plan

Full Authority

Date: 29 February 2024

Agenda Item: **11**

Submitted By: Chief Finance and Procurement Officer

Purpose To present a capital investment plan, a revenue budget and medium-term financial plan.
To set the council tax precept for 2024/25

Recommendations That the resolution set out in section 10 of the report be approved

Summary This report presents details of the revenue budget for 2024/25 along with the four-year Medium-Term Financial Plan and Capital Programme. Included within the report are details of the Local Government Finance Settlement 2024/25, a standstill budget, a forecast funding position, and the reserves strategy.

Local Government (Access to information) Act 1972

Exemption Category:	None
Contact Officer:	Alison Wood, Chief Finance and Procurement Officer E: alison.wood@westyorksfire.gov.uk T: 07500 075362 T: 01274 682311 Ext: 660204
Background papers open to inspection:	Local Government Finance Settlement Budget Working Papers CIPFA's Code of Practice on Treasury Management in the Public Sector CIPFA's Prudential Code for Capital Finance
Annexes:	Appendix A Capital Plan 2024/25 to 2028/29 Appendix B Standstill Budget 2024/25 Appendix C Revenue Budget 2024/25 Appendix D Directorate Budgets 2024/25

1 Introduction

1.1 This is a consolidated report which presents the Management Board's proposals for: -

(i) A Capital Investment Plan for the five years to 2028/2029.

(ii) The Prudential Indicators to support the financing of the Capital Plan.

(iii) A Revenue Budget and Medium-Term Financial Plan for the same period.

Proposed Capital Investment

2.1 The Local Government Act 2003 sets out a framework for the financing of capital investments in local authorities which came into operation from April 2004, CIPFA developed the Prudential Code to support authorities' decision making in the areas of capital investment and financing. In December 2017, CIPFA updated the prudential code, whilst the majority of the code remains unchanged, there is now a requirement to produce a capital strategy in order to demonstrate that it takes capital expenditure decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability, and affordability. This is detailed in the Treasury Management Strategy which is subject to a separate report on this agenda.

Capital is considered first in the report so members can clearly consider the revenue impacts of capital investment and borrowing decisions as part of the revenue budget and council tax considerations.

2.2 Capital Plan

2.2.1 The Management Board are proposing a five-year capital investment plan of £67.936m which includes expenditure of £35.587m in 2024/2025. This is analysed by department in the table overleaf.

2.2.2 The largest capital schemes in 2024/25 are the completion of the re-development of FSHQ, the rebuild of Keighley Fire Station, the replacement of the appliance fleet with clean cab technology and the implementation of the new command and control system.

The 2024/25 capital plan also includes:

- Mobile phone replacement
- Commencement of the rebuild of Huddersfield Fire Station
- Refurbishment of Hunslet Fire Station
- Refurbishment of Illingworth Fire Station
- Bradford Fire Station dormitories and showers
- Upgrade to fire station boilers
- PC replacement programme
- Replacement of defibrillators
- Replacement rescue jackets

2.2.3 Capital Schemes Slipped from 2023/24

For transparency, the table includes the cost of capital schemes that have slipped from this financial year. These are the development of FSHQ and the rebuild of Keighley Fire Station, the fleet replacement programme, and the replacement of the command-and-control system. The slippage is primarily due to delays in the tender contract process and supply chain problems.

	5 Year TOTAL	**2024/25**	**Slippage to 2024/25**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**
Property New Builds	**£25,461,669**	£1,100,000	£12,004,169	£13,104,169	£2,753,750	£3,753,750	£3,096,250	£2,753,750
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Fire Safety	**£2,000,000**	£400,000	£0	£400,000	£400,000	£400,000	£400,000	£400,000
Employment Services	**£17,745**	£17,745	£0	£17,745	£0	£0	£0	£0
TOTAL	**£67,935,895**	**£10,136,745**	**£25,450,650**	**£35,587,395**	**£8,248,750**	**£8,300,750**	**£9,069,250**	**£6,729,750**
Financed by								
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Reserves	**£6,790,559**			£4,790,559	£500,000	£500,000	£500,000	£500,000
Capital Receipts	**£3,700,000**			£200,000	£3,500,000		£0	£0
Revenue Contributions	**£4,750,000**			£950,000	£950,000	£950,000	£950,000	£950,000
TOTAL	**£67,935,895**	**£0**	**£0**	**£35,587,395**	**£8,248,750**	**£8,300,750**	**£9,069,250**	**£6,729,750**

2.2.4 Details of the individual schemes included in the draft capital plan is included in Appendix A to this report.

2.3 Capital Financing

All capital expenditure must be financed, there are four main sources of capital finance available; capital grants, capital receipts, internal and external borrowing, and the use of reserves, all of which are explained below.

2.3.1 Capital Grants

The Authority does not anticipate the receipt of any capital grants in 2024/25.

2.3.2 Capital Receipts

Capital receipts are used to either purchase new capital assets or repay outstanding loans. The Authority will sell the appliances that will be replaced in the fleet replacement programme; however, the size of the capital receipt is difficult to quantify at this time.

In 2025/26 it is expected that the Authority will have capital receipts from the sale of the Service Delivery Centre, Cleckheaton Fire Station and Oakroyd Hall following completion of the FSHQ site re-development.

2.3.3 Borrowing

The balance of the expenditure will be funded by borrowing and the use of internal reserves, the table shows a total borrowing requirement of £52.695m over the period. The government provides no additional grant to assist the Authority with financing the capital plan.

Over recent years the Authority has been borrowing internally to fund capital expenditure using its revenue balances and reserves, no new external long-term borrowing has been taken out since December 2011.

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and Minimum Revenue Provision (MRP, or debt repayments) are charged to revenue, offset by interest receivable. The net annual charges are known as capital financing costs.

Due to the size of the capital plan over the next four years it is likely that the Authority will be required to take out external borrowing in Summer 2024, the costs of current and future debt servicing costs have been built into the Medium-Term Financial Plan. The Authority does not distinguish between capital and revenue cash flows.

2.3.4 Reserves

The Authority has an earmarked reserve which is specifically for the funding of capital projects. Due to the nature of capital financing charges in the form of Minimum Revenue Provision (MRP) it is proposed that the purchase of long-life assets is funded from the capital financing earmarked reserve. This means that the only cost to revenue will be the interest charge on external loans and taxpayers of West Yorkshire will not be subject to MRP charges over the next forty years (i.e.) the life of the asset. For example, an asset costing £1m with an estimated life of 40 years the average annual charge of MRP and interest in revenue would be £67k per annum, this saving means that the Authority can spend this money on other areas. To put this into financial context, if the Authority had to borrow in full the cost of the FSHQ development of £31m, the annual cost to revenue would be £2.077m, over the life of the asset which is 40 years this would amount to £83m.

In addition, revenue underspends are either used to make additional voluntary minimum revenue provision charges or transferred to earmarked reserves to support future expenditure plans.

The capital finance reserve, which currently has a balance of £25.08m, will be used in full on the re-development of FSHQ. If the Authority underspends the revenue budget in 2023/24, this will be transferred to the capital finance reserve.

3. Prudential Indicators

3.1 The CIPFA Prudential Code requires that local authorities produce a number of prudential indicators before the beginning of each financial year and have them approved by the same executive body that approves the budget. The purpose of the indicators is to provide a framework for capital expenditure decision making, highlighting the level of capital expenditure, the impact on borrowing levels, and the overall controls in place to ensure the activity remains affordable, prudent, and sustainable. Fundamentally, the objective of the

Code is that the total of an Authority's capital investment remains within sustainable limits, following consideration of the impact on the "bottom line" Council Tax.
Some of the indicators are specific to the Authority's treasury management activity and are set out in the Treasury Management Report. The rest of the indicators are linked to affordability are set out below.

3.2 **Capital Expenditure, Capital Financing Requirement and External Debt**

3.2.1 The Authority's capital expenditure projections, detailed in section 2.2, impacts directly on the Capital Financing Requirement (CFR) and the Authority's debt position. The CFR is a calculation of the Authority's underlying need to borrow for a capital purpose. When external borrowing is below the CFR, this reveals that the Authority is using some internal balances, such as reserves/creditors, to temporarily finance capital expenditure as is currently the case.

	Estimate 2024/25 £000's	Estimate 2025/26 £000's	Estimate 2026/27 £000's	Estimate 2027/28 £000's
CFR	79,332	78,162	80,428	83,324

The table shows an estimated borrowing requirement of £83.324m by 2027/28 which reflects the size of the capital plan and the need to take out external borrowing in 2024/25

3.3 **Limits to Borrowing Activity**

3.3.1 The first key control over the Authority's borrowing activity is a Prudential Indicator to ensure that, over the medium term, net borrowing will only be for a capital purpose. Net external borrowing should not, except in the short-term, exceed the total Capital Financing Requirement in the preceding year, plus the estimates of any additional capital financing requirement for 2023/24 and the next two financial years. This allows some flexibility for limited early borrowing for future years.

The Authority comfortably complied with the requirement to keep net borrowing below the relevant Capital Financing Requirement in 2022/23, and no difficulties are envisaged for the current or future years.

3.3.2 A further two Prudential Indicators control the overall level of borrowing. These are the Authorised Limit and the Operational Boundary. The Authorised Limit represents the limit beyond which borrowing is prohibited. It reflects the level of borrowing which, while not desired, could be afforded in the short-term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003.

The Operational Boundary is based on the Authority's plans for capital expenditure and financing and is consistent with its Treasury Management Policy. It allows for sufficient headroom to switch financing for capital projects from reserves, capital receipts and revenue contributions to external borrowing. The Operational Boundary is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around this boundary for short times during this year.

The Authority is asked to approve the following limits for its total external debt, gross of any investments. These limits separately identify borrowing from other long-term liabilities such as finance leases.

	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's
Authorised Limit for External Debt	76	79	86	94
Operational Boundary for External Debt	71	74	81	89

3.4 **Affordability Prudential Indicators**

3.4.1 The previous sections cover the overall capital and control of borrowing prudential indicators but within this framework prudential indicators are required to assess the affordability of the capital investment plans. The following indicator provides an indication of the capital investment plans on the overall finances of the Authority:

3.4.2 <u>Ratio of financing costs to net revenue stream.</u>

This indicator identifies the trend in the cost of capital against the net revenue stream (amounts met from Revenue Support Grant, local taxpayers, and balances):

	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26	Estimate 2026/27	Estimate 2027/28
Ratio of Financing costs to net revenue stream	5.81%	6.02%	5.87%	5.98%	6.08%

It is accepted practice that this should not exceed 10%, this is due to the inability to influence capital financing charges once the capital investment has been committed. Other expenditure in the revenue budget can be reduced in the short to medium term if required, there is little flexibility to do the same with capital financing charges.

4 Revenue Budget and Medium-Term Financial Plan

4.1 Whilst the Authority will only be required to approve the budget and precept for 2024/25 it is important that the Authority consider the medium-term impact of the decision.

This section is split into five key areas: -

1 Review of the economy, cost pressures and the current year's budget position
2 The cost of a standstill budget for 2024/25
3 The Local Government Finance Settlement
4 Medium-Term Financial Plan
5 Reserves

4.2 <u>National Overview</u>

4.2.1 The country is continuing to face difficult economic times with high inflation, the highest interest rates in fifteen years and the general cost of living crisis. The financial impacts of inflation across English Fire and Rescue Authorities are estimated to be circa £145m, mainly as a result of agreed pay awards and significant increases in utility costs, diesel, and green book salary costs as a result of an increase in the national living wage.

In Spring 2020, the Authority, along with all the other fire and rescue services funded the formation of a central spending review team which was a collaborative team comprising the Local Government Association (LGA), National Fire Chiefs Council (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 the potential new burdens resulting from the Hackett and Grenfell inquiries and the HMICFRS State of Fire report to support bids for increases to fire funding to the Treasury.

This business case report, named the Fire Spending Proposal, was updated in September 2023 to reflect the current inflationary pressures affecting Fire and Rescue Authorities and was submitted to the Treasury to support an increase to funding for the fire sector. This was backed up with evidence from an inflation survey which was conducted in August 2023 which identified that inflationary pressures have not abated. The result of the survey showed inflationary pressures of £141m across the fire sector in 2023/24 giving a combined two-year inflationary pressure of £286m.

4.2.2 In terms of the overall economic position, the Consumer Price Inflation (CPI) has decreased steadily from 8.7% in April to 3.9% in November with a slight increase in December to 4%. Even though there has been a small rise, the Bank of England expects a continuation of the downward trend in the annual inflation rate, with an average rate of 2.1% in 2024 which is down from their November forecast of 3.1%. Inflation forecasts are subject to change and are dependent on the world economy.

4.2.3 The Bank of England's monetary policy committee at its meeting on the 1st of February voted to maintain interest rates at 5.25% for the fourth month in a row. Our treasury management consultants, Link Group, forecast that the bank rate has reached its peak, and the Bank of England will begin to reduce rates in Q2 2024.

The increase in interest rates is having a favourable effect on the Authority's investment income, it is forecast that in 2023/24, £1.700m will be earned in investment income. This is significantly higher than that received when interest rates were low which was £0.100m in 2021/22. This increase in investment income is used to support the capital plan.

It must be recognised that the Authority is using its cash reserves to pay for the development of FSHQ and as such the amount earned in investment interest will be lower in 2024/25.

4.3 Financial Overview of West Yorkshire Fire and Rescue

Unlike other public services, which are demand led, the Authority needs to have enough resources available to provide an emergency response in times of exceptional demand. This includes the ability to deal with large scale emergencies, a range of smaller incidents that may happen together and/or incidents that are of an extended duration such as the moorland fires at Marsden Moor in Spring 2023 which saw fire appliances and specialist resources deployed over 1,300 hours during the period. The occurrence of wildfires and flooding and the associated financial pressures it brings has increased over the past few years, however, government funding has not increased to reflect this financial burden.

4.3.1 The Authority considered its revenue budget and precept strategy on the 23rd of February 2023 and approved a precept increase of £5 resulting in a Band D property precept of £77.18. Dispensation to increase the precept on a Band D property by £5 was given to all fire authorities. West Yorkshire Fire and Rescue still remains the fourth lowest precepting Fire Authority in England and Wales.

There are a number of financial pressures that continue to impact the Authority's budget:

4.3.2 Pay Awards

Because employee costs constitute 75% of our expenditure, the impact of pay awards has a significant impact on the revenue budget. The grey book pay award in 2022/23 and 2023/24 was higher than that provided for in the base budget with the additional cost being £1.245m which had to be met from existing budgets.

For every 1% increase in the pay award over and above budget provision costs an additional £0.611m for all staff groups.

In 2023/24 Support Staff accepted a pay offer of £1,925 per pay point or 3.86% (whichever is the highest) rather than a % uplift across all grades. The authority included a provision of a 5% pay award in 2023/24 which covered the cost of the pay award.

Unison have submitted a pay claim to the National Joint Council for 2024/25 which is an increase of £3,000 per pay point or 10% (whichever is the highest). The revenue budget includes a provision for a 5% pay award across all grades, if the pay claim is accepted, this would be an additional cost of £0.565m.

Increases to the National Living Wage will also impact on the support staff budget. Although the Authority's lowest grade pays higher than the National Living Wage (NLW), the margin is becoming reduced, and it is expected that in April 2025 an uplift to those on the lowest grades will be required. The NLW is to increase to £11.44 from the 1st of April 2024 and the lowest grade employee receives an hourly rate of £11.98.

4.3.3 Industrial Action

Finance and Resources Committee in October 2022 approved the creation of a new earmarked reserve for industrial action by the transfer of £1.00m from the pension equalisation reserve. There is currently a balance of £0.610m in the reserve. In addition the Authority has continued to train and employ contingency crews albeit on a much-reduced level. The threat of industrial action has not gone away, the implementation of the Minimum Services Level Bill could impact on industrial relations in 2024/25 and the Authority needs to ensure that it has the funding to manage this. If such costs from industrial action could not be met from existing budgets the Authority would need to call upon its reserves. If the reserve were fully spent, funding from existing revenue budgets would be required. More detail on reserves is provided in section 7 of this report.

4.3.4 Pensions

The impact of pensions is two-fold, firstly there is the administrative burden of software and admin costs that has fallen on the Authority to implement the McCloud/Sargeant remedy and secondly, the results of the actuarial review of the firefighter pension schemes which has increased the employer firefighter contribution rates.

Firstly, the outcome of the 2020 GAD actuarial review has seen an increase in the firefighter's employer contribution rate of 8.8% which is payable from the 1st of April 2024. This has increased employer contributions by £3.590m which has been built into 2024/25 base employee budgets.

The Home Office announced last year that the increase in employers pension contributions from the 1st of April would be fully funded. However, the grant is not based on actual costs but has been calculated on a four-year average using the top up grant data for each fire authority. As with any formula this is subject to "winners and losers." Following confirmation received from the Home Office on the 6th of February the Authority grant payment will be £2.916m which is a £0.674m shortfall.

This grant will be paid as an annual grant from the Home Office and will not be rolled into core funding, so receiving the grant going forward is subject to uncertainty.

In addition there are the financial burdens from the O'Brien/Matthews case which effects our on-call firefighters. The Matthews case will introduce a second options exercise for on-call firefighters to join the Firefighters Pension Scheme 2006 from the start date of their employment. This will pose an administrative burden on the Authority and changes to employers' contribution rates will be included in the 2024 GAD actuarial valuation.

4.3.5 New Burdens

The Authority has received one off grants in 2023/24, to fund the financial pressures of the implementation of the Building Safety Bill, totalling £0.378m. Although this funding is welcomed, it is not built into the Authority's base budget and any spending commitments that extend beyond the grants will have to be funded from existing budgets. This means that long term spending plans cannot be based on one-year grants without no certainty of receiving the grants going forward. Unfortunately, we have received notification from the Home Office that the amount of fire protection grant has reduced to £0.310m in 2024/25.

The introduction of more thorough DBS checks for employees and the need to comply with the new Driver Training Fire Standard has resulted in an additional financial burden for the Authority, amounting to £0.250m per annum. The Authority has received no additional funding to meet these new burdens. This has been brought to the attention of the Home Office and lobbying will continue for financial support.

Moreover, the Authority received notification from the Home Office in June 2022 that the Fire Link Grant is to be reduced by 20% each year over the next five years. The loss of this grant in 2024/25 is £0.101m.

The introduction of the Building Safety Regulator could pose further funding challenges for the sector. The Hackitt Review stated that the new regulatory regime should be cost neutral. However, because of continuing uncertainty over how the regime will work in practice, combined with concerns that the secondary legislation underpinning the Building Safety Act (which has established that commercial parts of mixed-use buildings are no longer within scope), the NFCC is not convinced that all new burdens will be rechargeable. This would be at a cost to the Authority.

4.3.6 Inflationary Pressures

Although inflation is reducing, the impact of inflation is continuing to have an impact on the Authority. The budgets for electricity and vehicle fuel were increased by £1.041m in 2023/24 and there has been no reduction in the cost of goods and services during the year.

There have been large increases in the cost of capital schemes over the past two years, with both the re-development of the FSHQ site and the rebuild of Keighley Fire Station realising a 40% increase in cost against estimates. Moreover the fleet replacement programme is subject to contract prices increases which is linked to the June CPI rate. This resulted in an increase in the cost of each appliance by £0.032m in 2023/24.

The capital plan includes provision to rebuild Huddersfield and Halifax fire stations over the next three years which may experience prices increases. In addition, unless the capital finance reserve is "topped up," the Authority will have to borrow to pay for the rebuilds. This results in increases to the capital financing charges to the revenue budget.

4.3.7 Data and Digital Strategy

The implementation of the data and digital strategy and the introduction of new technology is creating an increasing cost pressure on the revenue budget. This is because the purchase of software licences and ICT development is chargeable to revenue and cannot be capitalised. Previously, the Authority would purchase the system and host it on authority owned servers which is a capital cost but now most systems are accessed via the cloud and as such the Authority does not own the system.

If the Authority is to continue in its ICT transformation there will need to be ongoing increases in the revenue budget in the Medium-Term Financial Plan to facilitate this.

4.3.8 Commitment to Net Zero

The Environmental Sustainability Strategy 2023-25 sets out how the Authority will reduce its impact on the environment. The new FSHQ has been designed to have the latest energy efficient technologies including LED lighting, smart thermostats, solar panels, and water- saving fixtures to name a few. Although these will reduce the cost of electricity, these advanced systems will require detailed management and maintenance which was not required in the previous HQ. This will require an increase to the revenue budget from 2025/26, which has been identified as a cost pressure.

It is planned that the Authority will move to the use of biodiesel in the fleet which is more environmentally friendly but costs 20p more per litre. If approved, this will require an increase to the vehicle fuel budget.

4.4 Background on West Yorkshire Central Government Funding

From 2010/11 to the end of the spending review period in 2019/20, the Authority had a total reduction of £26.1m in central government funding. This meant the Authority had to implement a station rationalisation programme and a fundamental review of support services to meet this funding gap. Unlike some Fire Authorities, West Yorkshire reacted immediately to the governments' austerity programme and suspended the recruitment of wholetime fire fighters in September 2009, recognising the impact on grant cuts would have on the ability to provide a service to the community.

To put the grant reductions into context, the table below shows the reduction in firefighter numbers and assets employed by the Authority from 2010 to date:

	2010	2022	Reduction
Firefighters (Wholetime)	1,490	937	-553
Control Staff	56	48	-8
Support Staff	383	312	-71
Fire Stations	48	40	-8
Fire Appliances	62	46	-16

The one-year settlements over the past five years have included no real terms growth in funding as central government grants were only inflated by CPI. In addition there has been reductions in grants that are outside core funding, for example, the Services Grant, Fire Link Grant, and Fire Protection Grant.

4.5 A Standstill Budget for 2024/25 – Maintaining the current level of service.

4.5.1 A standstill budget has been prepared for 2024/25, for the purpose of providing a baseline from which to measure changes in the proposed budget. This is calculated by updating the 2023/24 budget for increases in pay and prices, new capital financing charges and other budget calculation adjustments. A standstill budget for 2024/25 would amount to £108.469m.

The changes from the 2023/24 budget are detailed in the table below.

	£m
2023/24 approved revenue budget	**104.300**
Pay and price increase 2024/25	
Employee Inflation	3.071
Non Employee Inflation	0.643
Pension Increase	3.590
Budget Adjustments	-1.299
Contingency Adjustments	-0.750
One off Revenue Bids in 2023/24	-0.444
Revenue Grants	-0.642
2024/25 Standstill Budget	**108.469**

The above table shows standstill budgets and do not include areas for growth and savings and cost pressures which are identified separately in the Medium-Term Financial Plan.

The main changes to the 2023/24 budget are explained below:

a) **Pay and Price Increases** These represent the full year effect of the actual pay award for all staff that was paid in 2023/24. It also includes price increases that have been built into the base budget for 2024/25.

b) **Pension Increase** This is the increase in firefighter employer pension contributions payable from the 1st of April 2024 following the 2020 GAD Valuation.

c) **Budget Adjustments** The revenue budget is calculated on a zero-based budget basis, so the budget adjustments represent the changes between the budget calculations in 2023/24 and 2024/25.
For example, the changes could be one off costs, reductions in costs due to contract renewals, demand changes etc.

d) **One off Revenue Bids** In the budget setting process managers are asked to submit revenue bids for expenditure that is not included within the base budget. Some of these bids may be for one off purchases and as such do not need budget provision in the following year. For example, the purchase of equipment, employment of temporary staff and attendance on training courses.

e) **Revenue Grants** In 2024/25, the Fire Protection Grant and the Building Safety Regulator have been included in the income section in the revenue budget. In previous years, these grants have been included in the funding section of the budget report.

A subjective analysis of the Standstill budget for 2024/25 is shown in Appendix B.

4.6 Revenue Balances

4.6.1 The Authority maintains both earmarked reserves and a general fund reserve, earmarked reserves are amounts set aside for a specific purpose and the general fund reserve is used to manage fluctuations in revenue budgets. The Authority's reserves strategy was approved at F&R in October 2023 and is published on the Authority's website.

The strategy for the use of reserves to support the Medium-Term Financial Plan is detailed in section 7 of this report.

4.6.2 Minimum Revenue Balance

The Authority needs to maintain a level of general fund reserves as a safety net to meet any unforeseen and/or unplanned expenditure. This would include changes in interest rates, greater than budgeted pay awards, legal challenges and increases in activity.

As of the 1st of April 2023 the Authority had £5.00m of general fund reserves and £35.99m in earmarked reserves.

The minimum level of balances required is calculated using the Authority's corporate risk register. This document identifies all the major risks to business continuity the Authority may face, evaluates the potential cost, and looks at measures to control or limit the risk. The risk register is maintained by the Risk Management Strategy Group, which is chaired by the Deputy Chief Fire Officer and reports quarterly to the Audit Committee.

Following a review of the risk register during the budget setting process, the general fund reserve has been increased to £5.700m, this represents 5% of the revenue budget and is in line with the National Framework guidance on balances. This increase was approved at Finance & Resources Committee on the 2nd of February and was funded by a transfer of £0.700m from the pension equalisation earmarked reserve.

5 Local Government Finance Settlement

5.1 The finances of government departments are determined by a process called the Comprehensive Spending Review (CSR); the Authority's last multi-year settlement ended in 2019/20. Since then the Authority has received one-year roll over budgets up to the current financial year.

Following the conclusion of the CSR, funding allocations are distributed by the Local Government Finance Settlement, this is called the Settlement Funding Assessment (SFA). West Yorkshire Fire and Rescue receives its annual SFA via the Department for Levelling Up Housing and Communities (DLUHC), the SFA is comprised of Revenue Support Grant (RSG) and Baseline Funding levels which is the Business Rates Top Up grant which is the governments projection of the Authority's 1% share of the business rates income raised in West Yorkshire. The Authority also receives specific grants from the Home Office to fund pensions, national resilience, and fire protection.

5.2 Settlement

The Local Government Settlement was published on the 5th of February 2024.

The grant allocations for 2024/25 are shown in the table below.

	2023/24 Actual £m	2024/25 Draft £m
Settlement Funding Assessment:		
Revenue Support Grant	15.472	20.783
	15.472	**20.783**
Base line funding (business rates)		
Top Up Grant (Central Pool)	17.737	18.499
Top Up (Local)	7.925	8.273
Local Government Finance Settlement	**41.134**	**47.555**

The revenue support grant has increased in line with September CPI, which is 6.7% and overall baseline funding has increased by 4.3% which is the inflationary uplift remaining in the small business rates multiplier in 2023/24 after the multiplier was frozen.

The local government finance settlement for 2024/25 has increased by £6.421m. This may seem like a large increase but the pension grant for which the Authority receives £4.286m per annum has been rolled into the revenue support grant. If you exclude this, the total additional funding in 2024/25 is £2.135m. Unfortunately the £4.286m pension grant has been rolled into revenue support grant as a cash flat grant for 2024/25 but will be subject to CPI uplift from 2025/26 onwards.

5.2.1 Core Spending Power

The core spending power is a measure of the estimated resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities through the Local Government Finance Settlement.

The 2024/25 core spending power for West Yorkshire has increased from £102.9m in 2023/24 to £108.4m in 2024/25, an increase of 5.4%. This increase comprises inflationary increases to revenue support grant, allocation of the Services and Funding Guarantee Grants, an assumed tax base growth of 1.0%, a precept increase of 2.99% and increases for the under indexing of the business rates multiplier.

5.2.2 Service Grant 2024/25

The Services Grant is un-ringfenced and was introduced to recognise the inflationary pressures on the sector resulting from pay and prices inflation in 2021/22 and the increase in National Insurance contributions from April 2022. The grant is distributed using the 2013/14 shares of the Settlement Funding Assessment.

The grant has reduced significantly from when it was first paid; in 2022/23 the Authority received £1.700m, in 2023/24 the amount received was £1.000m and for 2024/25 the amount of grant will be £0.173m. This is a 90% reduction over the two years. As in 2023/24, the Service Grant has been "top sliced" to fund increases in Revenue Support Grant, the Social Care Grant, and additional Funding Guarantee grants.

The Service Grant is not built into core funding, and it is subject to variation, for this reason a prudent approach must be taken when forecasting allocations in future years.

5.2.3 Funding Guarantee

For the first time in 2023/24 the government introduced a funding guarantee to ensure that all local authorities will see at least a 3% increase in core spending power before any decisions about organisational efficiencies, use of reserves or council tax levels are made.

The Authority did not receive an allocation of funding guarantee in 2023/24. In 2024/25, thirty four out of the forty-four English fire and rescue services will receive an allocation from the Funding Guarantee of which West Yorkshire is one of them.

Following analysis of the results on the consultation on the draft settlement, the Secretary of State for the Department of Levelling Up and Local Communities (DLUHC), allocated a further £600m of new funding for local authorities. The impact of this new funding on West Yorkshire was an increase in the funding guarantee grant which now guarantees at least a 4% increase in core spending power. The Authority will receive £1.370m of funding guarantee in 2024/25, an increase in grant from the draft to the final settlement of £0.971m.

As with the Services Grant this is not built into base line funding and is thus subject to variation. A prudent approach will be taken when building this into the Medium-Term Financial Plan in future years.

5.2.4. Business Rates

All business rates used to be paid directly from central government. In order to devolve responsibility locally, from 2013/14 local councils maintain 50% of business income, with the other 50% being redistributed by government via a business rates pool. The fire authorities receive 1% of the business rates collected by the district councils.

5.2.5 The settlement indicates the Authority will receive £26.773m in business rate income with £18.499m paid directly from central government in the form of top up grant and the balance of £8.273m being paid by the five district councils which equates to 1% of the income they collect. Following receipt of the National Non-Domestic Rate returns (NNDR1) the amount to be received from the local share of business rates has been confirmed at £8.035m, some £0.238m less than that estimated in the Draft Settlement Funding Assessment.

5.2.6 The Authority in addition receives Section 31 grant through the district councils to compensate for any policy changes introduced around local business rates. The district councils confirm the size of grant when they submit their National Non-Domestic Rate returns (NNDR1) to the DLUHC by the 31st of January. The amount of section 31 grant for 2024/25 to be paid to the Authority from the district councils is confirmed at £3.310m.

5.2.7 Under Index Grant

The Non-Domestic (NDR) Act received Royal Assent on the 26th of October 2023. The Act created a number of changes to the way business rate multipliers are calculated and applied. The Act has decoupled the small business rating and the standard rating multipliers which will change the calculation to the compensation for the freezing of business rates. At successive Autumn Statements since 2013 the Chancellor has announced changes to business rates. In any year, the financial impact of these measures is met by central government to ensure that authorities will be in the same financial position in which they would have been if these measures have not been made.

The government announced in the Autumn Statement that the small business rate multiplier for 2024/25 will be frozen at 49.9p and the standard business rates multiplier will be frozen at 54.6p. Local authorities are compensated from this freeze by a Section 31 grant called the Under Index Grant.

In 2024/25, the Authority will receive £4.597m of under index grant direct from central government.

5.2.8 Collection Fund

The district councils collect West Yorkshire Fire's share of council tax on our behalf and manages this through a collection fund, if the collection rate is higher than expected this generates a collection fund surplus. Conversely, if the collection rate is set higher than actual receipts this will cause a collection fund deficit. The Authority has in previous years (excluding 2020/21) benefited from a collection fund surplus, which is used to support the revenue budget.

Returns from the district councils have declared a council tax deficit of £0.094m and a business rates deficit of £0.065m.

For prudency, an estimated surplus is not factored into the Medium-Term Financial Plan due to the potential volatility caused by the fact that the collection rate and policy is beyond our control.

5.2.9 Tax Base

The tax base is the overall number of weighted equivalent Band D properties that each of the five local councils can collect council tax from, a change in the tax base is usually the result of:

- The building and completion of new housing
- Changes in council tax banding due to adjustment and appeals
- Discounts, exemptions, and reliefs, for example, changes in the council tax support scheme
- Ending of the discount period on empty properties or their reoccupation.

Both central government and local authority finance directors assume that the tax base will increase each year, which is primarily due to the increase in house building.

5.2.10 The five district councils have declared an average tax base increase of 1.34% in 2024/25 which is higher than the 1.1% forecast increase included in the 2023/24 Medium-Term Financial Plan, this has generated an additional £0.130m of precept income than that forecast. The lowest tax base increase was Bradford at 0.67% and the highest been Kirklees at 2.54%.

5.3 Referendum Principles

5.3.1 The Local Government Finance Settlement has set the basic referendum limit for local authorities (including fire) at 2.99% for 2024/25.

For information, local authorities are able to increase the precept by an additional 2.0% for adult social care, and shire district councils in two-tier areas will be allowed increases of up to 2.99% or up to and including £5 whichever is higher.

The referendum threshold for the Police and Crime Commissioners has been set at £13 (£15 in 2023/24).

There are no council tax referendum principles for Mayoral Combined Authorities or Parish Councils.

5.4 Precept Income

5.4.1 As Members are aware, the Authority is dependent upon precept income from the five districts which will provide £52.110m of its income in 2023/24. This income is dependent upon two factors, namely the size of the tax base and the precept set by the Authority.

5.4.2 A precept increase of 2.99% in 2024/25, would generate an additional £2.278m of precept income from that generated in 2023/24.

6 Positive Assurance Statement

6.1 Under Section 25 of the Local Government Act (2003) the statutory Chief Financial Officer is required to give positive assurance statements in the robustness of budget estimates and the adequacy of reserves and balances.

6.2 If Members approve the recommendations in this report on the level of specific reserves and the strategy for use of balances, I can give the Authority positive assurance on the adequacy of reserves and balances. This assurance is given having considered the following matters: -

a) This Authority has robust risk management arrangements, and the Chief Finance and Procurement Officer uses a Risk Management Matrix to calculate the minimum level of balances.

b) The Authority is single purpose and does not face a full a range of risks to manage as a multi-purpose authority.

c) The Authority's revenue reserves have not been consumed during the year by overspendings but have been maintained throughout the year.

6.3 I can also give you positive assurance on the accuracy and robustness of all the forecasts and estimates in the budget proposals.

In giving these assurances I have considered the following matters: -

a) The internal control environment and, in particular, the checks and balances within our budget process and our arrangements for budgetary control. In addition, I am satisfied that the Authority's financial systems provide a sound basis for accurate financial information.

b) The long-term tradition and record of the Authority in managing its overall budget Financial Implications

7 Medium Term Financial Planning (MTFP)

7.1 The MTFP sets out the framework for understanding the financial challenges faced by the Authority over the medium term. Although the MTFP is a four-year plan it is updated at least annually to consider financial forecasts and factors external to the organisation.

7.1.1 As mentioned in the introduction to the report, the Authority will be asked to approve a four-year MTFP, including the revenue budget for 2024/25. The MTFP will address the key issues of central government funding, precept strategy, cost pressures and the use of balances. This will be discussed with political groups and presented to the Authority within the final budget report to the Authority in February.

7.1.2 The table below shows the revenue budget and estimated funding for 2024/25 and shows the impact of a precept freeze and an increase in precept of 2.99%. If members decide to freeze the precept the Authority will need use reserves or find efficiency savings totalling £1.579m. If the Authority approves an increase to the precept of 2.99%, the budget will be balanced, and no savings will be required.

	Precept Freeze	2.99%
Revenue Budget	**£m**	**£m**
Standstill Budget	108.469	108.469
Recruitment and Retirements	0.467	0.467
Revenue Bids	3.521	3.521
Cost pressures	1.457	1.457
Budget 2024/25	**113.914**	**113.914**
Funding		
Revenue Support Grant	20.783	20.783
Business Rates - Top Up	18.499	18.499
Business Rates - Local Share	8.273	8.273
Business Rates - Local Share Adjustment	-0.238	-0.238
Collection Fund Deficit	-0.094	-0.094
Business Rates Deficit (net)	-0.065	-0.065
Under Index Grant	4.597	4.597
Section 31 Grant - Local Share	3.311	3.311
Services Grant	0.173	0.173
Funding Guarantee	1.370	1.370
Pension Grant	2.916	2.916
Precept income	52.810	54.389
Funding 2024/25	**112.335**	**113.914**
Budget Deficit	**-1.579**	**0.000**

7.1.3 The table below shows the effect on the precept to a Band A to a Band D council taxpayer based on a 2.99% precept increase:

	Annual	Per month	Per Week	Increase from 23/24
Band A	£53.00	£4.42	£1.02	£1.55
Band B	£61.83	£5.15	£1.19	£1.80
Band C	£70.66	£5.89	£1.36	£2.06
Band D	£79.49	£6.62	£1.53	£2.31

7.2 Budget Calculations

7.2.1 The Authority had a balanced budget in 2023/24 meaning that expenditure was matched by income.

A more detailed budget monitoring system was introduced in 2018/19 which is based on a RAG rating method of reporting. The intention being to make budget holders and managers more accountable for their budgets. Explanations for the variances on the RAG ratings have to be reported to the Chief Finance and Procurement Officer accompanied with an action plan for correction or re-alignment.

7.2.2 The transfer of budgets to contingencies that were approved at Finance and Resources in July and October 2023 and February 2024 and increases and changes to employee budgets approved at Human Resources Committee in March, July 2023 and, January 2024 have been incorporated into the base budget for 2024/25.

7.2.3 The budget is not calculated in isolation as it reflects the Workforce Plan, the Community Risk Management Plan (CRMP) and the Programme of Change which ensures that the capital and revenue budget support the Authority's Your Fire and Rescue Service priorities.

7.2.4 Budget holders are actively involved directly in the budget setting process and a system of capital and revenue bids are used to identify areas of growth and savings. This is a thorough process which commences in October and is finalised in January when Management Board meet at a special meeting called the Star Chamber and agree the budget to present to members for approval. Each capital and revenue bid are scrutinised by Management Board to ensure that it meets the service priorities.

7.2.5 Recruitment and Retirements

There are thirty-eight planned retirements and fifty-four new recruits in 2024/25, these are phased during the year, but due to external factors timings are subject to variation. The operational employee budget is calculated using the workforce plan which underpins the Community Risk Management Plan (CRMP). The workforce plan manages the recruitment process so that employee strength is aligned to the establishment, which is currently 937 wholetime employees.

7.3 Budget Growth, Savings and Cost Pressures 2024/25

7.3.1 In addition to the budget adjustments approved at committee during 2023/24 there are a number of areas of growth, savings and cost pressures that have been identified as part of the budget planning process. Budget holders have submitted £3.521m of revenue growth bids of which £1.5m of this growth is unavoidable plus, the £1.457m identified as cost pressures would have to be met regardless of funding levels.

Employee Budgets

a) £0.161m has been included for staff that will manage the FSHQ transition project, this is a large project that will require detailed planning and co-ordination as teams are transitioned into the new building.

b) A Scania Familiarisation team has been established costing £0.108m who will train crews on the new appliances that are being rolled out to stations during the year.

c) £0.528m has been included for the following new posts; an apprentice vehicle technician and apprentice financial accountant, administrators in procurement and HR, driving standards and wellbeing officers, a restructure to the ICT data team, and an increase in hours to two posts. There is also provision for an additional crew commander at the training centre and to bring forward the recruitment of seven Business Fire Safety Advisors from 2025/26. These posts will be subject to approval in a separate report presented to the Human Resources Committee early in the new financial year.

Non-Employee Budgets

d) £0.653m has been allocated to the FSHQ transition budget, this is for the cost of the relocation of employees back to Birkenshaw. This includes £0.050m which has been included for the payment of rates in the new build.

e) £0.581m has been added to training budgets, the training budget has been reduced over a number of years, resulting in the number of training bids that have been submitted for 2024/25 has exceeded budget provision. The Authority continues to have a back log of training resulting from the pandemic.

f) £0.482m has been included for new software licences, Mobile Data Terminal (MDT) licences and the continuation of the development and roll out of Power Apps across the organisation.

g) £0.533m has been included for the implementation of National Operational Guidance (NOG) within the organisation. This project will involve updating the way the organisation accesses and uses the content of NOG. It will require a multi-disciplinary team that will fundamentally review and update the existing suite of NOG and training materials along with aligning other electronic systems and processes to streamline how the information is accessed and used. This is a project that will span over three financial years.

h) £0.160m has been included for the production of a Carbon Reduction Roadmap. The funding will enable a specialist to map out the WYFRS estate, identifying what can be achieved at each station to reduce our carbon footprint. The work will feed directly into us being able to apply for SALIX funding and form the basis of which buildings are chosen and in which order to achieve net zero. The information will also be fed into future up and coming projects.

i) Further increases have been required to transport related budgets of £0.183m. This includes an increase to vehicle maintenance budgets as result of the delay to the fleet replacement programme we now have an aged fleet.
The increase also provides for the purchase of appliance tools and diagnostics which are required to support the new Scania fleet to ensure first line diagnosis and repair to maximise appliance availability and reduce downtime.

j) There are a number of smaller growth requests for increase in external audit fees, equipment maintenance and purchases of new equipment totalling £0.132m.

<u>Cost Pressures</u>

A cost pressure is a cost that is known that it will occur, but the timing and the actual cost are subject to variation.

k) (£0.212m) has been deducted from employee budgets for vacancy management for support staff.

l) The overtime budget is forecast to overspend in 2023/24, this is due to increases in sickness, attendance on training courses and staff vacancies. A cost pressure was included in 2023/24 to fund this scenario which has been duly called upon to support the employee budget in this financial year. For prudency, a provision of £0.200m has been included to support the employee budgets if overtime remains at a high level in 2024/25.

m) £0.100m has been included for retained recruitment in order to increase retained availability.

n) A provision of £0.123m has been included in employer pension contributions to fund the cost of those firefighters who have opted out of a pension scheme, re-joining. There are currently forty-five wholetime fire fighters who do not contribute to the firefighters' pension scheme. The provision has been calculated on the current opt in rate which is forecast to be eleven in 2024/25.

o) £0.050m has been included for pension abatement costs for retired operational employees that join the Authority in a support staff role. This is primarily for fire protection posts.

p) A provision of £0.303m has been made for a change in policy of charging of some operational capital expenditure to revenue.

q) The Authority's payroll is managed by Kirklees Council through a Service Level Agreement (SLA) agreement. From March 2024, the council will no longer maintain 4-weekly payrolls. If the Authority decides to continue with 4-weekly pay rather than move to monthly pay, this will incur an additional annual SLA charge of £0.043m.

r) The cost of fitting out of the new FSHQ training arena and the building of training tunnels underneath the arena are still based on estimated costs which were calculated prior to the approval of the re-development in July 2021. Based on past experience it is likely that these costs will increase once the procurement process has been completed. To mitigate the risk of an increase in these costs, £0.350m will be earmarked for the capital finance reserve.

s) There have been increases in the capital plan during 2023/24 which have been due to increases in prices, which has resulted in additional capital financing charges. So that these increases do not impact on the revenue budget, a provision of £0.500m for increased capital financing charges has been included as a cost pressure.

t) The cost of facility management at the new FSHQ has been included as a cost pressure from 2025/26 totalling £0.150m. This is an estimated cost and there will be a thorough piece of work undertaken during 2024 to ascertain the additional costs of facilities management when the site is fully operational. This will then be subject to a revenue bid for inclusion in the 2025/26 revenue budget.

7.4 Budget Calculation Assumptions

The main financial assumptions underpinning both spending and funding forecasts in the MTFP are:

- A precept increase of 2.99% in 2024/25, 1.99% in 2025/26 and each year thereafter.

- Tax base increases in 2024/25 of 1.34% and 1.1% increase each year thereafter.

- Pay increases for all staff groups of 5% in 2024/25, 3% in 2025/26 and 2% each year onwards.

- General price inflation of 3% in 2024/25, 2% in 2025/26 and each year there after

- Central government grant to increase by September CPI inflation, estimated to be 2% in 2025/26 and each year thereafter.

- Employees retire as per their budgeted projected retirement date and the Authority continues to recruit in order to maintain establishment at 937 whole time employees.

- The Authority will fully recover the costs associated with the Building Safety Regulator.

As with any assumptions, those built into the MTFP will be at risk from factors beyond the Authority's control, these can have the effect of increasing or decreasing the projected financial position.

7.5 Financial Planning April 2025 Onwards

7.5.1 Although members will be asked to approve the budget for 2024/25, the longer-term impact on the MTFP also needs to be considered.

The table below shows the impact of a 2.99% precept increase over the next three financial years.

The MTFP has been prepared considering the assumptions outlined in 7.4.

It has been assumed there will be no cuts to the Settlement Funding Assessment (core funding) in the next Comprehensive Spending Review from 2025/26.

	2025/26 £000's	2026/27 £000's	2027/28 £000's
Employees	90,857	92,821	94,645
Non Employee expenditure	16,103	16,416	16,735
Capital Financing Charges	7,755	8,055	8,355
Income	-2,902	-2,778	-2,716
Revenue Budget	**111,813**	**114,514**	**117,019**
Cost Pressures	1,337	1,371	1,356
Revenue Growth			
Firefighter Recruitment (net cost)	774	727	741
Employees	831	762	468
Training	25	25	25
Non Employee budgets	1,474	1,485	1,525
Use of Reserves	**-341**	**-545**	**-82**
Net Budget Requirement	**115,913**	**118,339**	**121,052**
Funded by:			
Council Tax Precept	56,082	57,827	59,626
Collection Fund Deficits	-135	-100	0
Local Business rates	8,201	8,370	8,542
Revenue Support Grant	21,198	21,622	22,055
Top Up grant	18,869	19,247	19,632
Section 31 Grants	7,974	8,042	8,110
Pension Grant	2,916	2,916	2,916
Services Grant	123	73	0
Funding Guaratee	685	342	171
Total Funding	**115,913**	**118,339**	**121,052**

7.5.2 The table shows that there is a deficit position from 2025/26 with a precept increase of 2.99%, this is due to the uncertainty of government grants that are not rolled into core funding. Further explanation is provided in paragraph 7.5.6 below.

If a precept freeze were approved, the deficits would increase to £1.919m in 2025/26, £2.076m in 2026/27 and £1.513m in 2027/28.

7.5.3 <u>Local Government Funding Projections</u>

The Autumn Statement and the Economic and Fiscal Outlook laid out the Government's spending plans over the next spending review period. Resource Department Expenditure Levels (RDELs) which is day to day spending shows that the cost envelope grows by just 0.9% in real terms in the next spending review which is lower than the March 2023 budget forecast of 1.1%.

The Office of Budget Responsibility has considered the impact on unprotected departments in the next spending review period in 2025/26. So, taking into account commitments on protected departments (NHS, defence, education, and overseas aid) the actual impact on unprotected departments is a fall of 3.4% in real terms each year from 2025/26. In order to avoid these cuts the government would need to spend an extra £20 billion in the next review period.

The effect of a 3.4% reduction in the Authority's core funding would amount to a reduction in grant of £1.094m per annum.

7.5.4 The Government has clarified that the Review of Relative Needs and Resources (The Fair Funding Review) and a reset of accumulated business growth will not be implemented until the next spending review in 2025/26 at the earliest. Although the fire sector falls outside the review, there is to be a separate review into the allocation of fire resources. This could have an unfavourable impact on this Authority if current formula is changed significantly as a large proportion of funding is related to population and deprivation.

7.5.5 It has been assumed that there will be no cuts to central base line funding from 2025/26 and that revenue support grant will continue to rise in line with September CPI inflation. There has been no guarantee that the Authority will continue to receive the annual grants to cover the costs falling out of Grenfell and the Building Safety Bill for which the Authority will receive £0.310m in 2024/25, if these grants were ceased the Authority would have to meet these costs from existing budgets or stop the work on these projects.

7.5.6 It has been assumed that the Under Indexing of Business Rates grant, for which the Authority will receive a total of £4.597m in 2024/25 will remain at the same level in future settlements. The Services Grant has been assumed to continue to reduce from 2025/26 onwards in line with previous years reductions. To put this into context, the Services Grant has reduced by 44% from 2022/23 and 84% from 2023/24. The funding guarantee which has been received for the first time in 2024/25 which ensures our funding is a 4% increase on our core spending power has also been assumed to reduce from 2025/26 onwards.

Because these grants are not built into the base budget, for prudency continuation at the same level cannot be guaranteed.

7.5.7 The effect on the cost of goods and services from inflation and ongoing supply issues due to the world economy may add further pressure to the revenue budget.

7.5.8 As detailed in section 4.3 of this report the Authority is facing a number of cost pressures particularly around pay which constitutes 75% of total expenditure. These are the pressures on pay awards, the threat of industrial unrest as a result of the implementation of the Minimum Services Level Bill and the increase in fire fighter employer contributions from the actuarial valuation of pensions.

7.5.9 As Chief Finance and Procurement Officer and as Section 73 officer there is a statutory duty to present a balanced budget as the use of reserves cannot be sustained over the longer term.

7.5.10 An assessment against the Financial Resilience Index has been conducted to assess the financial risk facing the Authority. The Financial Resilience Index is a tool developed by CIPFA which is made up of a set of indicators which take publicly available data and compare similar authorities across a range of factors. There is no single overall indicator of financial risk, so the index instead highlights areas where additional scrutiny should take place in order to provide additional assurance.

7.5.11 There is a mandatory requirement for a local authority to undertake an assessment of their financial resilience, however this is not compulsory for fire and rescue services. CIPFA have devised a model to facilitate the financial resilience of an organisation. An assessment of the Authority's financial reliance was undertaken prior to the setting of the 2024/25 budget which included an assessment against the three indicators in the CIPFA model. These indicators are usable reserve levels, social care ratio and gross external debt. Based on these indicators, the CFPO has assessed that WYFRS has strong financial resilience, in that, usable reserves amount to 42% of the 2023/24 annual revenue budget, there is no social care requirement, and the Authority has a low level of debt.

7.6 <u>Reserves</u>

7.6.1 Finance and Resources Committee approved the Reserves Strategy in October 2023.

There are two types of reserves: general fund and earmarked reserves.

- General Fund – this reserve is 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.

7.6.2 It is proposed that reserves will be used to support the MTFP over the next five years as summarised in the table below:

Reserve Description	Origin	Opening Balance 01/04/2023	Transfers	Revised	Planned Use 2023/24	Planned Use 2024/25	Planned Use 2025/26	Planned Use 2026/27	Planned Use 2027/28	Closing Balance 31/03/2028
General Fund		-£5,000,000	-£700,000	-£5,700,000						**-£5,700,000**
Transparancy	Government Grant	-£69,211		-£69,211						**-£69,211**
Regional Control Funding	Government Grant	-£83,936		-£83,936	£83,936					**£0**
Enhanced Logistical Support	Government Grant	-£191,219		-£191,219			£191,219			**£0**
Decontamination of Body Bags	Government Grant	-£40,000		-£40,000						**-£40,000**
Council Tax Reform	Government Grant	-£27,000		-£27,000						**-£27,000**
Business Rate Appeals	Internal & Grant	-£1,301,160		-£1,301,160						**-£1,301,160**
Tax Income Guarantee	Government Grant	-£302,216		-£302,216	£302,216					**£0**
COVID19	Government Grant	-£44,788		-£44,788	£44,788					**£0**
Pension Admin Remedy	Government Grant	-£142,141		-£142,141	£35,000	£70,000	£37,141			**£0**
Serious Violence Duty	Government Grant	-£4,592		-£4,592	£4,592					**£0**
Insurance Claims	Internal	-£393,017		-£393,017						**-£393,017**
Service Support Reserve	Internal	-£49,832	-£500,000	-£549,832	£150,000	£150,000	£150,000	£100,000		**£168**
Pension Equalisation Reserve	Internal	-£3,821,633	£700,000	-£3,121,633	£200,000	£200,000	£200,000	£200,000	£200,000	**-£2,121,633**
Provision for pay and prices	Internal	-£1,569,075	£500,000	-£1,069,075	£500,000					**-£569,075**
Industrial Action	Internal	-£610,302		-£610,302						**-£610,302**
Capital Financing Reserve	Internal	-£25,079,641		-£25,079,641	£18,961,888	£1,637,321	£4,480,432			**£0**
Emergency Services Network	Internal	-£258,000		-£258,000			£258,000			**£0**
Medium Term Funding Impact	Internal	-£2,000,000		-£2,000,000		£700,000	£1,300,000			**£0**
Total Earmarked		**-£35,987,763**	**£700,000**	**-£35,287,763**	**£20,282,420**	**£2,757,321**	**£6,616,792**	**£300,000**	**£200,000**	**-£5,131,230**
TOTAL USABLE RESERVES		**-£40,987,763**		**-£40,987,763**	**£20,282,420**	**£2,757,321**	**£6,616,792**	**£300,000**	**£200,000**	**-£10,831,230**

It is worth noting that those earmarked reserves highlighted in orange in the table are the result of the receipt of a government grant and as such will have to be spent on the purpose specified in the grant terms and conditions. These reserves cannot be used to fund expenditure in other areas.

It is important to note that reserves can only be used once and cannot be used in the medium to long term to fund ongoing expenditure.

7.6.3 The earmarked reserves will be used to support the MTFP as follows.

a) It is recommended that one off costs associated with the implementation of the performance management system and the data and digital strategy are met from the Service Support Reserve. It is expected that these projects will generate ongoing revenue benefits over the longer term even though they will need initial investment in the first instance.

b) The pension equalisation reserve may be called upon from 2024/25 to fund any increase in cost resulting from the increase in firefighter pension contributions that will not be met by government grant and compensation costs chargeable to the revenue account that the Authority will reimburse in the remedy exercise.
In addition, the financial impact of the Matthews exercise which is for on-call employees will be included in the firefighters' pension actuarial valuation in 2024. This could once again lead to an increase in employers pension contributions from April 2026.

c) The pay and prices reserve may be called upon to fund any inflationary increases in contracts that are not included in base budgets or pay awards that are over and above budget provision. To put this into financial context, for each additional 1% pay award it costs an additional £0.611m per annum.

d) The introduction of the Minimum Service Levels Bill may cause industrial unrest at some point in the future. For prudency, it is recommended that the industrial action reserve is maintained at its current level.

e) The capital finance reserve will be fully spent on the FSHQ redevelopment. Any underspends on the revenue budget will be moved to this reserve. If rebuilds are paid from reserves, it will mean that capital financing charges in the form of statutory Minimum Revenue Provision is not charged to capital investment resulting in revenue savings over many years. This is because Minimum Revenue Provision is chargeable to revenue over the life of the asset, in the case of a new fire station, 40 years. It is proposed that the capital finance reserve is maintained and "topped up," although the reserve will be fully used for the FSHQ development, it is intended this reserve will be used to fund station rebuilds that are in the capital plan.
The Authority has included provision in the capital plan to rebuild Huddersfield and Halifax fire stations within the next four years, and due to inflation, it is likely that these estimates will increase; the cost of both FSHQ and Keighley Fire Station rebuild increased by 40% from estimates. If the Authority does not use reserves for the replacement of assets, it means that MRP charges will need to be applied to the rebuilds, which will be charged over the life of the asset (40 years).

f) The Emergency Services Network (ESN) reserve may be called upon to fund the replacement of control room servers if the funding from the Home Office is less than the cost. There is currently a halt on the implementation of the Emergency Services Network (ESN) programme with the Home Office requesting a return of unspent ESN grants by the 1st of April 2024. It is thus prudent to maintain this reserve at its current level as funding going forward remains uncertain.

g) As explained in paragraph 7.5.2, it is expected that there may be a return to austerity in the next spending review period. If from 2025/26 the funding settlement is not as favourable as forecast in the MTFP and results in real terms funding cuts, the Authority will need to call upon its reserves in order to achieve a balanced budget. This will be met from the Medium-Term Funding Impact reserve. Moreover, as explained in the funding section of the report there are some grants that are not rolled in core funding and as such are subject to variation.

8 Legal Implications

8.1 The Authority is required to set a budget/issue a precept for 2024/25 before 1st March 2024. This decision is reserved to the Authority and cannot be taken by the Committee or delegated to officers, although the Finance & Resources Committee has to recommend a budget to the Authority. Before setting the level of the precept, the Authority must have agreed a balanced budget which is sufficient to meet estimated revenue expenditure, levies, contingencies, any deficit estimated to be brought forward from previous years, and any amounts required to be transferred between funds. The precept itself must be sufficient to cover the difference between the agreed budget less government grants credited to the consolidated revenue account, and any other expenditure which must be met from the Collection Fund, less any surplus (or plus any deficit) brought forward from previous years.

8.2 In addition, the Authority's Chief Financial Officer (under s73 Local Government Act 1985) is required to report to the Authority on the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves. The Authority must have regard to the report when making decisions about the calculations in connection with which it is made. The Chief Financial Officer is also obliged to report to the Authority if in relation to the previous financial year it appears that a controlled reserve is or is likely to be inadequate. A controlled reserve is one where the Secretary of State has, by regulation, defined the appropriate minimum level of reserve. The S73 officer must report the reasons for that situation, and the action, if any, which she considers it would be appropriate to take to prevent such a situation arising in relation to the corresponding reserve for the financial year under consideration. No Regulations defining controlled reserves have been made.

8.3 In reaching decisions on these matters, Members are bound by the general principles of administrative law. Lawful discretions must not be abused or fettered, and all relevant considerations must be taken into account. No irrelevant considerations may be taken into account, and any decision made must be one which only a reasonable authority, properly directing itself, could have reached. Members must also balance the interests of service users against those who contribute to the Authority's finances. The resources available to the Authority must be deployed to their best advantage. Members must also act prudently.

8.4 Among the relevant considerations which Members must take into account in reaching their decisions are the views of business ratepayers and the advice of officers. The duty to consult representatives of non-domestic ratepayers on the Authority's expenditure plans is contained in Section 65 of the Local Government Finance Act 1992.

8.5 In considering the advice of officers, and the weight to be attached to that advice, Members should have regard to the personal duties placed upon the Director of Finance as Chief Financial Officer. The Authority may take decisions which are at variance with her advice, providing there are reasonable grounds to do so. However, Members may expose themselves to risk if they disregard clearly expressed advice, for example as to the level of provision required for contingencies, bad debts, and future liabilities.

8.6 The Chief Finance Officer is required by Section 151 of the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 to ensure that the Authority's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. She is in addition subject to the requirements set out in paragraph 2 above.

8.7 Members must also have regard to, and be aware of, the wider duties placed upon the Authority by various statutes governing the conduct of its financial affairs. These include the distinction between revenue and capital expenditure, specified in the Local Government and Housing Act 1989. The law in relation to the Authority's borrowing was changed by the Local Government Act 2003. The previous regime of capital controls was abolished, and the Authority is required to set prudential indicators in line with capital investment plans that are prudent, affordable, and sustainable. The prudential indicators include the borrowing limits and Treasury Management Strategy that were formerly set by the Authority as part of the budget process. The implications of this are explained more fully in the body of the report.

8.8 In setting the precept for the next financial year and in agreeing the Authority's budgetary requirements, the Authority also needs to take into account the fact that the Government still has power to cap local authority budgets under the Local Government Act 1999. The Government may either set a maximum amount for the budget in the forthcoming year or put an authority on notice to set a maximum budget in the next financial year. If the Government proposes to cap the authority, the Authority will be given a short period to put its case. If the cap is then confirmed in the current year, this could require the authority to revisit its budget decisions and would be likely to require rebilling of precept.

8.9 Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any Member with arrears of council tax which have been outstanding for two months or more to attend any meeting at which a decision affecting the budget is to be made, unless the Member concerned declares at the outset of the meeting that he or she is in arrears and will not be voting on the decision for that reason. The Member concerned must not vote but may speak. The application of Section 106 of the 1992 Act is very wide and Members should be aware that the responsibility for ensuring that they act within the law at all times rests solely with the individual Member concerned.

9 Recommendations

Members to consider the joint report of the Chief Fire Office/Chief Executive and the Chief Finance & Procurement Officer, which presents an overview of the financial position for the current year together with the revenue budget for 2024/25, the capital plan for 2024/25 to 2028/29, the four-year medium- term financial plan and the precept options.

The detail of the report advises Members of:

(i) The content of the five-year capital plan £67.936m with a forecast spend by the end of 2024/25 of £35.587m (as set out in Appendix A).

(ii) Capital Financing Requirement of £79.332m in 2024/25.

(iii) The Authorised Limit for external debt of £76.0m and an Operational Boundary of £71.0m.

(iv) Capital finance charges of 6.02% of the revenue budget.

(v) Forecast general fund balances of £5.7m by 31 March 2024 with a minimum balance to be maintained at £5.7m.

(vi) A council tax collection fund deficit of £94,130.

(vii) Details of the Local Government Finance settlement 2024/25.

(viii) Positive assurance from the Chief Finance Officer under section 25 of the Local Government Act 2003 of the adequacy of balances and the robustness of the budget estimates.

Medium Term Financial Strategy 2024/25 – 2027/28 (incorporating revenue budget and capital plan)

(ix) Set a revenue budget of £113.914m incorporating the budget growth and cost pressures set out in paragraph 7.3.

(x) Approve a precept increase of 2.99% for 2024/25

10 Resolution

10.1 That Members give approval to the Prudential Indicators in respect of:

a) the Capital financing Requirement as set out in paragraph 3.2.

b) the level of External Debt also set out in paragraph 3.3.

c) the Authorised limit for external debt as set out in paragraph 3.3.

d) the Operational Boundary for external debt also set out in paragraph 3.3.

10.2 Having considered the recommendations of the Chief Fire Officer/Chief Executive and the Chief Finance and Procurement Officer on service delivery and related budget requirements and, having taken account of the views of the consultees and, acting in accordance with the requirements of the Local Government Finance Act 1992 (as amended) ("the Act") and, having approved a capital expenditure programme for the financial year 2024/25 of £35.587m and, having calculated its basic amount of council tax for the year by dividing its council tax requirement by its council tax bases, which the Authority notes have been determined by the District Councils, the figures are as follows for financial year 2024/25.

Authority	Tax Base 2024/25
Bradford	144,890.00
Calderdale	64,017.71
Kirklees	126,342.29
Leeds	242,591.40
Wakefield	106,407.00
TOTAL	**684,248.40**

10.3 The Authority calculates its council tax requirements under Sections 40 to 47 of the Act for Financial Year 2024/25 as the aggregate of the following:

10.3.1 The Authority calculates the aggregate of (A) as set out in Appendix B.

- £113,913,658 The expenditure the Authority estimates it will incur in the year in performing its functions and will charge to the revenue account for the year in accordance with proper practices.

- £0 The allowance as the Authority estimates will be appropriate for contingencies in relation to amounts to be charged or credited to the revenue account for the year in accordance with proper practice.
- £0 The financial reserves which the Authority estimates it will be appropriate to raise in year for meeting estimated future expenditure.
- £0 Financial reserves as are sufficient to meet so much of the amount estimated by the Authority to be a revenue account deficit for any earlier financial year as has not been provided for.

10.3.2 The Authority calculates the aggregate of (B) as set out in Appendix B

- £59,524,340 The income which it estimates that will accrue to it in the year and which it will credit to a revenue account for the year in accordance with proper practices other than income which it estimates will accrue to it in respect of any precept issued by it to be.
- £0 The amount of financial reserves which the Authority estimates that it will use in order to provide for the items mentioned.

10.3.3 Council Tax Requirement

- £54,389,318 The aggregate calculated under subsection 42a (2) (aggregate of A) of the Act exceeds the amount calculated under subsection 42a (3) (aggregate of B) which is calculated to be the council tax requirement for the year.

10.3.4 Basic amount of council tax

- £79.49 The Authority calculates its basic amount of council tax by dividing the council tax requirement by the council tax base. The council tax requirement is £54,389,318 and the council tax base is 684,248.4 which is equal to £79.49 at band D. This calculation meets the requirement under S42B of the Act.

10.4 The Authority calculates the Council Tax sums pursuant to Section 47 of the Act as follows:

Band A	£52.99
Band B	£61.82
Band C	£70.66
Band D	£79.49
Band E	£97.15
Band F	£114.82
Band G	£132.48
Band H	£158.98

10.5 The Authority calculates the resultant precept amounts payable by each constituent District Council pursuant to Section 48 of the Act as follows:

District	Precept
Bradford	£11,516,970
Calderdale	£5,088,619
Kirklees	£10,042,655
Leeds	£19,283,028
Wakefield	£8,458,046
TOTAL	**£54,389,318**

10.6 Resolved that the precept for each constituent District Council, as calculated and set out above, be issued to them pursuant to Section 40 of the Act.

Appendix A

Directorate	Description	Capital Budget Required 24/25	Agreed Slippage 23/24	Estimated Slippage 23/24	Agreed 24/25 from 23/24(Schemes over 2 years)	Capital Bids 24/25	Requested Capital budget 25/26	Requested Capital budget 26/27	Requested Capital budget 27/28	Requested Capital budget 28/29
Employment Services	OHU Equipment	£17,745	£0	£0	£0	£17,745	£0	£0	£0	£0
Service Support	VM Server Hardware	£140,000	£0	£0	£0	£140,000	£0	£0	£0	£0
Service Support	VDI server replacement	£80,000	£0	£0	£0	£80,000	£0	£0	£0	£0
Service Support	Mobile Phone replacement	£225,000	£0	£0	£0	£225,000	£0	£0	£0	£0
Service Support	DMZ server replacement	£40,000	£0	£0	£0	£40,000	£0	£0	£0	£0
Service Support	PC replacement programme	£200,000	£0	£0	£0	£200,000	£210,000	£220,000	£230,000	£240,000
Service Support	ICT CH8 Data Centres (D&D Strategy)	£0	£0	£0	£0	£0	£0	£0	£0	£0
Service Support	Kemp Virtual Load balances	£20,000	£0	£0	£0	£20,000	£0	£0	£0	£0
Service Support		£0	£0	£0	£0	£0	£835,000	£300,000	£930,000	£0
Service Support	MDT Software	£240,000	£0	£240,000	£0	£0	£0	£0	£0	£0
Service Support	Visitor Management Solution	£11,000	£0	£0	£0	£11,000	£0	£0	£0	£0
Service Support	Print Solution	£102,538	£102,538	£0	£0	£0	£0	£0	£0	£0
Service Support	Data Transfer centre	£250,000	£250,000	£0	£0	£0	£0	£0	£0	£0
Service Support	ESN/DSN Server	£40,000	£40,000	£0	£0	£0	£0	£0	£0	£0
Service Support	Keighley	£3,190,215	£1,289,215	£1,901,000	£0	£0	£0	£0	£0	£0
Service Support	Build 1	£1,150,000	£100,000	£0	£0	£1,050,000	£2,753,750	£2,753,750	£342,500	£0
Service Support	Build 2	£150,000	£100,000	£0	£0	£50,000	£0	£1,000,000	£2,753,750	£2,753,750
Service Support	FSHQ	£8,613,954	£2,154,340	£4,359,672	£2,099,942	£0	£0	£0	£0	£0
Service Delivery	Ladders	£50,000	£50,000	£0	£0	£0	£0	£0	£0	£0
Service Delivery	Hydrants	£360,000	£0	£0	£0	£360,000	£450,000	£360,000	£450,000	£360,000
Service Delivery	Defibrillators	£250,000	£0	£0	£0	£250,000	£0	£0	£0	£0
Service Delivery	Featherweight/Light portable pumps	£120,000	£0	£0	£0	£120,000	£0	£0	£0	£0
Service Delivery	Foam Branches and Ancillary equipment	£45,000	£0	£0	£0	£45,000	£0	£0	£0	£0
Service Delivery	Gas tight suit replacement	£24,000	£0	£0	£0	£24,000	£10,000	£0	£10,000	£20,000
Service Delivery	Lay flat hose and Hose reel tubing	£65,000	£0	£0	£0	£65,000	£70,000	£70,000	£70,000	£70,000
Service Delivery	Lockers	£60,000	£0	£0	£0	£60,000	£0	£0	£0	£0
Service Delivery	Mainline Branches	£20,000	£0	£0	£0	£20,000	£20,000	£22,000	£22,000	£25,000
Service Delivery	MIBS Stretchers	£55,000	£0	£0	£0	£55,000	£0	£0	£0	£0
Service Delivery	Rescue Jackets	£200,000	£0	£0	£0	£200,000	£0	£0	£0	£0
Service Delivery	Tirfors and Ancillary Equipment	£60,000	£0	£0	£0	£60,000	£0	£0	£0	£0
Service Delivery	Trauma bag replacement	£40,000	£0	£0	£0	£40,000	£0	£0	£0	£0
Service Delivery	Water Rescue Equipment	£20,000	£0	£0	£0	£20,000	£15,000	£15,000	£15,000	£15,000
Service Delivery	Breathing Apparatus Mechanical & drying units	£112,000	£0	£0	£0	£112,000	£0	£0	£56,000	£56,000
Service Delivery	Vehicle Stabilisation strut	£13,000	£0	£0	£0	£13,000	£0	£0	£0	£0
Service Delivery	2nd Thermal Image Camera	£25,000	£0	£0	£0	£25,000	£25,000	£25,000	£25,000	£25,000
Service Delivery	New Control Project	£2,708,554	£926,568	£781,986	£1,000,000	£0	£0	£0	£0	£0
Service Delivery	Hose Reels	£10,500	£0	£0	£10,500	£0	£0	£0	£0	£0
Service Delivery	BA Ancillary Equipment	£275,000	£0	£0	£275,000	£0	£0	£0	£0	£0
Service Delivery	BA Sets & Charging Kits	£837,000	£0	£0	£837,000	£0	£0	£0	£0	£0
Service Delivery	Vehicle Stabilisation strut	£0	£0	£0	£0	£0	£0	£0	£0	£0
Service Delivery	2nd Thermal Image Camera	£0	£0	£0	£0	£0	£0	£0	£0	£0
Service Delivery	Wildfire PPE - Estimated Slippage	£760,960	£0	£760,960	£0	£0	£0	£0	£0	£0
Service Delivery	Body Worn Cameras Estimated Slippage	£67,515	£0	£67,515	£0	£0	£0	£0	£0	£0
Service Delivery	Command Support Estimated Slippage	£65,285	£0	£65,285	£0	£0	£0	£0	£0	£0
Service Delivery	Smoke Alarms	£400,000	£0	£0	£0	£400,000	£400,000	£400,000	£400,000	£400,000
Service Support	Property Schemes	£0	£0	£0	£0	£0	£2,320,000	£1,670,000	£2,000,000	£2,000,000
Service Support	EV Chargers	£80,000	£0	£0	£0	£80,000	£0	£0	£0	£0
Service Support	Hunslet Refurbishment	£800,000	£0	£0	£0	£800,000	£0	£0	£0	£0
Service Support	Bradford F/S Dorms & Showers	£450,000	£0	£0	£0	£450,000	£0	£0	£0	£0
Service Support	Slaithwaite fire escape	£85,000	£0	£0	£0	£85,000	£0	£0	£0	£0
Service Support	Illingworth	£875,500	£0	£0	£0	£875,500	£0	£0	£0	£0
Service Support	Meltham Fire Station - Fabric	£70,000	£0	£0	£0	£70,000	£0	£0	£0	£0
Service Support	Boiler Upgrade Schemes	£200,000	£0	£0	£0	£200,000	£0	£0	£0	£0
Service Support	Rastrick ventilation	£73,500	£0	£0	£0	£73,500	£0	£0	£0	£0
Service Support	Bingley Estimated Slippage	£350,000	£0	£350,000	£0	£0	£0	£0	£0	£0
Service Support	Scaffolding	£0	£0	£0	£0	£0	£0	£0	£0	£0
Service Support	Virtual Reality	£20,000	£0	£0	£0	£20,000	£0	£0	£0	£0
Service Support	Development of district base training exercise Facilities	£0	£0	£0	£0	£0	£0	£0	£0	£0
Service Support		£765,000	£0	£0	£0	£765,000	£765,000	£765,000	£765,000	£765,000
Service Support	Vehicle Replacement	£7,689,129	£0	£4,286,129	£3,403,000	£0	£375,000	£700,000	£1,000,000	£0
Service Support	Ladders	£15,000	£0	£0	£0	£15,000	£0	£0	£0	£0
Service Support	Vehicle Replacement	£3,000,000	£0	£0	£0	£3,000,000	£0	£0	£0	£0
		£35,587,395	£5,012,661	£12,812,547	£7,625,442	£10,136,745	£8,248,750	£8,300,750	£9,069,250	£6,729,750

Appendix B

`	STANDSTILL REVENUE BUDGET	2024/25
£60.906	Firefighters	£69.245
£13.704	Support Staff	£15.334
£1.700	Pensions	£1.600
£1.138	Other Employees	£1.760
£4.885	Premises	£5.921
£2.241	Transport	£2.520
£6.571	Supplies and Services	£6.500
£0.327	Lead Authority Charges	£0.349
£7.005	Capital Financing	£7.755
£0.450	Contingency	£0.450
£98.927	GROSS EXPENDITURE	£111.433
-£2.534	Less Income	-£2.964
£96.393	NET EXPENDITURE	£108.469

Appendix C

2023/24 £m	REVENUE BUDGET	2024/25 £m
64.448	Firefighters	70.756
14.012	Support Staff	15.674
1.600	Ill Health Pensions	1.600
2.155	Other Employees	2.372
6.339	Premises	6.573
2.506	Transport	2.704
6.550	Supplies and Services	7.753
0.367	Lead Authority Charges	0.391
6.055	Capital Financing	7.755
0.753	Contingency	0.450
2.000	Contribution to Capital	0.850
106.785	**GROSS EXPENDITURE**	**116.878**
-2.485	Less Income	-2.964
104.300	**NET EXPENDITURE**	**113.914**

2023/24 £m	FUNDING	2024/25 £m
17.737	Top Up Grant	18.499
15.472	Revenue Support Grant	20.783
6.578	Section 31 Grants	7.908
4.285	Pension Grant	2.916
1.001	Services Grant	0.173
0.000	Funding Guarantee	1.370
7.590	Local Business rates	8.035
-0.474	Collection Fund Deficits	-0.159
52.189	**GOVERNMENT FUNDING**	**59.525**
52.111	**PRECEPT**	**54.389**

Appendix D

2023/24 £m	REVENUE BUDGET	2024/25 £m
64.448	Firefighters	70.757
14.012	Support Staff	15.674
1.600	Ill Health Pensions	1.600
2.155	Other Employees	2.372
6.339	Premises	6.573
2.506	Transport	2.704
6.550	Supplies and Services	7.753
0.367	Lead Authority Charges	0.391
6.055	Capital Financing	7.755
0.753	Contingency	0.450
2.000	Contribution to Capital	0.850
106.785	**GROSS EXPENDITURE**	**116.878**
-2.485	Less Income	-2.964
104.300	**NET EXPENDITURE**	**113.914**

2023/24 £m	Service Delivery	2024/25 £m
59.727	Firefighters	63.927
5.221	Support Staff	5.496
0.000	Ill Health Pensions	0.000
0.643	Other Employees	0.001
2.946	Premises	3.055
0.125	Transport	0.135
1.912	Supplies and Services	2.263
0.000	Lead Authority Charges	0.000
2.479	Capital Financing	2.387
0.000	Contingency	0.000
0.000	Contribution to Capital	0.000
73.053	**GROSS EXPENDITURE**	**77.263**
-1.872	Less Income	-2.233
71.181	**NET EXPENDITURE**	**75.030**

2023/24 £m	Service Support	2024/25 £m
3.667	Firefighters	5.673
4.823	Support Staff	5.793
0.000	Ill Health Pensions	0.000
0.838	Other Employees	1.337
3.306	Premises	3.428
2.129	Transport	2.297
3.262	Supplies and Services	3.861
0.000	Lead Authority Charges	0.000
1.764	Capital Financing	1.699
0.000	Contingency	0.000
0.000	Contribution to Capital	0.000
19.789	**GROSS EXPENDITURE**	**24.086**
-0.239	Less Income	-0.284
19.550	**NET EXPENDITURE**	**23.802**

2023/24 £m	Corporate Services & Governance	2024/25 £m
0.128	Firefighters	0.066
0.819	Support Staff	0.958
0.000	Ill Health Pensions	0.000
0.000	Other Employees	0.001
0.000	Premises	0.000
0.004	Transport	0.004
0.423	Supplies and Services	0.500
0.000	Lead Authority Charges	0.000
0.000	Capital Financing	0.000
0.000	Contingency	0.000
0.000	Contribution to Capital	0.000
1.374	**GROSS EXPENDITURE**	**1.529**
-0.013	Less Income	-0.016
1.361	**NET EXPENDITURE**	**1.513**

2023/24 £m	Employment Services	2024/25 £m
0.354	Firefighters	0.568
1.870	Support Staff	2.245
1.600	Ill Health Pensions	1.600
0.590	Other Employees	0.941
0.000	Premises	0.000
0.004	Transport	0.004
0.281	Supplies and Services	0.332
0.063	Lead Authority Charges	0.067
0.000	Capital Financing	0.000
0.000	Contingency	0.000
0.000	Contribution to Capital	0.000
4.762	**GROSS EXPENDITURE**	**5.758**
-0.012	Less Income	-0.014
4.750	**NET EXPENDITURE**	**5.744**

2023/24 £m	Finance & Procurement	2024/25 £m
0.319	Firefighters	0.234
1.234	Support Staff	1.131
0.000	Ill Health Pensions	0.000
0.084	Other Employees	0.092
0.087	Premises	0.091
0.241	Transport	0.260
0.655	Supplies and Services	0.776
0.304	Lead Authority Charges	0.324
3.812	Capital Financing	3.670
0.753	Contingency	0.450
0.000	Contribution to Capital	0.850
7.489	**GROSS EXPENDITURE**	**7.876**
-0.349	Less Income	-0.417
7.140	**NET EXPENDITURE**	**7.459**

2023/24 £m	Chief Fire Officer	2024/25 £m
0.253	Firefighters	0.290
0.045	Support Staff	0.052
0.000	Ill Health Pensions	0.000
0.000	Other Employees	0.000
0.000	Premises	0.000
0.003	Transport	0.004
0.017	Supplies and Services	0.021
0.000	Lead Authority Charges	0.000
0.000	Capital Financing	0.000
0.000	Contingency	0.000
0.000	Contribution to Capital	0.000
0.318	**GROSS EXPENDITURE**	**0.366**
0.000	Less Income	0.000
0.318	**NET EXPENDITURE**	**0.366**

West Yorkshire Fire & Rescue Authority

OFFICIAL

Customer Service Excellence Assessment 2023

Full Authority

Date: 29 February 2024

Agenda Item: **12**

Submitted By: Head of Corporate Services

Purpose To update Members on the Customer Service Excellence assessment 2023.

Recommendations That Members note the attainment of the Customer Service Excellence standard with full compliance against all 57 elements incorporating 33 'Compliance Plus' awards.

Summary This report provides details of the Customer Service Excellence Assessment 2023 which has resulted in West Yorkshire Fire and Rescue Service achieving full compliance against all 57 Customer Service Excellence elements incorporating the award of 33 'Compliance Plus' awards.

Local Government (Access to information) Act 1972

Exemption Category: None

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Background papers open to inspection: None

Annexes: Customer Service Excellence – Assessment Report 2023

1 Introduction

1.1 Since 1998, West Yorkshire Fire and Rescue Service has consistently attained the Charter Mark Standard, which is the Government's national standard of customer service excellence for organisations delivering public services.

1.2 In August 2009 the Authority invited an assessment against the new Customer Service Excellence standard, which was being phased in and which has now fully replaced the Charter Mark standard. This new standard is derived from the core concepts of customer focus and the delivery of excellent customer service and assesses, in great detail, the following areas:

- Customer Insight
- The Culture of the Organisation
- Information and Access
- Delivery
- Timeliness and Quality of Service

2 Information

2.1 West Yorkshire Fire and Rescue Service is subject to an annual assessment to ensure the standard is being maintained as part of a three-year rolling programme.

2.2 In December 2023 the assessor reviewed 19 of the criteria. The annual assessment was a full day with the assessor, reviewing evidence, meeting with staff, visiting Cleckheaton Fire Station, and contact with partner organisations including service users to assess the views of partners and customers regarding working with, and the service provided, by WYFRS.

2.3 Following this assessment, West Yorkshire Fire and Rescue Service has once again been awarded the Customer Service Excellence standard in recognition of the high standards in delivery of customer-focused services.

2.4 The Service has been awarded Full Compliance against all 57 criteria along with a further four 'Compliance Plus' thereby totalling 33 'Compliance Plus' awards. The additional 'Compliance Plus' awards are for the following elements:

- ❑ We use reliable and accurate methods to measure customer satisfaction on a regular basis.
- ❑ We can demonstrate our commitment to developing and delivering customer focused services through our recruitment, training, and development policies for staff.
- ❑ We have challenging standards for our main services, which take account of our responsibility for delivering national and statutory standards and targets.
- ❑ We agree with our customers at the outset what they can expect from the service we provide.

2.5 The existing 'Compliance Plus' awards, which are awarded for behaviours or practices that exceed the requirements of the standard, and are viewed as exceptional or as an exemplar for others – either within the organisation or in the wider public service arena, were awarded for the following elements:

Customer Insight

- We have an in-depth understanding of the characteristics of our current and potential customer groups based on recent and reliable information.
- We have developed customer insight about our customer groups to better understand their needs and preferences.
- We make particular efforts to identify hard-to-reach and disadvantaged groups and individuals and have developed our services in response to their specific needs.
- We have a strategy for engaging and involving customers using a range of methods appropriate to the needs of identified customer groups.
- We have made the consultation of customers integral to continually improving our service and we advise customers of the results and action taken.
- We have made positive changes to services as a result of analysing customer experience, including improved customer journeys.

The Culture of the Organisation

- There is corporate commitment to putting the customer at the heart of service delivery and leaders in our organisation actively support this and advocate for customers.
- We have policies and procedures which support the right of all customers to expect excellent levels of service.
- We protect customers' privacy both in face-to-face discussions and in the transfer and storage of customer information.
- We empower and encourage all employees to actively promote and participate in the customer-focused culture of our organisation.
- Our staff are polite and friendly to customers and have an understanding of customer needs.
- We prioritise customer focus at all levels of our organisation and evaluate individual and team commitment through the performance management system.
- We can demonstrate how customer-facing staffs' insights and experiences are incorporated into internal processes, policy development and service planning.
- We value the contribution our staff make to delivering customer focused services, and leaders, managers and staff demonstrate these behaviours.

Information and Access

- We make information about the full range of services we provide available to our customers and potential customers, including how and when people can contact us, how our services are run and who is in charge.
- We take reasonable steps to make sure our customers have received and understood the information we provide.
- We have improved the range, content and quality of verbal, published and web-based information we provide to ensure it is relevant and meets the needs of customers.
- We evaluate how customers interact with the organisation through access channels and using this information to identify possible service improvements and offer better choices.
- We have made arrangements with other providers and partners to offer and supply co-ordinated services, and these arrangements have demonstrable benefits for our customers.
- We have developed co-ordinated working arrangements with our partners that ensure customers have clear lines of accountability for quality of service.

- We interact within wider communities and demonstrate the ways in which we support those communities.

Delivery

- We monitor and meet our standards, key departmental and performance targets, and we tell our customers about our performance.
- We can demonstrate that we deliver the service we promised to individual customers and that outcomes are positive for the majority of our customers.
- We have developed and learned from best practice identified within and outside our organisation, and we publish our examples externally where appropriate.
- We give staff training and guidance to handle complaints and to investigate them objectively, and we can demonstrate that we empower staff to put things right.
- We learn from any mistakes we make by identifying patterns in formal and informal complaints and comments from customers and use this information to improve services and publicise action taken.

Timeliness and Quality of Service

- We advise our customers and potential customers about our promises on timeliness and quality of customer service.
- We identify individual customer needs at the first point of contact with us and ensure that an appropriate person who can address the reason for contact deals with the customer.
- We respond to initial enquiries promptly, if there is a delay we advise the customer and take action to rectify the problem

2.6 A summary of the assessment report detailing the assessor's comments against each element of the standard for the current three-year rolling programme has been prepared and is available to Members on request. The report shows the comments from the 2023 (RP1) assessment.

2.7 A summary of the assessor's overall comments is attached to this report.

2.8 The result of the Customer Service Excellence assessment is an excellent achievement for West Yorkshire Fire and Rescue Service and clearly demonstrates continuous commitment to providing an excellent service to customers.

3 Financial Implications

3.1 Any costs involved in this work will be met from within the existing approved reserve budget.

4 Legal Implications

4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution

5 Human Resource and Diversity Implications

5.1 These results further demonstrate the progress of West Yorkshire Fire and Rescue Service meeting the customer service expectations of our diverse community. Further Equality Impact Assessments should be carried out on future survey results to confirm whether or not there is any variance in opinion across protected characteristic groups.

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
Date EIA Completed	N/A
Date EIA Approved	N/A

7 Health, Safety and Wellbeing Implications

7.1 There are no health and safety implications arising from this report.

8 Environmental Implications

8.1 There are no environmental implications arising from this report.

9 Your Fire and Rescue Service Priorities

9.1 This report links with all the Community Risk Management Plan 2022-25 strategic priorities below:

- Improve the safety and effectiveness of our firefighters.
- Promote the health, safety, and wellbeing of all our people.
- Encourage a learning environment in which we support, develop, and enable all our people to be at their best.
- Focus our prevention and protection activities on reducing risk and vulnerability.
- Provide ethical governance and value for money.
- Collaborate with partners to improve all of our services.
- Work in a sustainable and environmentally friendly way.
- Achieve a more inclusive workforce, which reflects the diverse communities we serve.
- Continuously improve using digital and data platforms to innovate and work smarter.
- Plan and deploy our resources based on risk.

10 Conclusions

10.1 That Members note the award of the Customer Service Excellence standard with Full Compliance against all 57 criteria incorporating 33 ‘Compliance Plus’ awards.

Customer Service Excellence

Assessment Summary December 2023

OFFICIAL
Ownership: Corporate Services
Date Issued:29/02/2024
Status: FINAL

Introduction

Customer Service Excellence was developed to offer public services a practical tool for driving customer-focussed change within their organisation. It tests in great depth those areas that research has indicated are a priority for customers, with particular focus on delivery, timeliness, information, professionalism and staff attitude. There is also emphasis placed on developing customer insight, understanding the user's experience and robust measurement of service satisfaction. It is designed to operate as a driver of continuous improvement, as a skills development tool and as an independent validation of achievement.

West Yorkshire Fire and Rescue Service achieved Customer Service Excellence in 2009 and is re-assessed on a rolling programme each year. The following includes the Assessment Report for 2023.

Assessment Summary

Overview

Overall Self-assessment	Strong
Overall outcome	Successful
Rolling Programme (RP1)	2023

The West Yorkshire Fire and Rescue Service (WYFRS) is one of the largest fire and rescue services in the UK, employing some 1400 staff with a budget of £104 million.

The Headquarters are in Birkenshaw, West Yorkshire which has been subject to development. This will consolidate some 400 administrative staff when complete, including the central control room and operational control. New training facilities are included. The new HQ will make better use of space by hot desking, to reflect the duties of some staff working from home.

The Service operates from 40 stations in West Yorkshire. The Service covers large cities and towns, waterways, valleys, remote villages, moorland, motorways, railways links, an international airport, large industrial estates, and major sports and cultural venues.

The assessment was attended throughout by the Head of Corporate Services, her assistant, and a Corporate Services officer. The assessor interviewed the Youth Interventions Manager and one of her trainers, a digital data analyst, the District Commanders and crew members at Cleckheaton Fire Station, the Director of Corporate Services, and a selection of customers and partners, all of whom provided evidence.

As the number of fires decrease, there is greater focus on fire and accident prevention and protection. Staff undertake fire prevention duties, fire risk management and make visits to households, business premises and public buildings, to examine fire safety arrangements.

This assessment has been very well-prepared. The evidence base is extensive with some 67 new pieces of evidence and a further 138 pieces of active evidence updated. The Service does not use Morphus to provide evidence links, but provides its own database to access evidence. The assessor notes that evidence provided this year is more focused and selected for the requirements of CSE. There are significant improvements in the way the assessment has been managed this year.

Overall, this is an excellent service, the 29 elements with Compliance Plus have been retained due to increased efforts. A further four elements are now worthy of this higher rating bringing the total to 33 (details below). This is a thoroughly deserved achievement. This is a long standing CSE compliant service. Managers and staff aim to keep it this way. WYFRS is, once again, fully compliant with the CSE Standard.

1: Customer Insight

Criterion 1 self-assessment	Strong
Criterion 1 outcome	Successful

This Criterion covers customer insight, engagement and consultation, and customer satisfaction. WYFRS deals with contrasting customer groups, from those being saved from fire or in need of rescue from properties, vehicles and floods. There is now a greater focus on raising awareness of the dangers of fire and keeping safe through home visits, workplaces and schools. There are special intervention programmes to support young people.

Staff continue to develop their understanding of customer groups. **Compliance Plus remains in element 1.1.1.**

The detailed Community Engagement Strategy supports good practice, resulting in the **retention of Compliance Plus in element 1.2.1.**

Customer satisfaction levels are high. Almost all parts of the service feedback are analysed, based on performance and customers' perceptions. The 'Prevention After Fire visits' helps identify best practice, resulting in a **new Compliance Plus in element 1.3.1.**

Expectations from targets are already high, so progress is difficult to demonstrate. There is scope for introducing further targets to tackle areas where levels could be higher, amongst certain customer groups.

Elements 1.1.2, 1.1.3, 1.2.2 and 1.3.5 were not formally assessed but C+ was retained.

2: The Culture of the Organisation

Criterion 2 self-assessment	Strong
Criterion 2 outcome	Successful

This Criterion is fully compliant and covers leadership, staff professionalism and attitudes, and how these contribute to improved services.

Corporate commitment to putting the customer at the heart of the service is evident throughout. The leadership shown towards this is very good, resulting in continuing **Compliance Plus retained in element 2.1.1.**

Corporate policies, staff training and feedback from those interviewed, show that customers feel they are treated fairly by commenting on staff helpfulness and politeness. The service has agreed to introduce the word 'fair' into new questionnaires.

Delivering customer focused services at the recruitment stage and following this up in subsequent training and development is very evident in the evidence provided, resulting in a **new Compliance Plus in element 2.2.1.**

Managers make good use of the insight shown by staff from their day-to-day experience and in the development of policy, practice and service planning, resulting in **continued Compliance Plus in element 2.2.4.**

Compliance Plus is also retained in elements 2.1.3, 2.1.5, 2.1.6, 2.2.2, 2.2.3, and 2.2.5 as nothing has arisen to indicate otherwise.

3: Information and Access

Criterion 3 self-assessment	Strong
Criterion 3 outcome	Successful

This Criterion is fully compliant and covers the quality of information for customers, access to services, partnership arrangements to improve services and the way services interact with the community.

Service Information is provided for all customers and is of a very high standard. Customers can find many links that take them to the range of services, and useful data on effectiveness. **Compliance Plus is retained in element 3.1.1** because of developments.

Users of services can expect information to be provided in ways that meet needs and preferences using a variety of formats. The website is an excellent resource. In addition, non-emergency services are delivered using a variety of access channels, ranging from accessing service directly from the website, routine visits to customers who have used the service and specialist training within the school community helping to raise safety awareness.

Partnership working and initiatives continue to be strong. Much is achieved by working with other services to improve communities. As a result, **Compliance Plus is retained in element 3.4.1.**

Compliance Plus is also retained in elements 3.2.2, 3.2.3, 3.3.2, 3.4.2 and 3.4.3 as nothing has arisen to indicate otherwise.

4: Delivery

Criterion 4 self-assessment	Strong
Criterion 4 outcome	Successful

This Criterion is fully compliant and covers service delivery standards, achievements and outcomes and how the service can deal effectively with problems. High quality service is confirmed by external inspection by HMIC and the Fire Standards Board. Locally this large service is also monitored for performance against response indicators which set out challenging standards for all main service areas, resulting in a **new Compliance Plus in element 4.1.1.** Senior officers work with other services to agree what can be expected.

The Customer Service Guide sets out additional activities offered to the community to help keep them safe in preventing fires and other emergencies. The quality of work here merits a **new Compliance Plus in element 4.2.1.**

Performance indicators show occasional dips in service provision. The management of these dips is well-organised and customers are kept informed of improvements.

Complaints continue to be managed well. The service can identify areas for improvement, from the analysis of complaints, resulting in **Compliance Plus being retained in element 4.3.4.**

Compliance Plus is also retained in elements 4.1.2, 4.2.2, 4.2.4, 4.3.3, as nothing has arisen to indicate otherwise.

5: Timeliness and Quality of Service

Criterion 5 self-assessment	Strong
Criterion 5 outcome	Successful

This Criterion covers standards for timeliness and quality of service, how these are monitored and met, and steps taken, to make further improvements.

WYFRS continues to set appropriate and measurable standards for all aspects of the timeliness of response from customers, covering the answering of phones though to responding to external correspondence, including emails, responding to Freedom of Information requests and dealing with personal callers.

The service has developed a range of quality attributes expected from staff when communicating with customers. All standards for timeliness and quality of service are monitored carefully by managers using personal observations and from detailed surveys covering a large range of service activity. Where there are shortfalls in provision these are identified, and action is taken to bring about improvements in service delivery.

Compliance Plus is retained in elements 5.2.1, 5.2.2 and 5.2.5, as nothing has arisen to indicate otherwise.

OFFICIAL

Performance Management Report

Full Authority

Date: 29 February 2024

Agenda Item: **13**

Submitted By: Head of Corporate Services

Purpose

To inform Members of the Authority's performance against key performance indicators.

Recommendations

That Members note the report.

Summary

This report provides Members with information regarding the performance of West Yorkshire Fire and Rescue Service against targets to enable the Authority to measure, monitor and evaluate performance.

Local Government (Access to information) Act 1972

Exemption Category: None

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Background papers open to inspection: None

Annexes: Performance Management Report
1 April 2023 – 11 February 2024

1 Introduction

1.1 The attached Performance Management and Activity Report outlines the Authority's performance against key performance indicators thereby enabling the Authority to measure, monitor and evaluate performance against targets.

1.2 The report shows a summary of the cumulative performance for the period 1 April 2023 to 11 February 2024 against each of the indicators.

1.3 The Performance Management and Activity Report is monitored quarterly by Management Team and the Full Authority.

1.4 An abridged version of the Performance Management Report is presented quarterly to the Audit Committee highlighting where targets are not being achieved.

2 Financial Implications

2.1 There are no financial implications arising from this report.

3 Legal Implications

3.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution

4 Human Resource and Diversity Implications

4.1 There are no Human Resource and Diversity implications arising from this report.

5 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
Date EIA Completed	N/A
Date EIA Approved	N/A

The EIA is available on request from the report author or from diversity.inclusion@westyorksfire.gov.uk

6 Health, Safety and Wellbeing Implications

6.1 There are no health, safety and wellbeing implications arising from this report.

7 Environmental Implications

7.1 There are no environmental implications arising from this report.

8 Your Fire and Rescue Service Priorities

8.1 This report links with the Community Risk Management Plan 2022-25 strategic priorities below;

- Improve the safety and effectiveness of our firefighters.

- Promote the health, safety, and wellbeing of all our people.
- Encourage a learning environment in which we support, develop, and enable all our people to be at their best.
- Focus our prevention and protection activities on reducing risk and vulnerability.
- Provide ethical governance and value for money.
- Collaborate with partners to improve all of our services.
- Work in a sustainable and environmentally friendly way.
- Achieve a more inclusive workforce, which reflects the diverse communities we serve.
- Continuously improve using digital and data platforms to innovate and work smarter.
- Plan and deploy our resources based on risk.

9 Conclusions

9.1 That Members note the report.

West Yorkshire
Fire & Rescue Service

Performance Management Report
Fire Authority

Period Covered:

01 April 2023 11 February 2024

West Yorkshire
Fire & Rescue Service

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West Yorkshire
Fire & Rescue Service

This report provides a summary of our progress across the Service based on the date ranges below.

Period Covered:

Financial Year	2023-24	
Date Range	01 April 2023	11 February 2024

IMPORTANT: The data provided is based on incident reports that have been completed and/or checked but will not include data from incident reports which have not been completed.
Data may change due to incident reports that have been updated due to amendment. The data is accurate at time of creation of the report.

This report is comparing the date range above against:

Previous Year Comparison Date Range	01 April 2022	11 February 2023
3 Year Average Comparison Period	01 April 2022 01 April 2021 01 April 2020	11 February 2023 11 February 2022 11 February 2021
Colour Key	Positive Arrows Positive Charts *When doing a comparison the key above is used. In all other cases graphs, charts and visuals are using contrasting colours to support accessibility.	Negative Arrows Negative Charts

Due to seasonality **Previous Year** and **3 Year Average** comparison are based on selected range and not the whole of the previous year.

Performance Summary

Arrows display percentage(%) increase/decrease on previous year to current financial year.
The comparison range is based on selected date range.

This report is comparing:	**01 April 2023**	**11 February 2024**
Against:	01 April 2022	11 February 2023

Measure	Value	Change
Total Incidents	22500	-6%
Fires	7818	-21%
False Alarms	10509	4%
Non-fires	4173	7%
Fire Related Fatalities	10	67%
Fire Related Injuries	122	-1%
Malicious False Alarms	254	-13%
Road Traffic Collisions	534	3%
Accidental Dwelling Fires	826	-1%
Deliberate Fires	4582	-23%
Non-domestic Building Fires	322	4%
Response Times Met	95%	1%
Safe and Well Visits	10461	6%

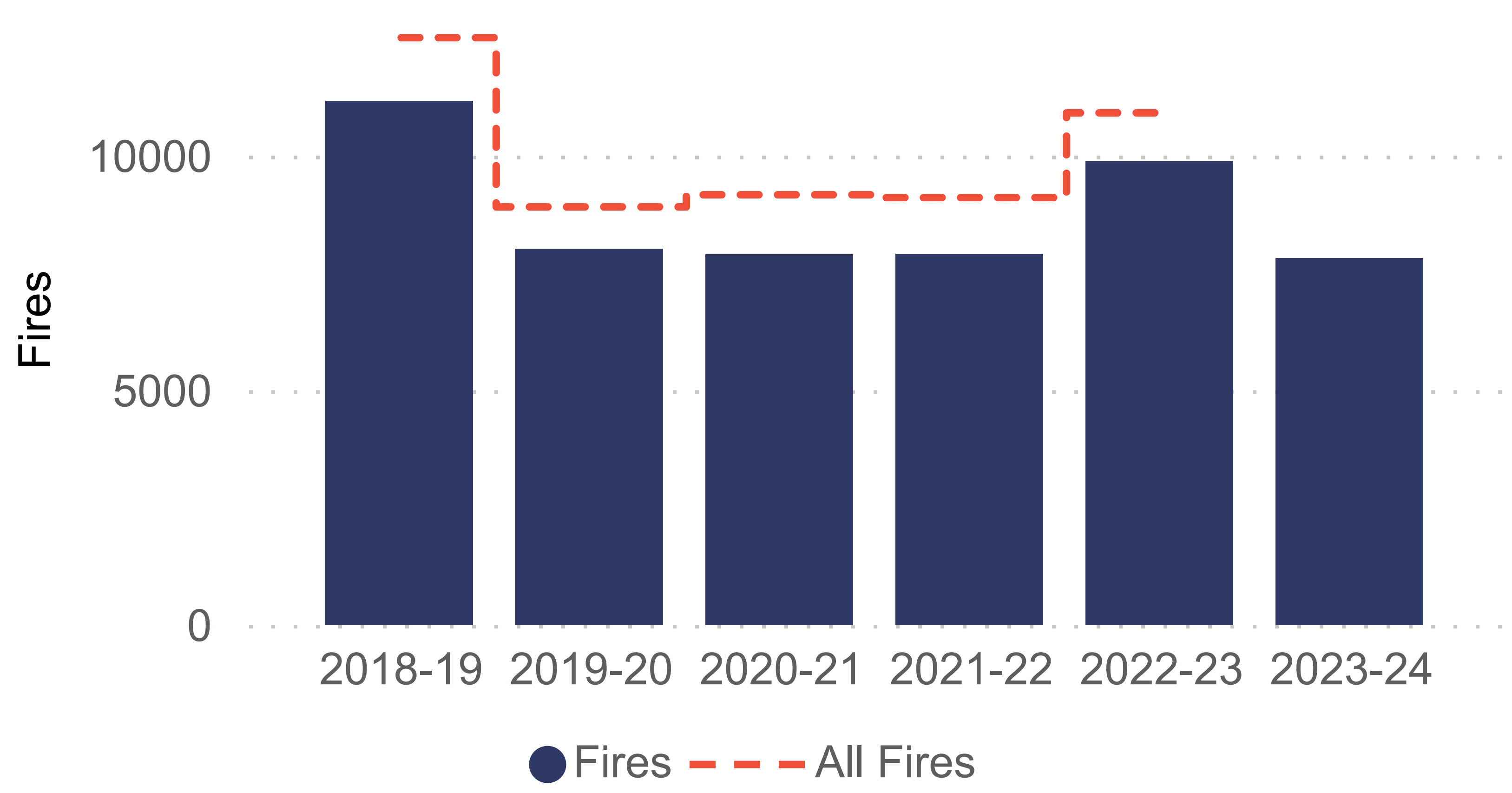
Incident Demand by Time of Day

Day	08:00-08:59	09:00-09:59	10:00-10:59	11:00-11:59	12:00-12:59	13:00-13:59	14:00-14:59	15:00-15:59	16:00-16:59	17:00-17:59	18:00-18:59	19:00-19:59	20:00-20:59	21:00-21:59	22:00-22:59	23:00-23:59	00:00-00:59	01:00-01:59	02:00-02:59	03:00-03:59	04:00-04:59	05:00-05:59	06:00-06:59	07:00-07:59
Mon	83	97	104	120	131	150	130	168	181	213	210	221	199	150	133	114	120	97	63	59	58	53	80	70
Tue	81	106	126	116	132	130	146	167	182	221	209	279	227	179	169	141	119	64	87	62	70	58	71	76
Wed	88	102	120	129	161	150	151	133	154	204	230	202	206	169	151	131	105	90	73	72	57	50	50	72
Thu	88	118	133	144	131	149	190	167	187	225	229	238	209	167	155	114	99	95	84	59	54	51	60	95
Fri	96	95	89	160	151	138	150	192	195	188	218	210	202	213	188	135	92	85	68	58	52	50	73	97
Sat	92	99	117	132	152	141	164	174	202	211	195	240	234	203	180	143	134	107	100	86	76	49	57	84
Sun	69	107	115	124	136	147	158	205	218	240	257	236	243	194	153	124	158	88	82	80	64	71	67	84

Fires

01 April 2023 11 February 2024

Fires by Financial Year



All Fires (red dotted line) shows the total figure for the financial year.
The bars show the value for selected date range.

Fires Previous Year To Date Comparison

District	% increase/decrease on previous year	3 Year Average
Bradford	-11%	↓
Calderdale	-19%	↓
Kirklees	-26%	↓
Leeds	-26%	↓
Wakefield	-24%	↓

3 Year average indicator shows if current number of Fires this financial year is an increase/decrease of fires against the 3 year average. Looking at only the comparison range.

Fires by Property Type

Outdoor	5187
Building	1599
Road Vehicle	1031
Other transport vehicle	1

Fires by Category

Fire Classification	Accidental	Deliberate
Chimney Fire	0.58%	
Primary Fire	20.07%	12.80%
Secondary Fire	20.75%	45.80%

Fires by Building Property Type

Dwelling	968
Non Residential	595
Other Residential	36

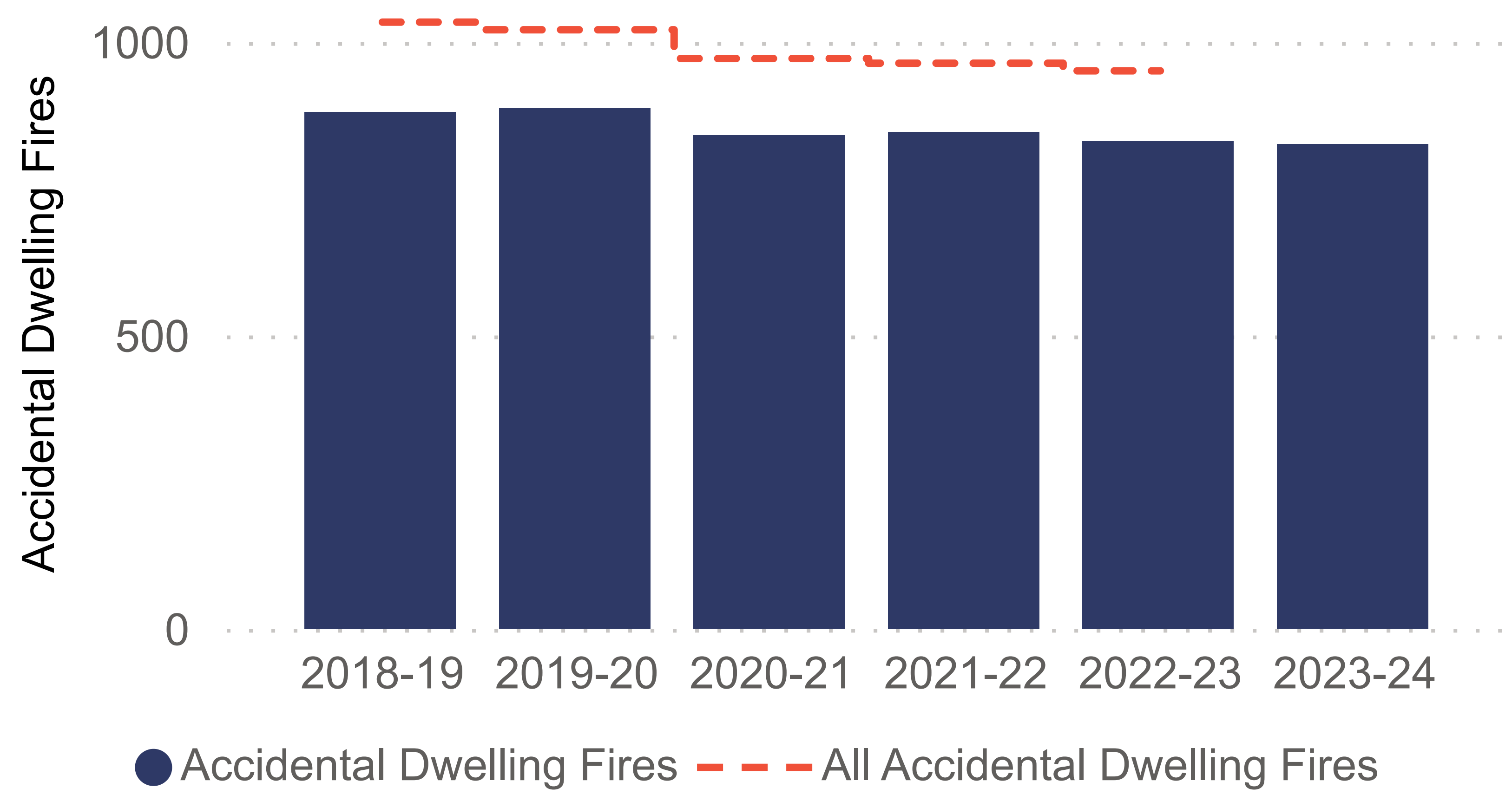
Fires by Outdoor Property Type

Other outdoors (including land)	2182
Outdoor structures	1605
Grassland, woodland and crops	1322
Outdoor equipment and machinery	78

Accidental Dwelling Fires

01 April 2023 11 February 2024

Accidental Dwelling Fires by Financial Year



All ADF (red dotted line) shows the total figure for the financial year.
The bars show the value for selected date range.

Accidental Dwelling Fires Previous Year To Date Comparison

District	% increase/decrease on previous year	3 Year Average
Bradford	14%	↑
Calderdale	11%	↑
Kirklees	-6%	↓
Leeds	-5%	↓
Wakefield	-16%	↓

3 Year average indicator shows if current number of ADF this financial year is an increase/decrease of ADF against the 3 year average. Looking at only the comparison range.

Accidental Dwelling Fires by Property Type

House - single occupancy	537
Purpose Built Flat/Maisonette - multiple occupancy	145
Converted Flat/Maisonette - multiple occupancy	57
Self contained Sheltered Housing	36
Bungalow - single occupancy	32
Licensed HMO	10
Unknown if licensed HMO	7
caravan/mobile home (permanent dwelling)	2

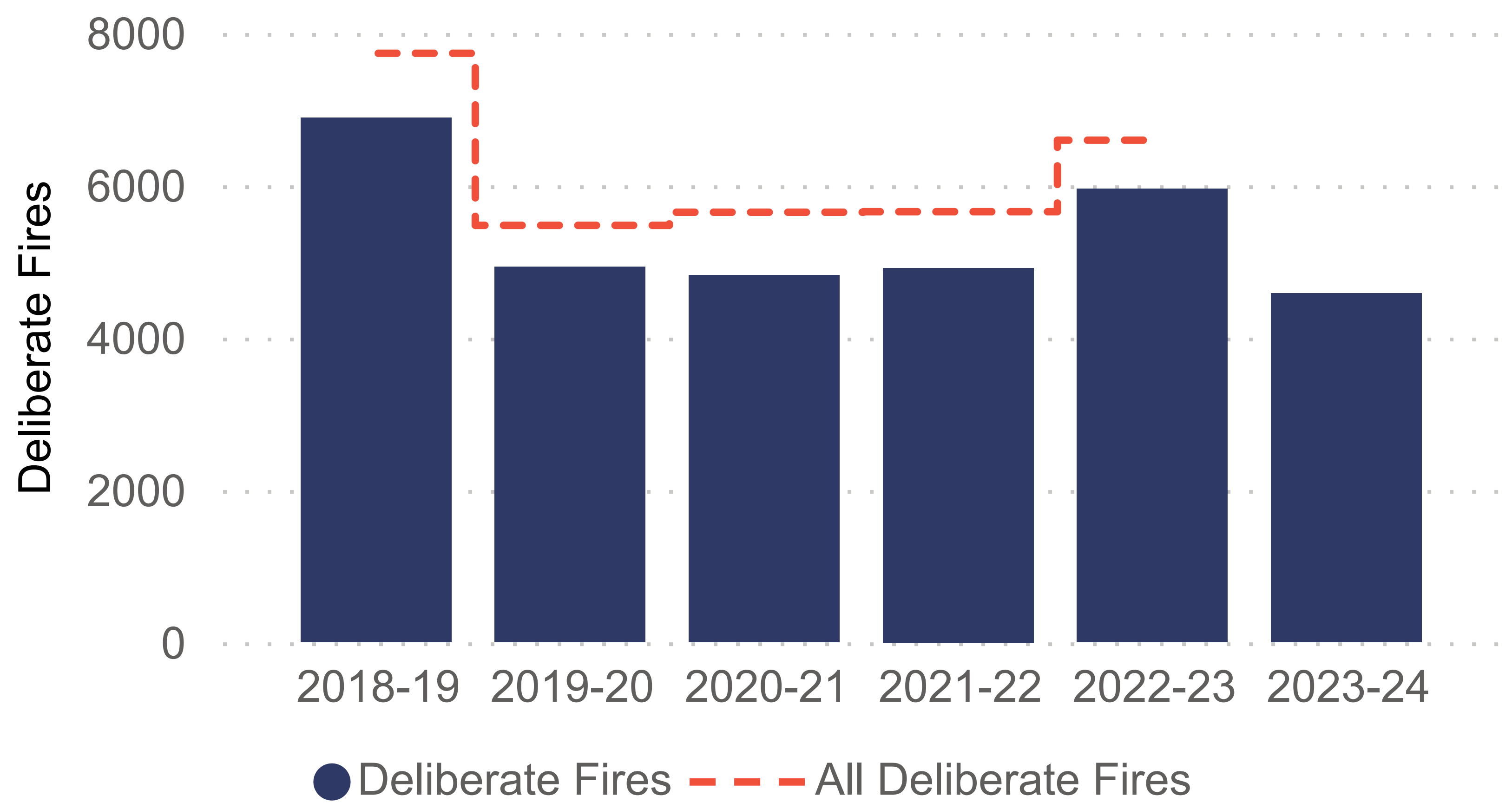
Top Fire Cause

Accidental - Cooking - other cooking

Deliberate Fires

01 April 2023 11 February 2024

Deliberate Fires by Financial Year



All Deliberate Fires (red dotted line) shows the total figure for the financial year. The bars show the value for selected date range.

Deliberate Fires Previous Year To Date Comparison

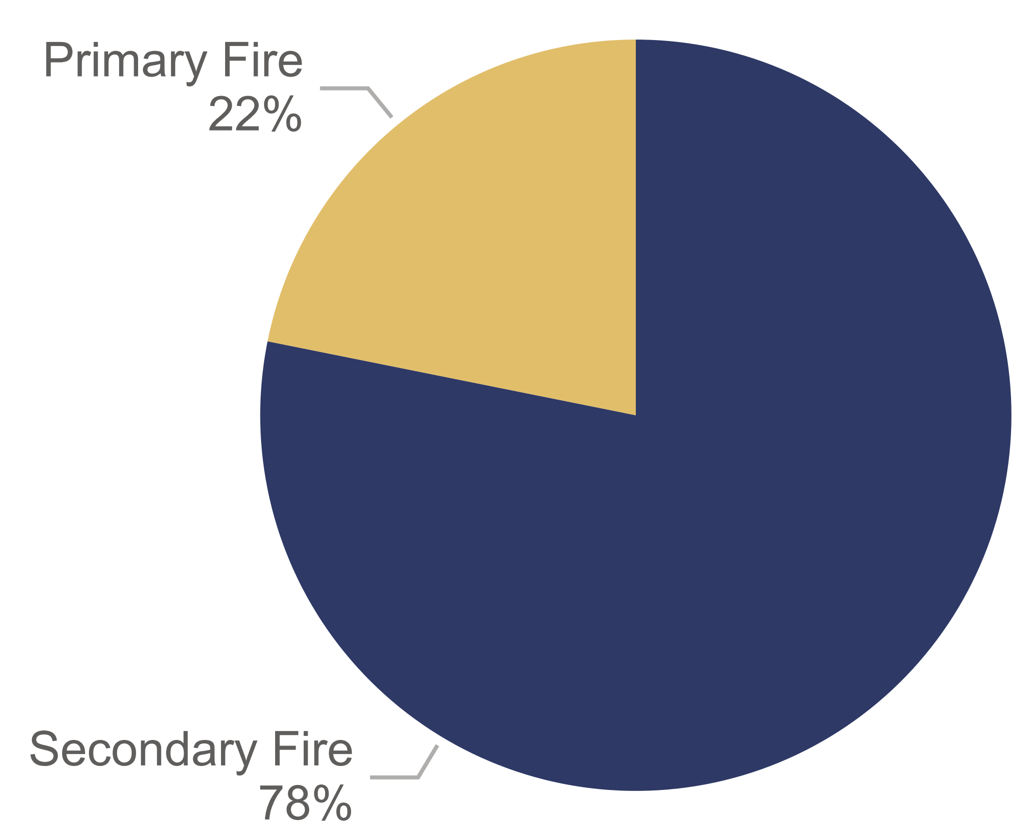
District	% increase/decrease on previous year	3 Year Average
Bradford	-17%	↓
Calderdale	-19%	↓
Kirklees	-32%	↓
Leeds	-25%	↓
Wakefield	-26%	↓

3 Year average indicator shows if current number of Deliberate Fires this financial year is an increase/decrease of Deliberate Fires against the 3 year average. Looking at only the comparison range.

Top 10 Property Types

Top 10 Property Types	Deliberate Fires
Other outdoors (including land)	1631
Outdoor structures	1101
Grassland, woodland and crops	757
Car	385
Non Residential	285
Dwelling	142
Motorcycle	108
Van	50
Multiple Vehicles	33
Outdoor equipment and machinery	31

Deliberate Fires by Primary or Secondary



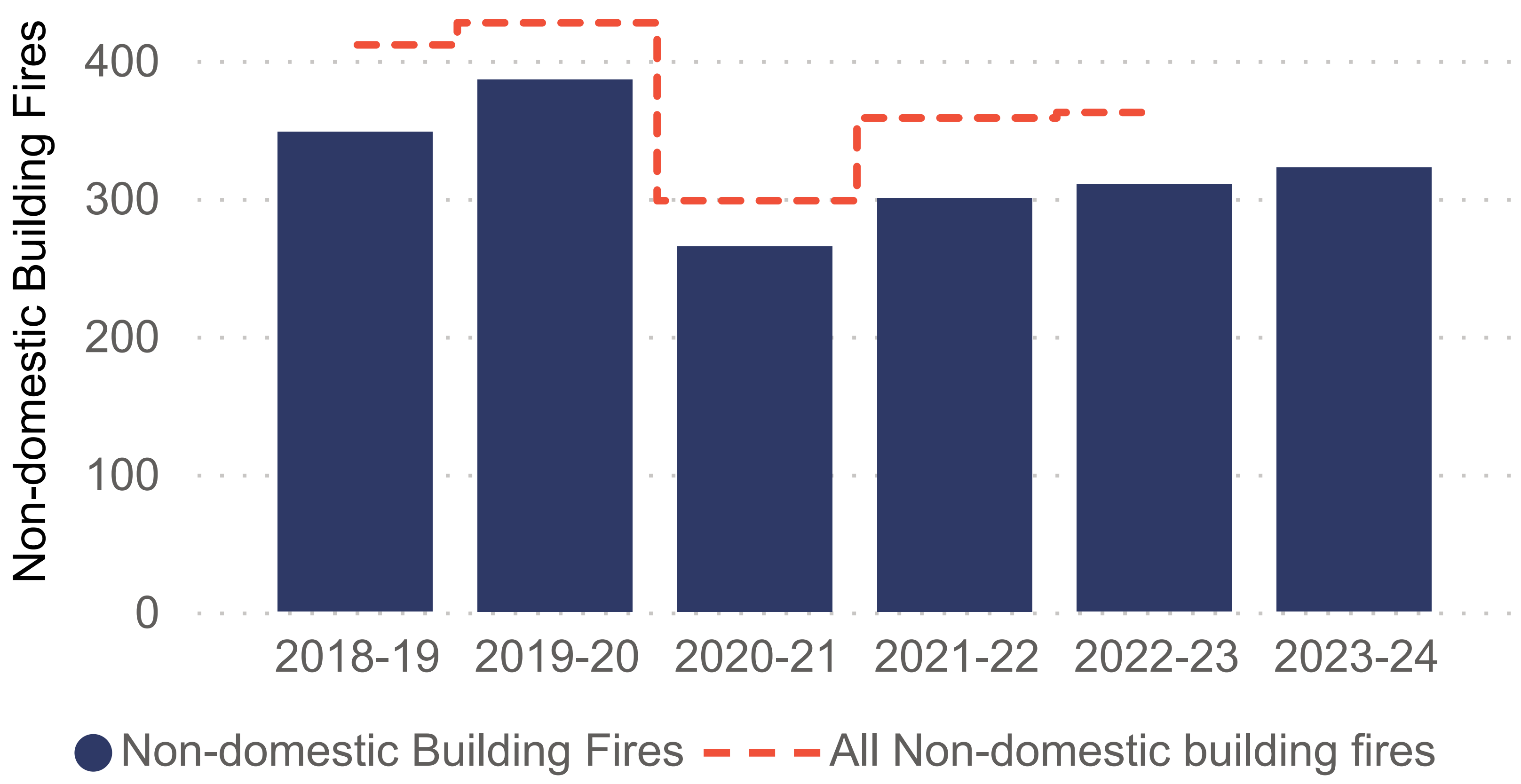
Top 5 Fire Causes

Top 5 Fire Causes	Deliberate Fires
Deliberate - unknown owner	1679
Deliberate - others property	1508
Deliberate - others property - Heat source and combustibles brought together deliberately	614
Deliberate - own property	394
Deliberate - unknown owner - Heat source and combustibles brought together deliberately	292

Non-domestic Fires

01 April 2023 11 February 2024

Non-domestic Building Fires by Financial Year



All Non-domestic Building Fires (red dotted line) shows the total figure for the financial year.
The bars show the value for selected date range.

Non-domestic Building Fires Previous Year To Date Comparison

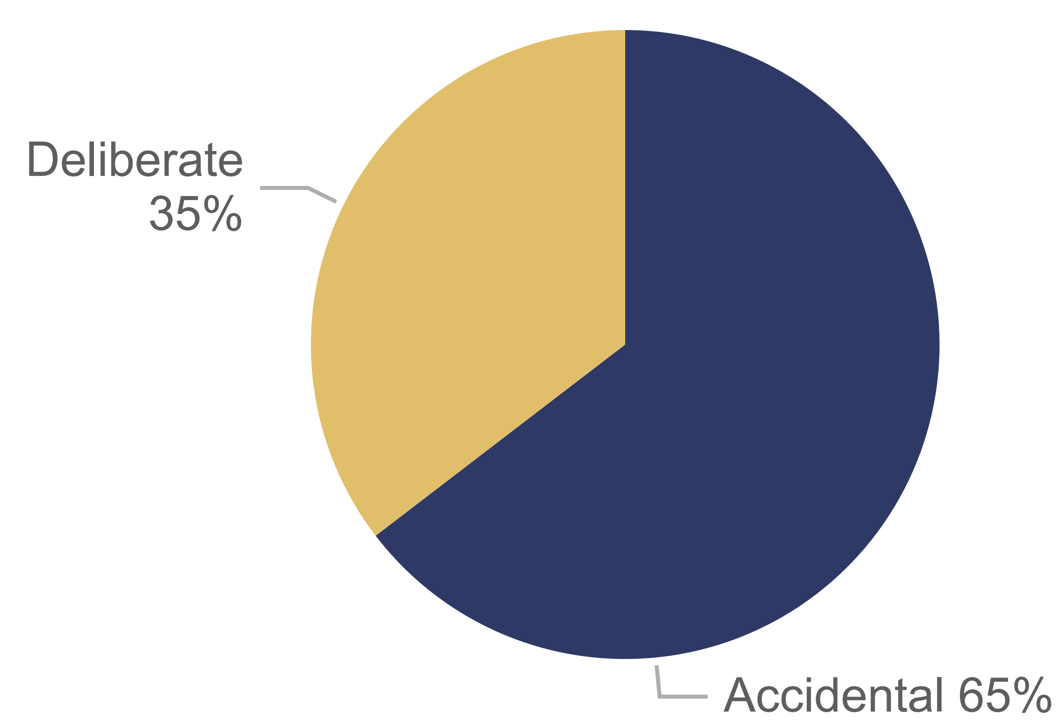
District	% increase/decrease on previous year	3 Year Average
Bradford	3%	↑
Calderdale	-19%	↓
Kirklees	-3%	↓
Leeds	15%	↑
Wakefield	-4%	↑

3 Year average indicator shows if current number of Non-domestic Building Fires this financial year is an increase/decrease of Non-domestic Building fires against the 3 year average. Looking at only the comparison range.

Top 5 Property Types

Top 5 Property Types	Non-domestic Building Fires
Food and Drink	62
Public admin, security and safety	62
Industrial Manufacturing	46
Retail	35
Industrial Processing	15

Non-domestic Building Fires by Accidental or Deliberate Fires



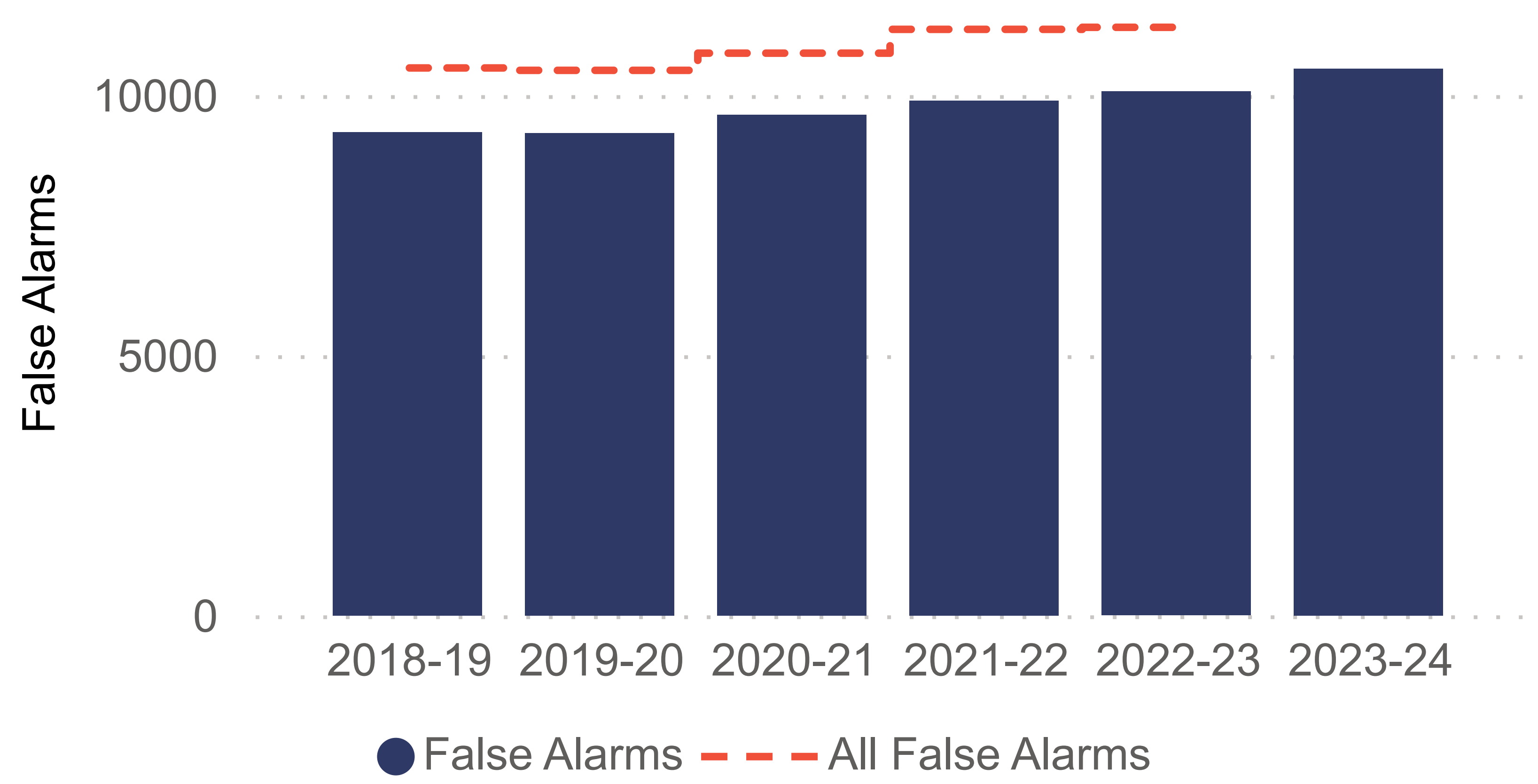
Top 5 Fire Causes

Top 5 Fire Causes	Non-domestic Building Fires
Deliberate - others property - Heat source and combustibles brought together deliberately	80
Accidental - Fault in equipment or appliance	37
Accidental - Faulty fuel supply - electricity	35
Accidental - Accumulation of flammable material	19
Accidental - Combustible articles too close to heat source (or fire)	16

False Alarms

01 April 2023 11 February 2024

False Alarms by Financial Year



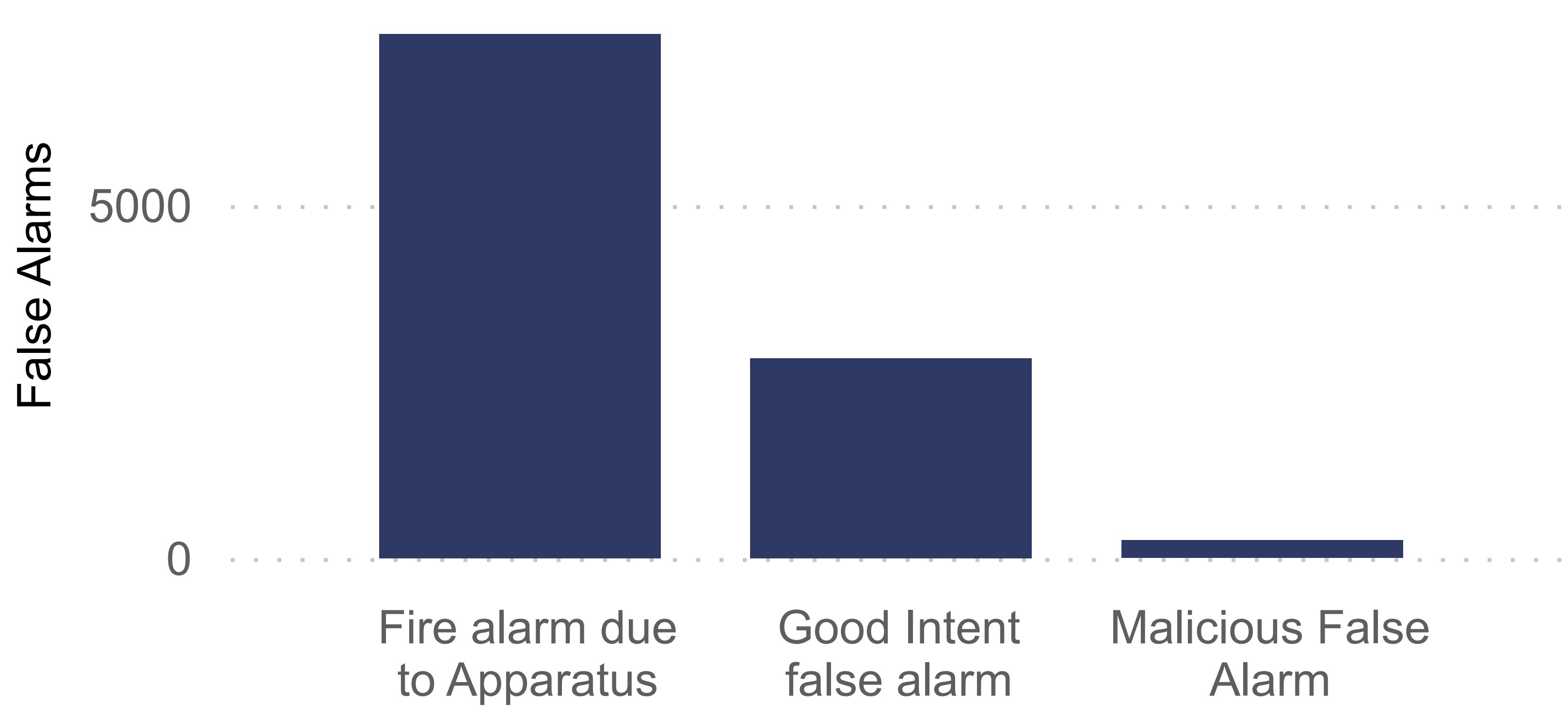
All False Alarms (red dotted line) shows the total figure for the financial year.
The bars show the value for selected date range.

False Alarms Previous Year To Date Comparison

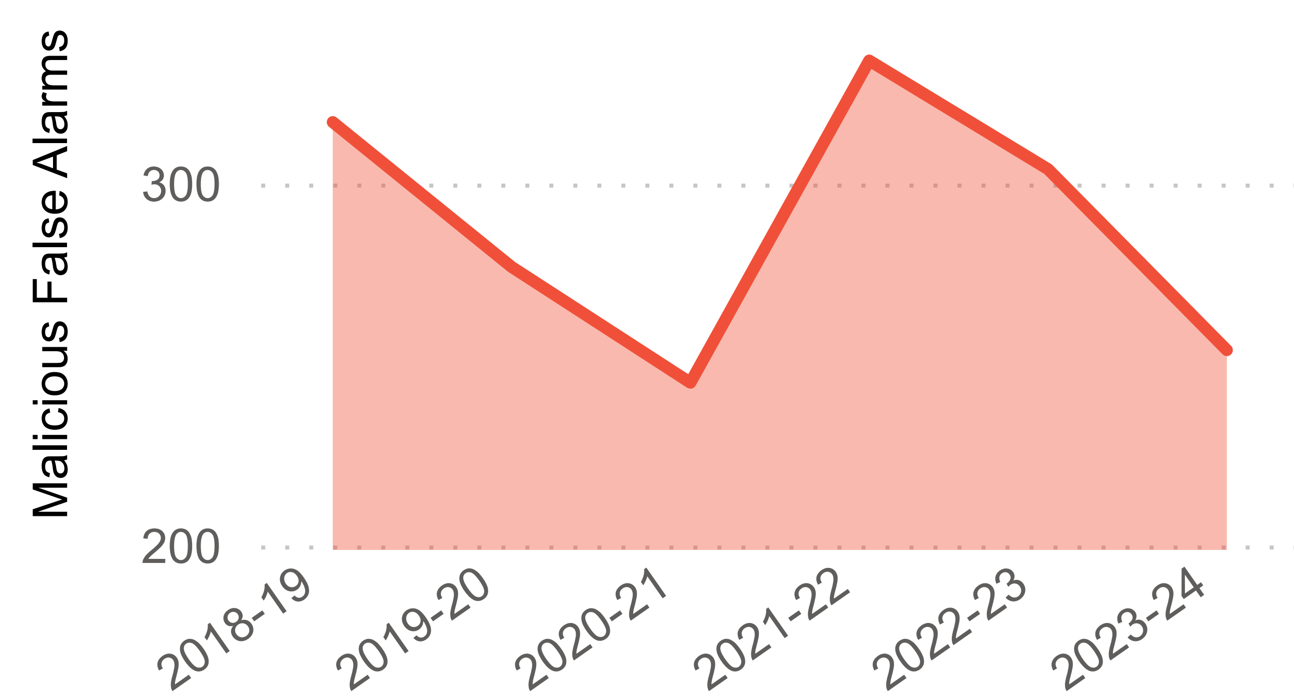
District	% increase/decrease on previous year	3 Year Average
Bradford	4%	↑
Calderdale	8%	↑
Kirklees	-5%	↓
Leeds	5%	↑
Wakefield	15%	↑

3 year average indicator shows if current number of False Alarms this financial year is an increase/decrease of False Alarms against the 3 year average. Looking at only the comparison range.

False Alarm by Reason



Malicious False Alarms by Financial Year



Top Dwelling Properties

Purpose Built Flat/Maisonette - multiple occupancy

Top Other Residential Buildings Properties

Residential Home

Top Non-Residential Building

Education

Top Dwelling Reason

Cooking/burnt toast

Top Other Residential Building Reason

Faulty

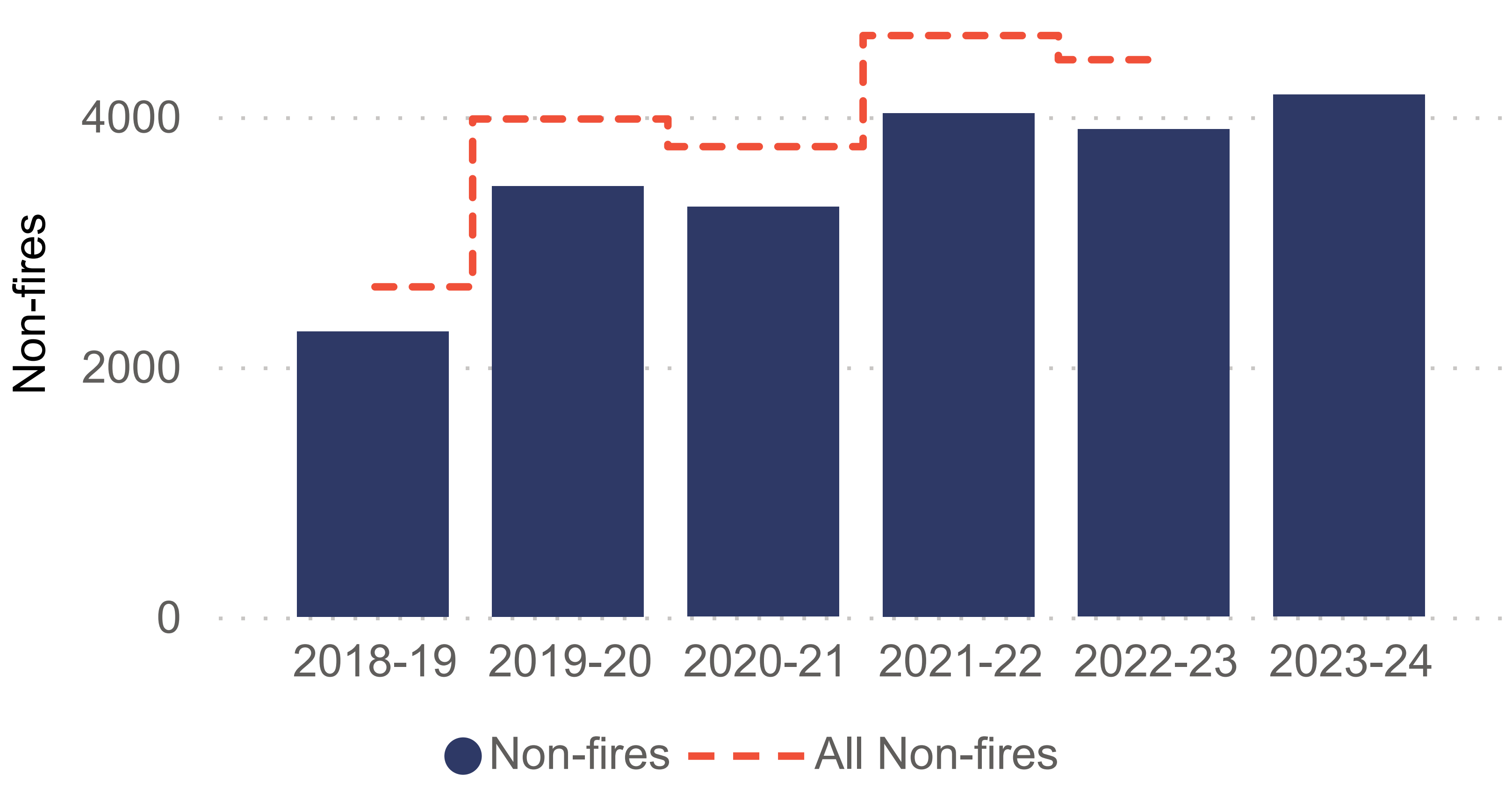
Top Non-Residential Reason

Faulty

Non-fires

01 April 2023 | 11 February 2024

Non-fires by Financial Year



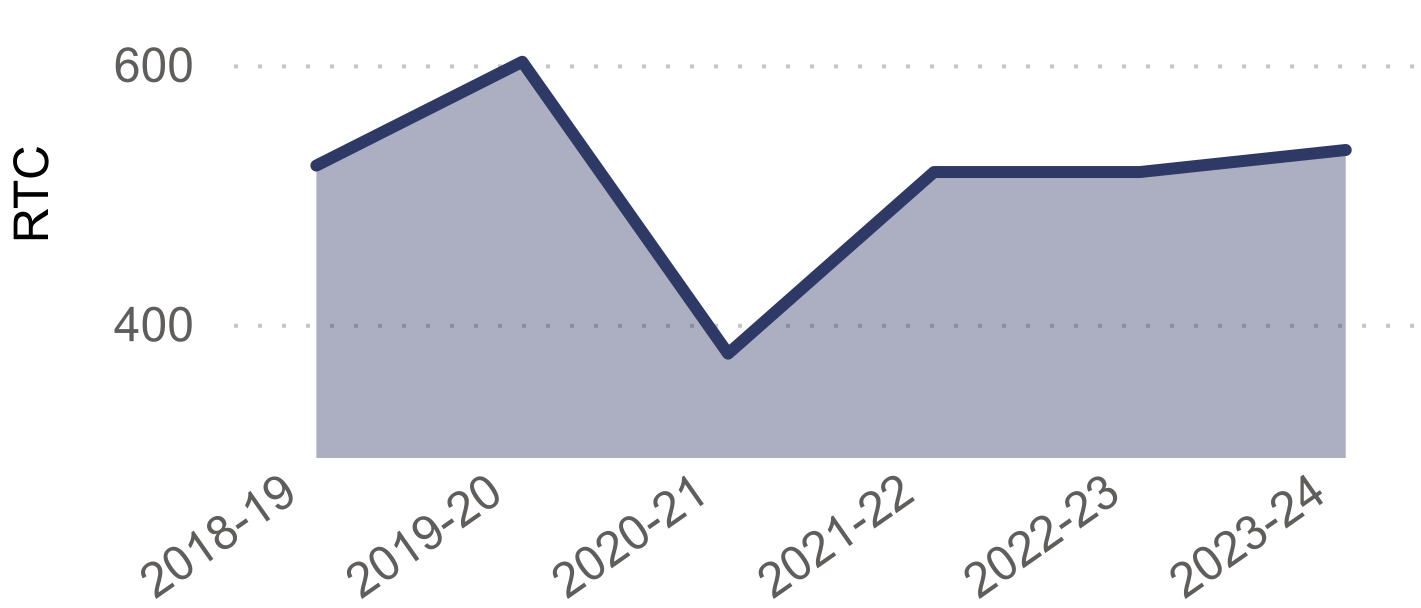
All Non-fires (red dotted line) shows the total figure for the financial year.
The bars show the value for selected date range.

Non-fires Previous Year To Date Comparison

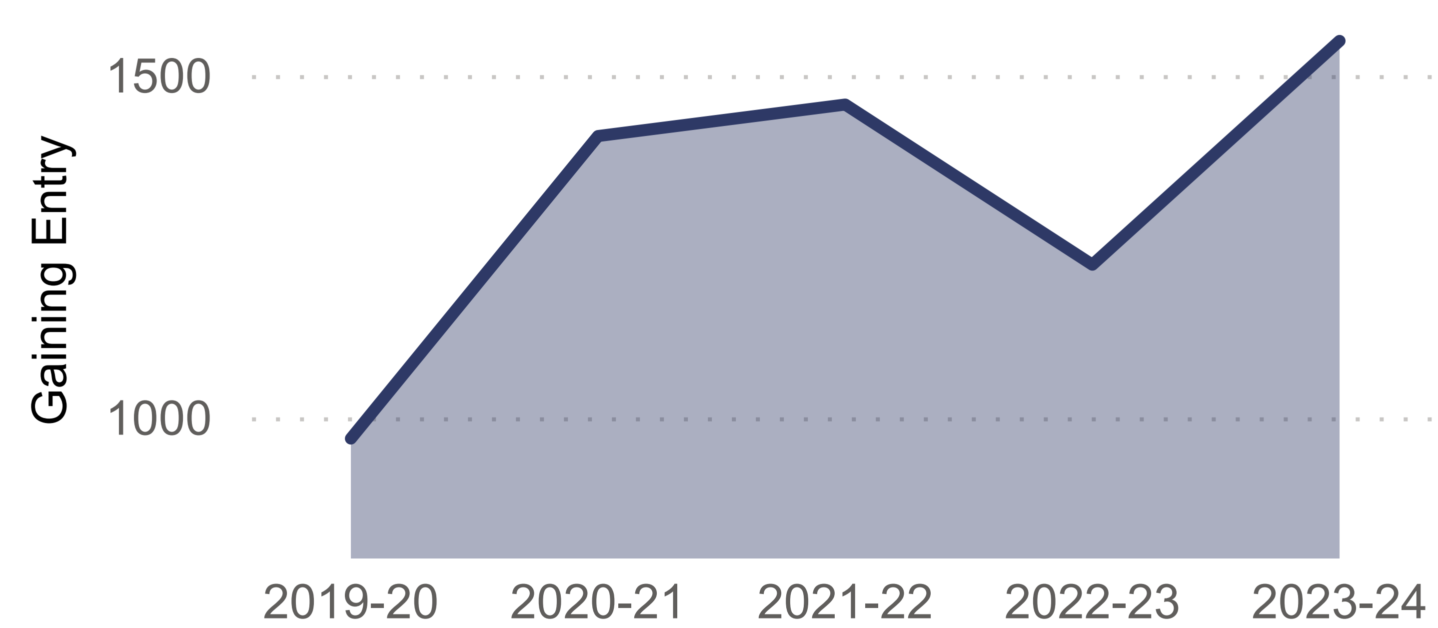
District	% increase/decrease on previous year	3 Year Average
Bradford	20%	↑
Calderdale	-1%	↑
Kirklees	7%	↑
Leeds	-0%	↑
Wakefield	13%	↑

3 Year average indicator shows if current number of Non-fires this financial year is an increase/decrease of Non-fires against the 3 year average. Looking at only the comparison range.

Road Traffic Collisions by Financial Year



Gaining Entry Cause for Concern by Financial Year



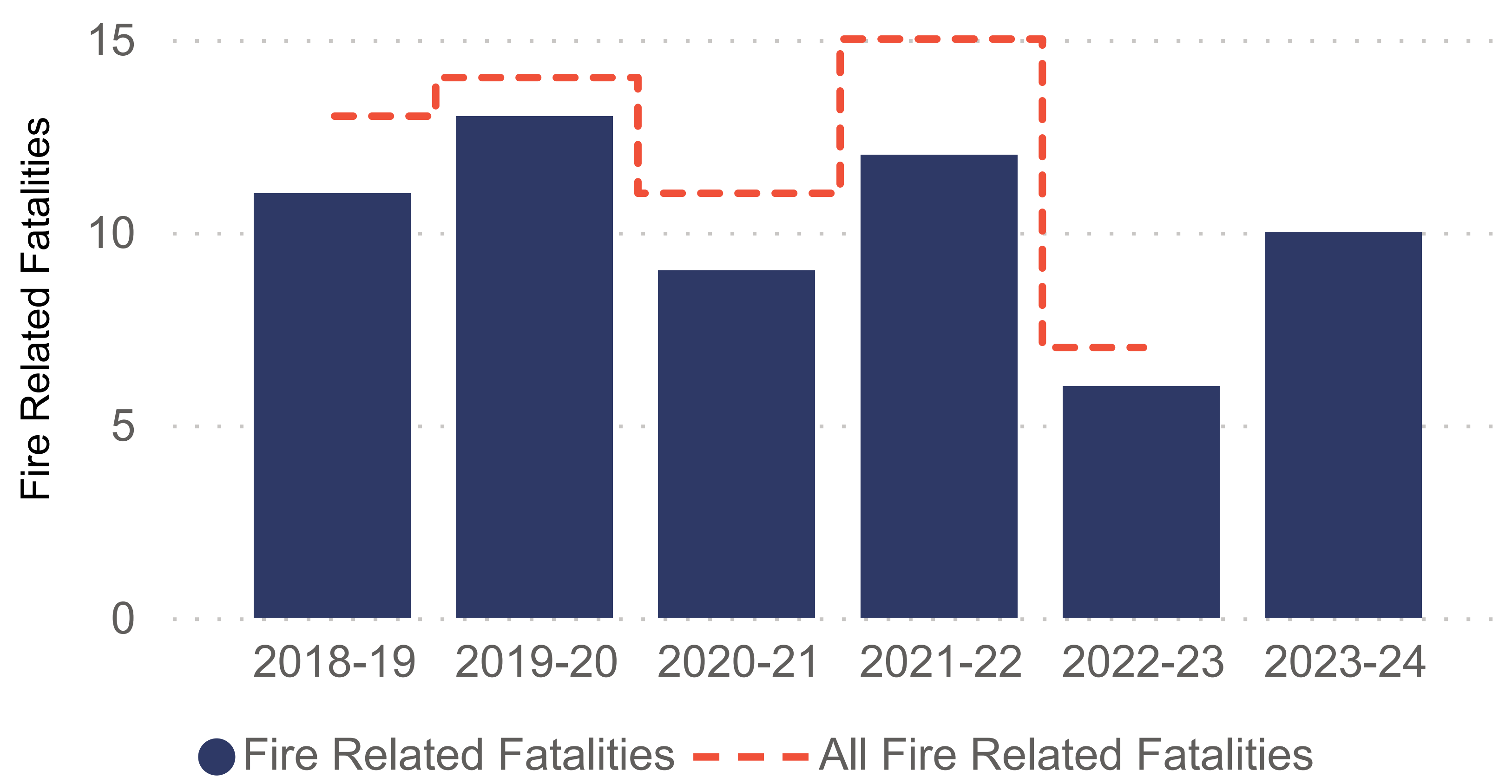
Top 5 Non-fire Types

Top 5 Non-fire Types	Non-fires
Effecting entry/exit	1134
Assist other agencies	863
RTC	538
No action (not false alarm)	266
Lift Release	225

Fire Related Fatalities

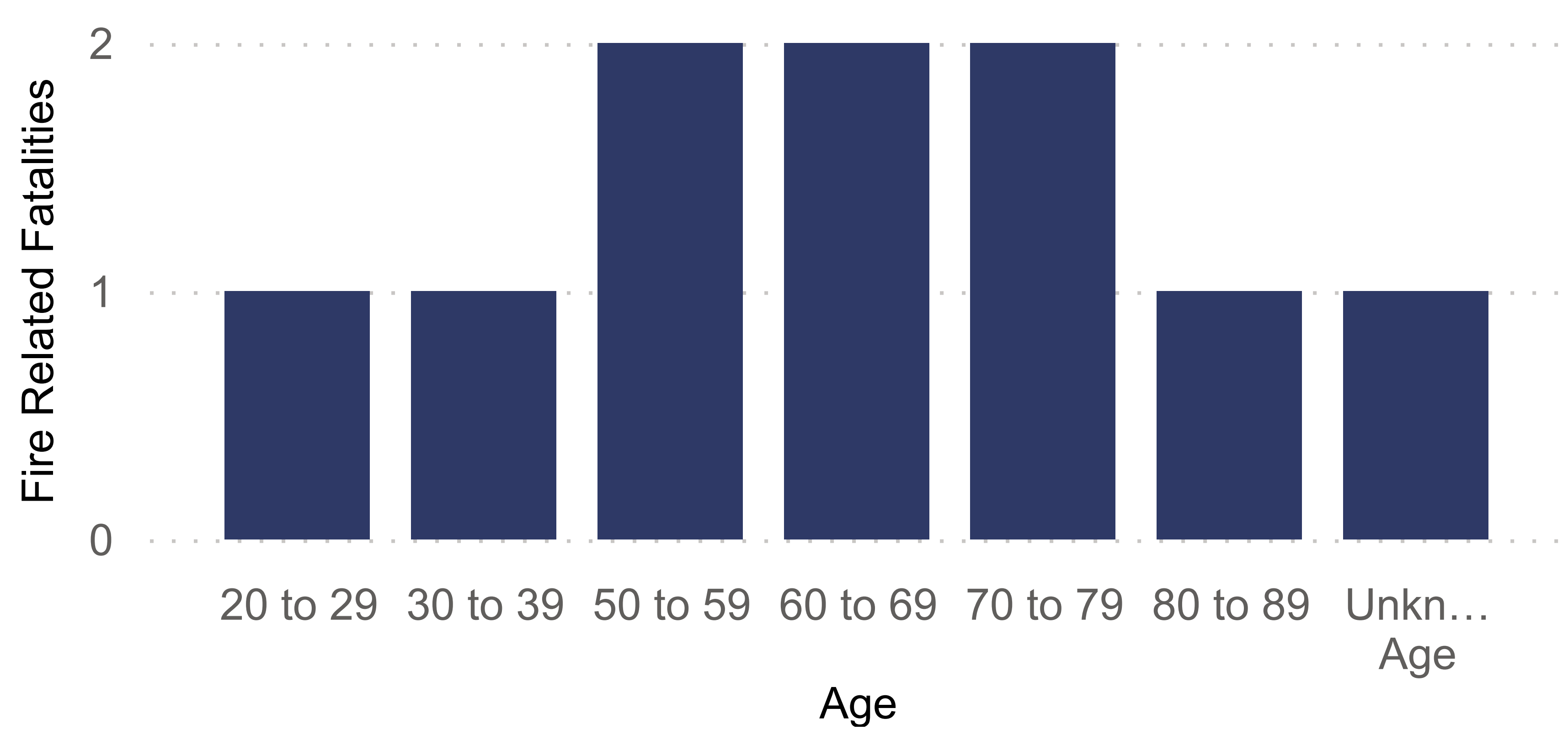
01 April 2023 | 11 February 2024

Fire Related Fatalities by Financial Year

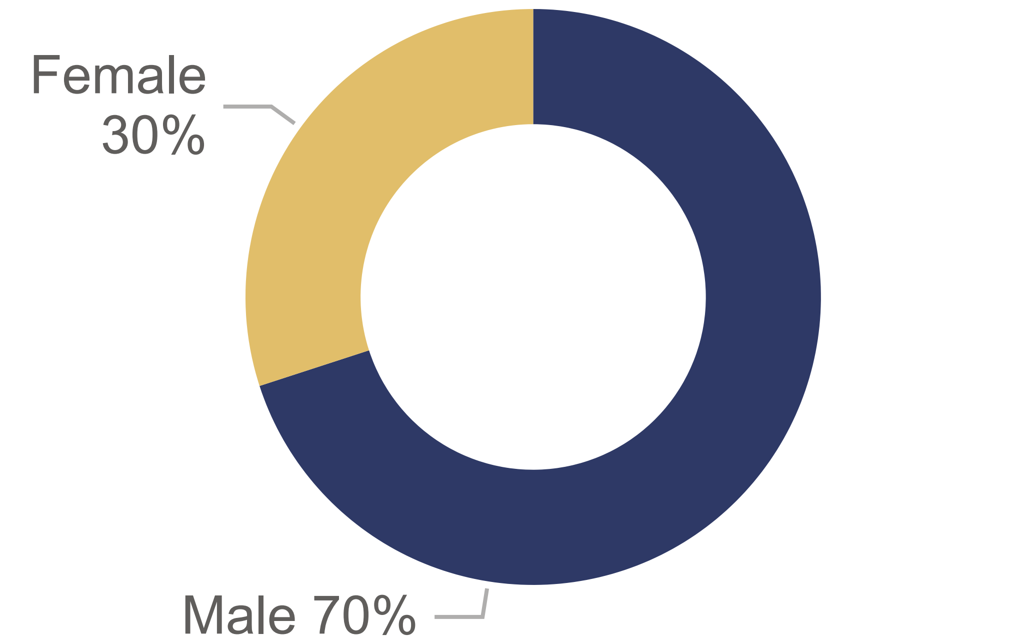


All Fire Related Fatalities (red dotted line) shows the total figure for the financial year.
The bars show the value for selected date range.

Fire Related Fatalities by Age



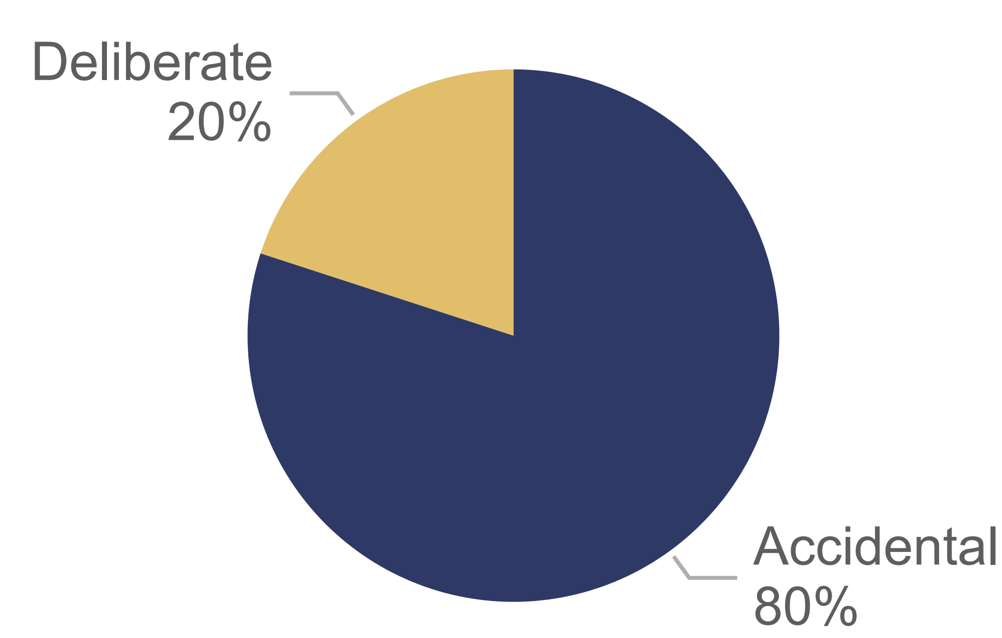
Fire Related Fatalities by Gender



Fire Related Fatalities by Property Type

Property Type	Fire Related Fatalities
House - single occupancy	5
Purpose Built Flat/Maisonette - multiple occupancy	2
Bungalow - single occupancy	1
Loose refuse (incl in garden)	1
Private Garden Shed	1

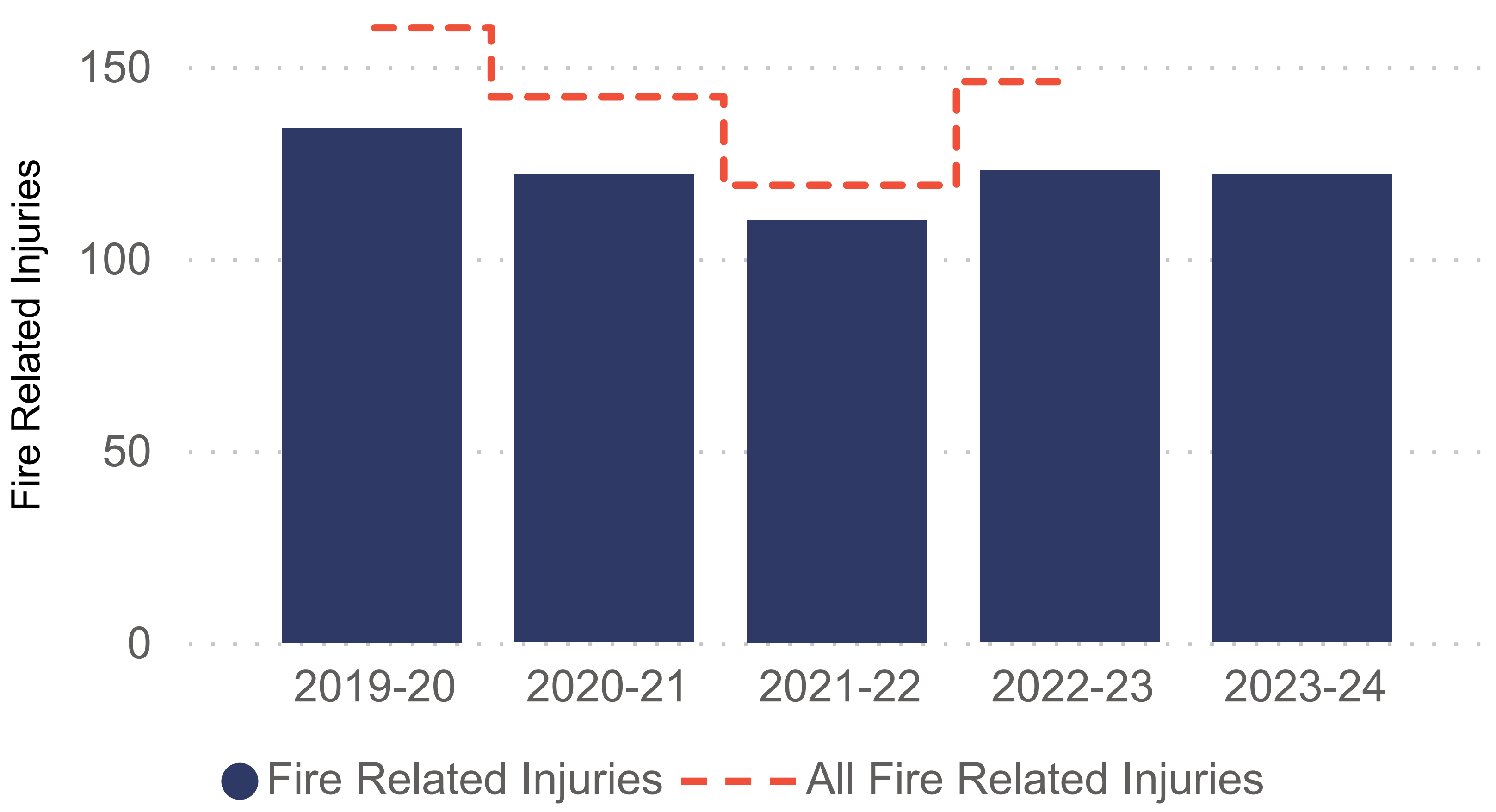
Fire Related Fatalities by Accidental or Deliberate Fires



Fire Related Injuries

01 April 2023 | 11 February 2024

Fire Related Injuries by Financial Year



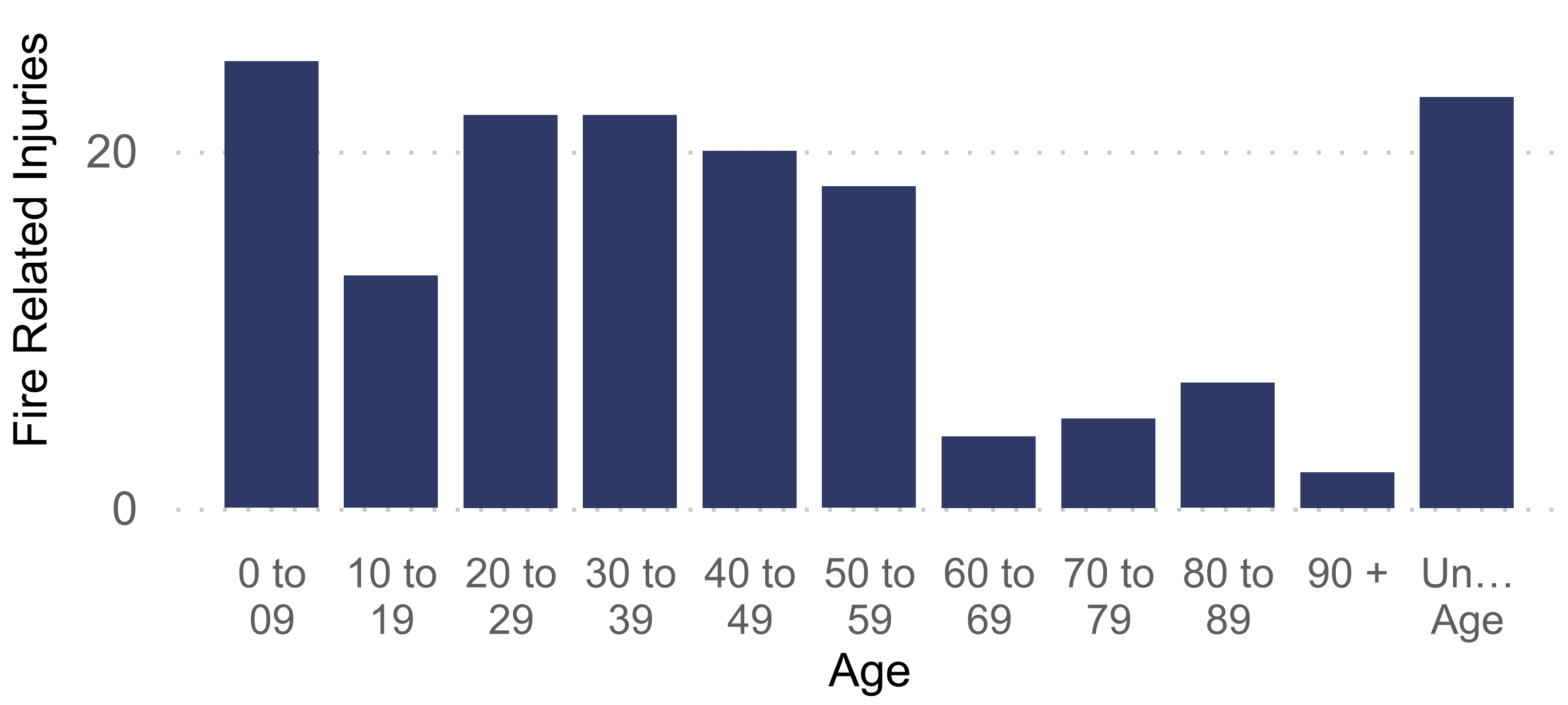
All Fire Related Injuries (red dotted line) shows the total figure for the financial year. The bars show the value for selected date range.

Fire Related Injuries Previous Year To Date Comparison

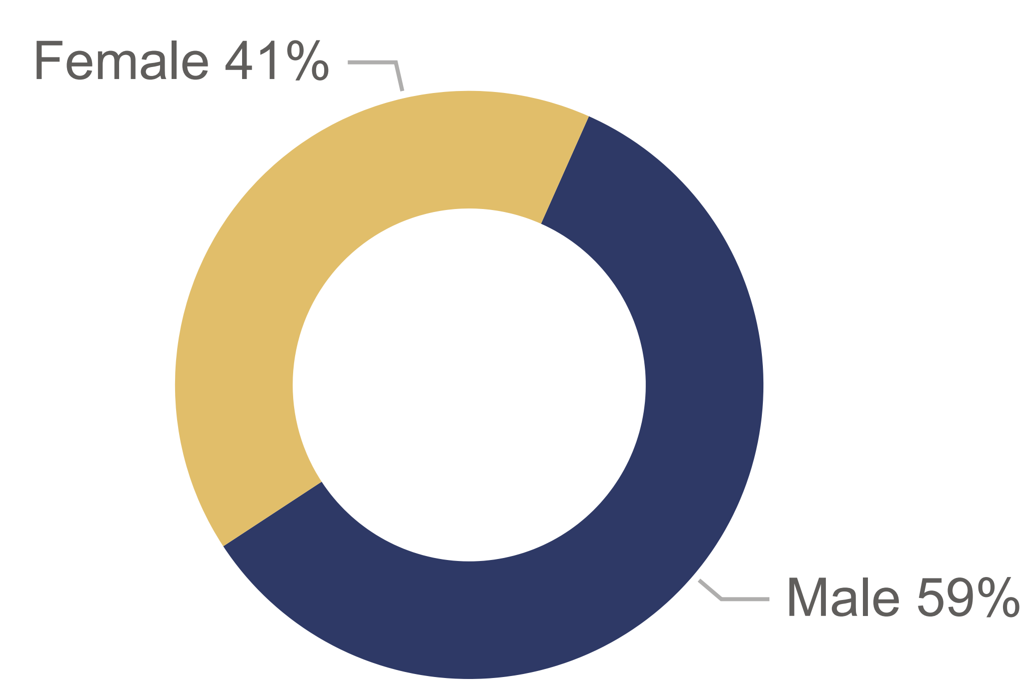
District	% increase/decrease on previous year	3 Year Average
Bradford	-15%	↑
Calderdale	-6%	↑
Kirklees	-11%	↑
Leeds	30%	↓
Wakefield	-6%	↑

3 Year average indicator shows if current number of Fire Related Injuries this financial year is an increase/decrease of Fire Related Injuries against the 3 year average. Looking at only the comparison range.

Fire Related Injuries by Age



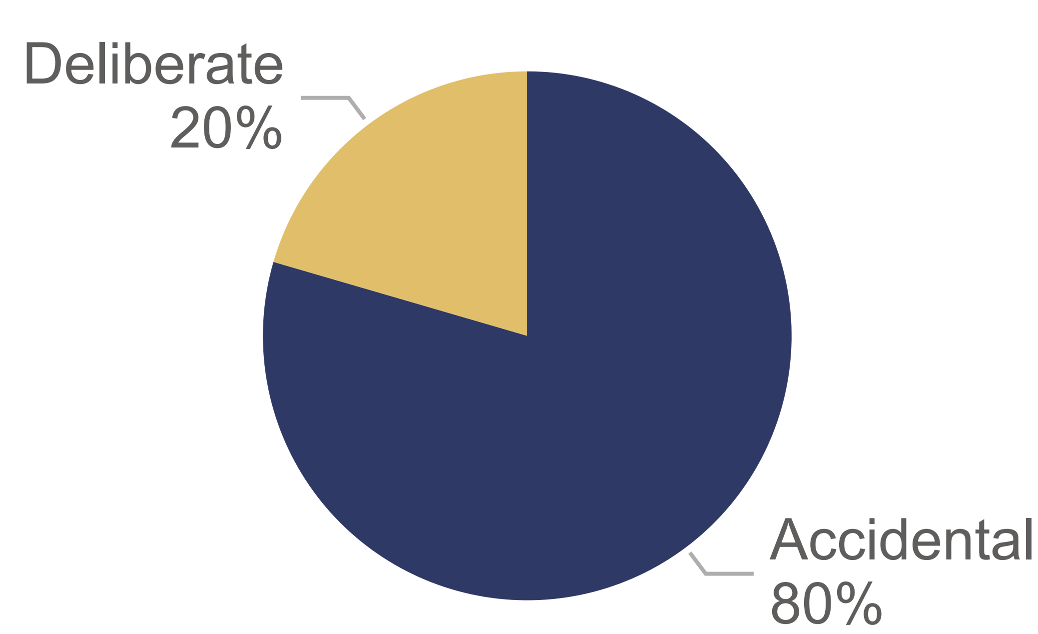
Fire Related Injuries by Gender



Fire Related Injuries by Severity

Severity of Injury	Fire Related Injuries
Victim went to hospital, injuries appear to be Slight	102
Victim went to hospital, injuries appear to be Serious	26
Precautionary check recommended	6
First aid given at scene	1

Fire Related Injuries by Accidental or Deliberate Fires



Top Property Type

House - single occupancy

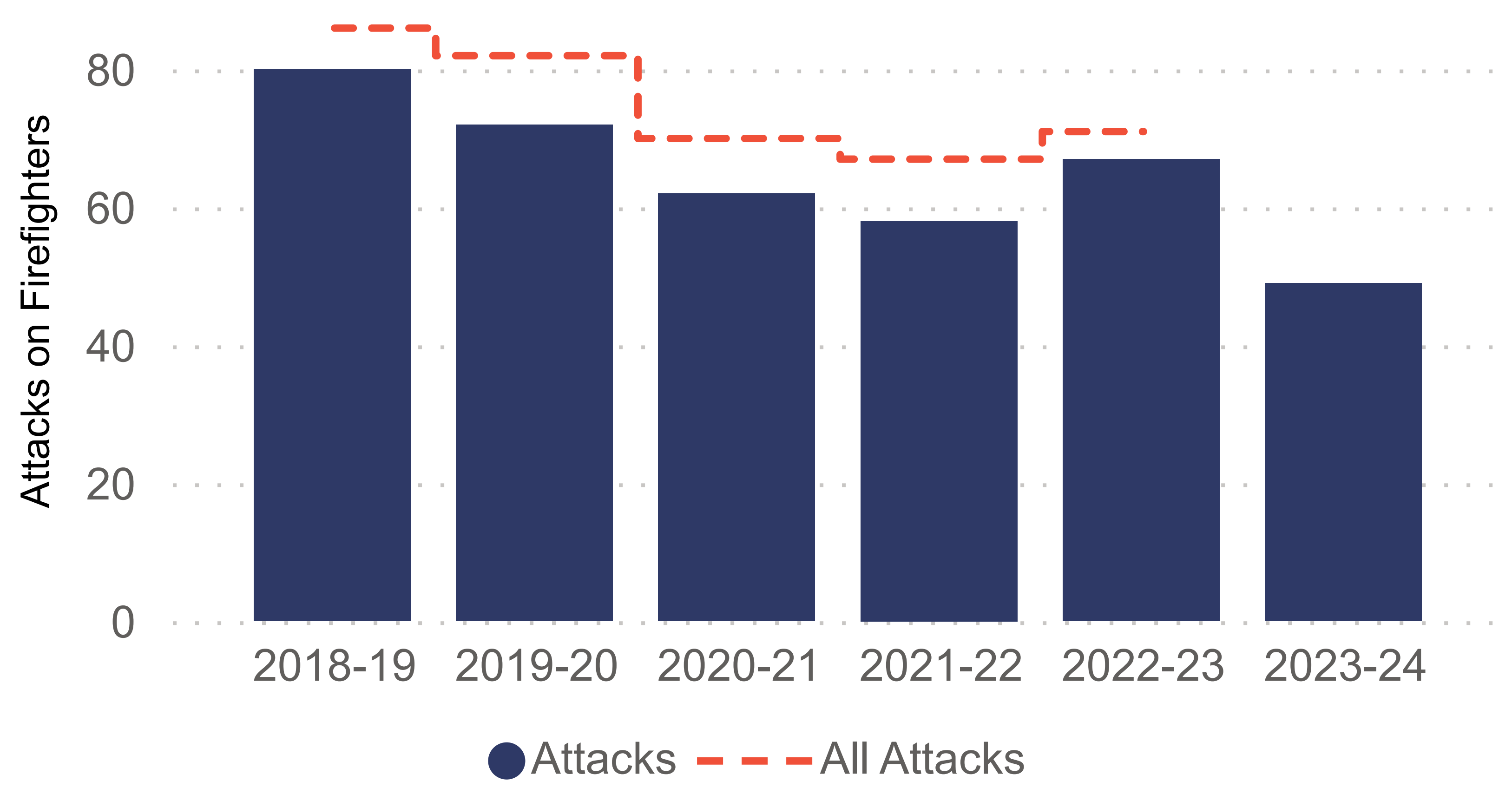
Top Fire Cause

Accidental - Combustible articles too close to heat source (or fire)

Attacks on Firefighters

01 April 2023 11 February 2024

Attacks on Firefighters by Financial Year



All Attacks on Firefighters (red dotted line) shows the total figure for the financial year.
The bars show the value for selected date range.

Attacks on Firefighters Previous Year To Date Comparison

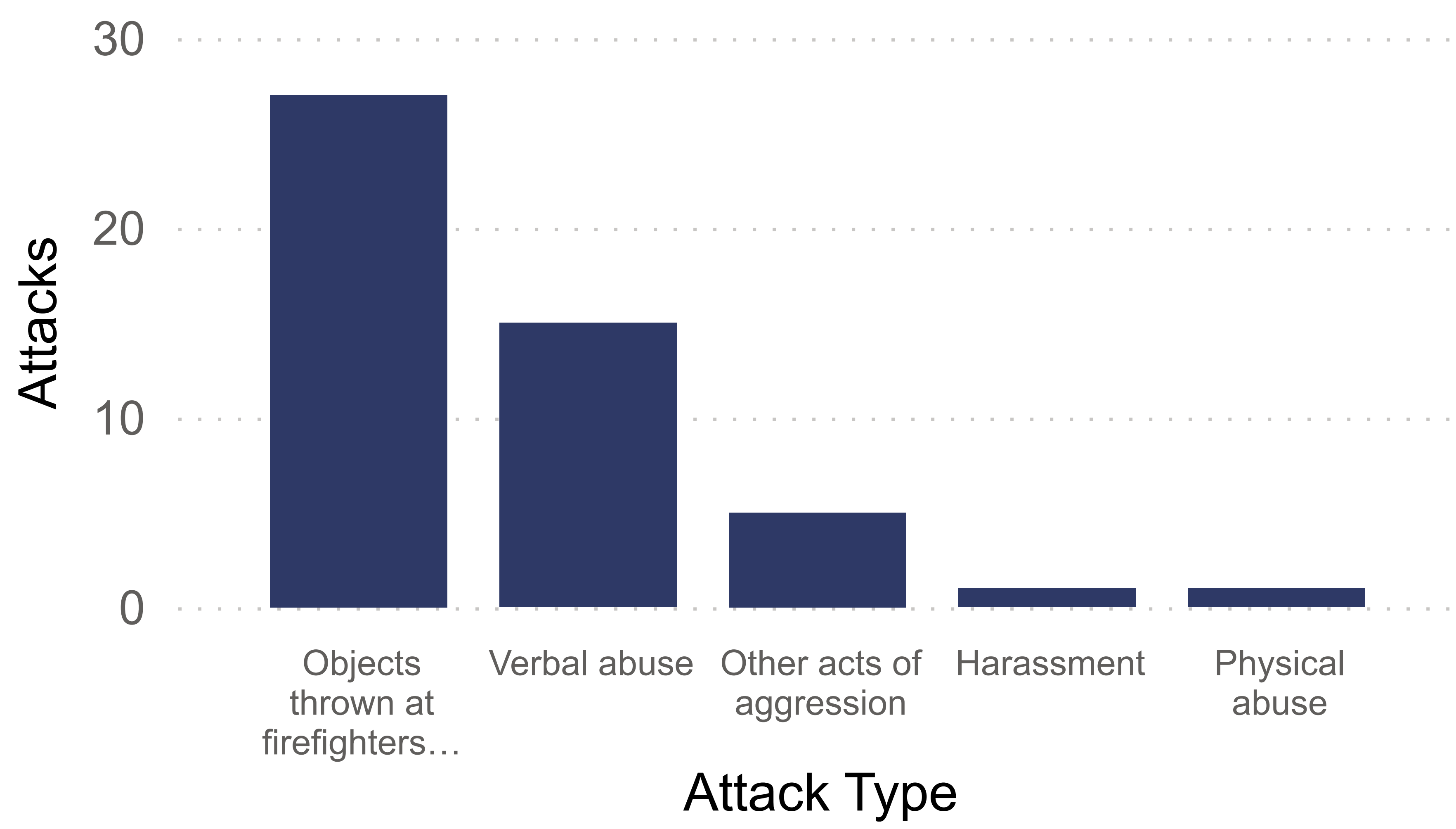
District	Current period	Previous year	% increase/decrease on previous year	3 Year Average
Bradford	23	32	-28%	↓
Calderdale	3	3	0%	↓
Kirklees	7	6	17%	↓
Leeds	9	21	-57%	↓
Wakefield	7	5	40%	↑

3 Year average indicator shows if current number of Attacks on Firefighters this financial year is an increase/decrease of Attacks on Firefighters against the 3 year average. Looking at only the comparison range.

Attacks on Firefighters by Severity

Visual may be blank if no slight and serious injuries are recorded for the date range.

Attacks on Firefighters by Attack Type



Percentage of incidents with an attack

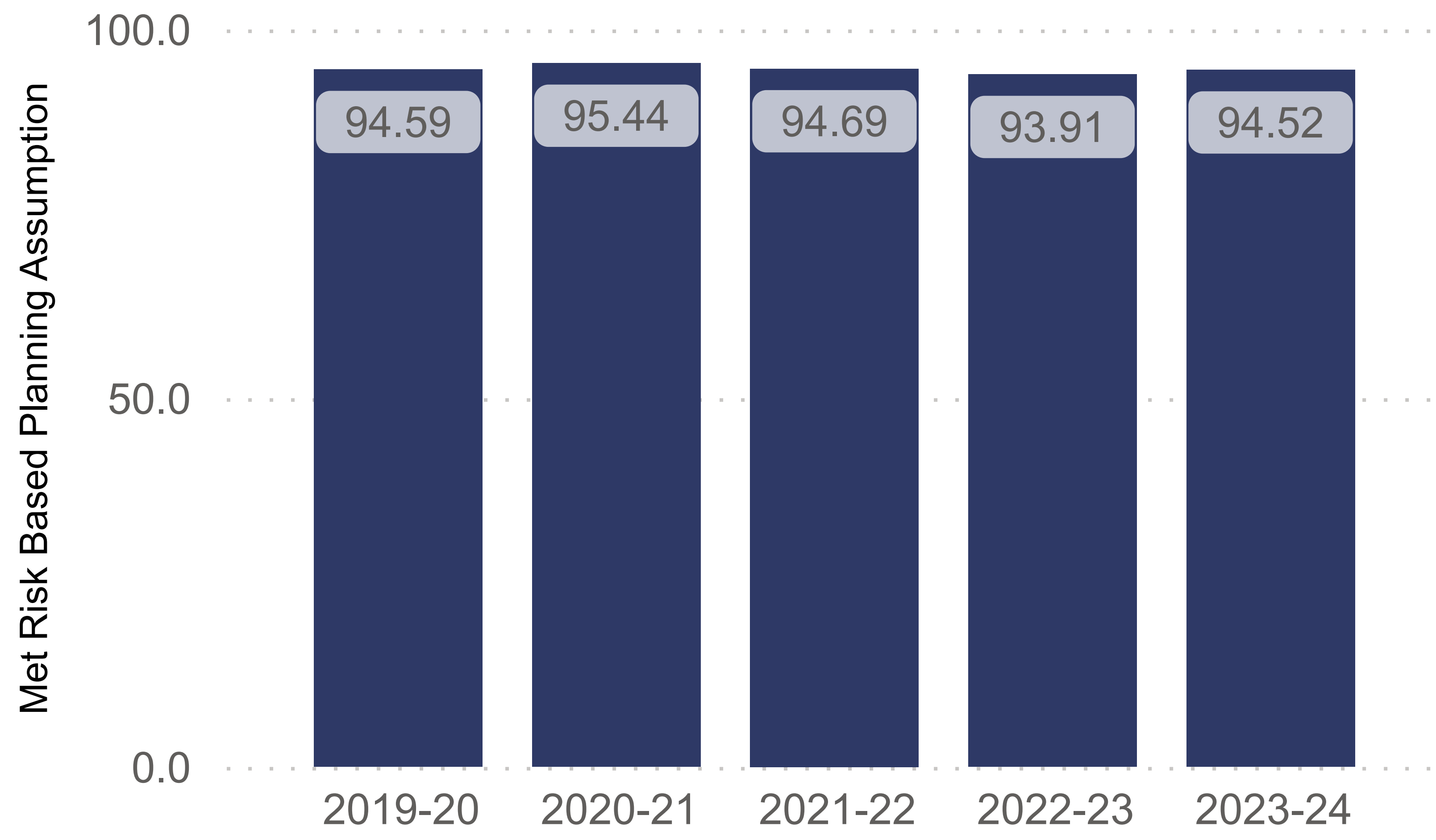
District	% Attacks at district total incidents
Bradford	0.39%
Wakefield	0.24%
Kirklees	0.20%
Calderdale	0.14%
Leeds	0.11%

Percentage of attacks based on number of incidents per district.

Response Times

01 April 2023 11 February 2024

Percentage of Met Risk Based Planing Assumption Response Times by Financial Year



Percentage of Met Risk Based Planning Assumption Response Time

District	% Met
Leeds	96.32
Bradford	94.91
Kirklees	93.37
Wakefield	92.26
Calderdale	91.67

Average Response Time by LSOA Risk Score and Severity

Risk Score	Life	Property	Other	**Total**
Very High	00:05:44	00:06:08	00:06:23	**00:06:19**
High	00:05:49	00:06:36	00:06:27	**00:06:24**
Medium	00:06:20	00:07:07	00:06:49	**00:06:47**
Low	00:06:49	00:08:18	00:07:03	**00:07:06**
Very Low	00:08:03	00:08:58	00:08:25	**00:08:24**
Total	**00:06:53**	**00:07:42**	**00:07:11**	**00:07:11**

Average Response Time Targets

Risk Score	Life	Property	Other
Very High	7.00	9.00	15.00
High	8.00	10.00	15.00
Medium	9.00	11.00	15.00
Low	10.00	12.00	15.00
Very Low	11.00	13.00	15.00

LSOA: Lower Super Output Area.

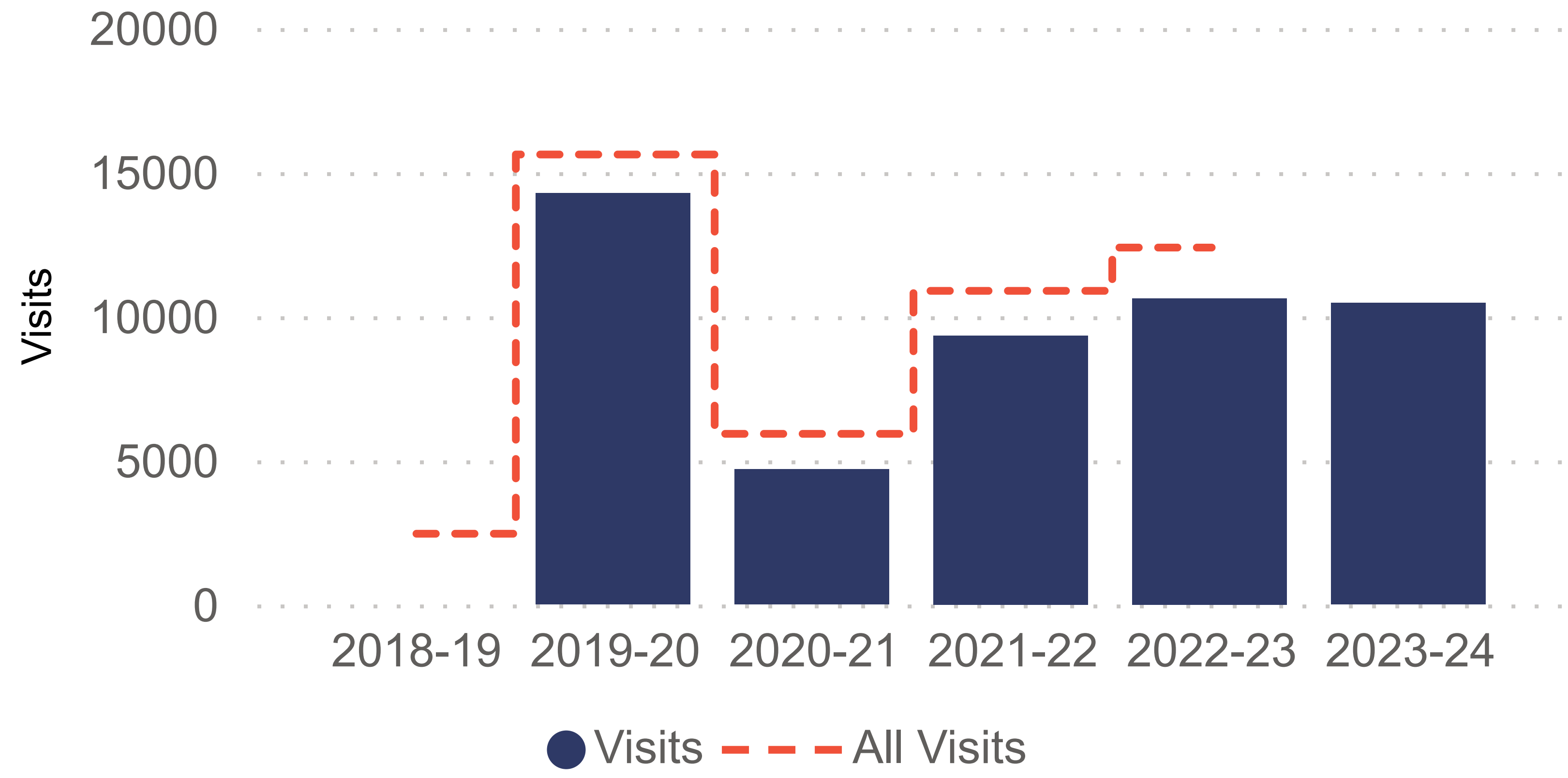
The Risk Based Planning Assumptions (RBPA) utilised by WYFRS place greatest emphasis on the likelihood of incidents occurring where there is a risk to people. Three different classifications of incidents are utilised, these being:
Life – Potential for incidents to involve rescues, injuries or fatalities including private dwellings, or other sleeping risks.
Property – Incidents occurring in properties other than those included within the Life risk.
Other – All other incidents not included within the descriptors for Life and Property risk including secondary fires, false alarms and non-fire related incidents where there is no risk to human life.

The RBPA's are underpinned by a comprehensive risk assessment for WYFRS.

Safe and Wells and High Risk Interventions

01 April 2023 11 February 2024

Completed Safe and Well and High Risk Intervention Visits by Financial Year



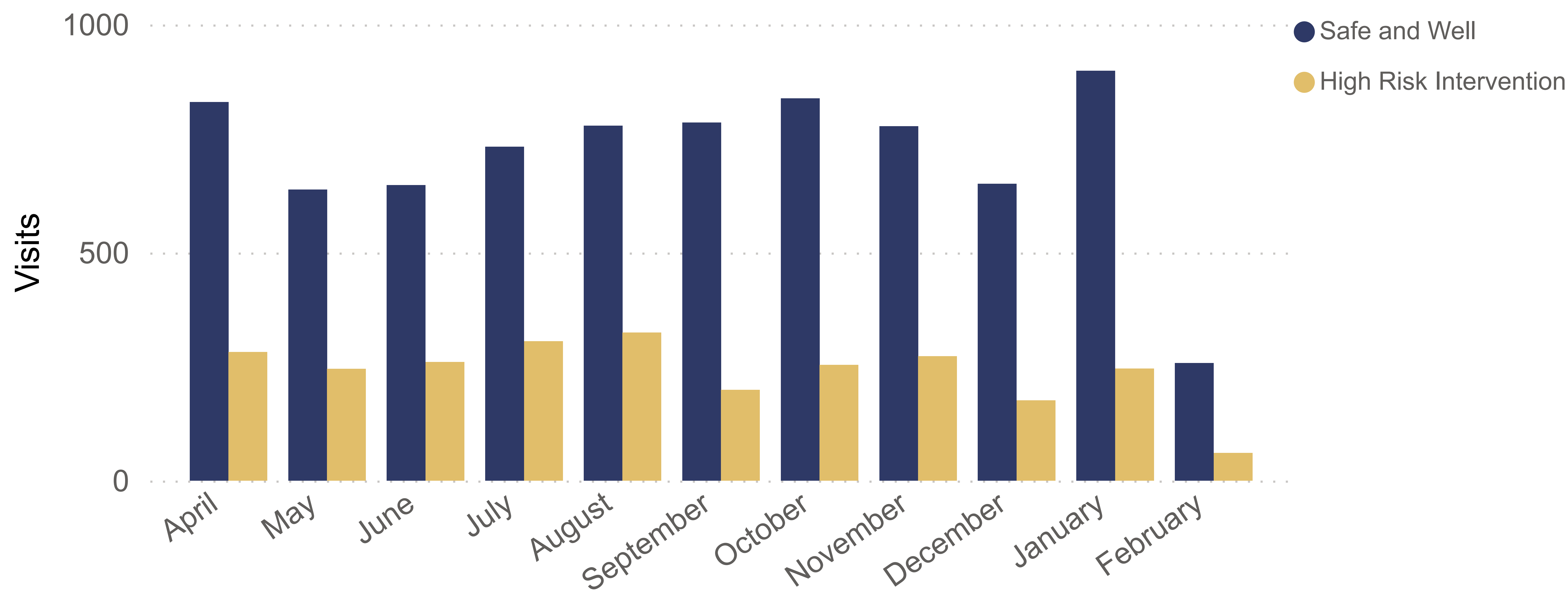
Completed Safe and Well Visits Previous Year To Date Comparison

District	% increase/decrease on previous year
Bradford	-4%
Calderdale	8%
Kirklees	7%
Leeds	-4%
Wakefield	-10%

All Visits (red dotted line) shows the total figure for the financial year.

The bars show the value for selected date range.

Completed Visits by Month



The Safe and Well programme is the flagship prevention activity within WYFRS. We target vulnerability through a simple risk rating process and then visit people in their homes to offer information, advice and safety equipment. The risk rating process is to ensure that we are providing our resources to those who need it most.

People can be referred to WYFRS from partner organisations, self-refer or we can identify the need for a Safe and Well Check during operational incidents.
It also covers a broader assessment of vulnerability against a number of other elements, including:
- Frailty and falls
- Social Isolation
- Winter Cold
- Crime
- Smoking

Site Specific Risk Inspections (SSRI)

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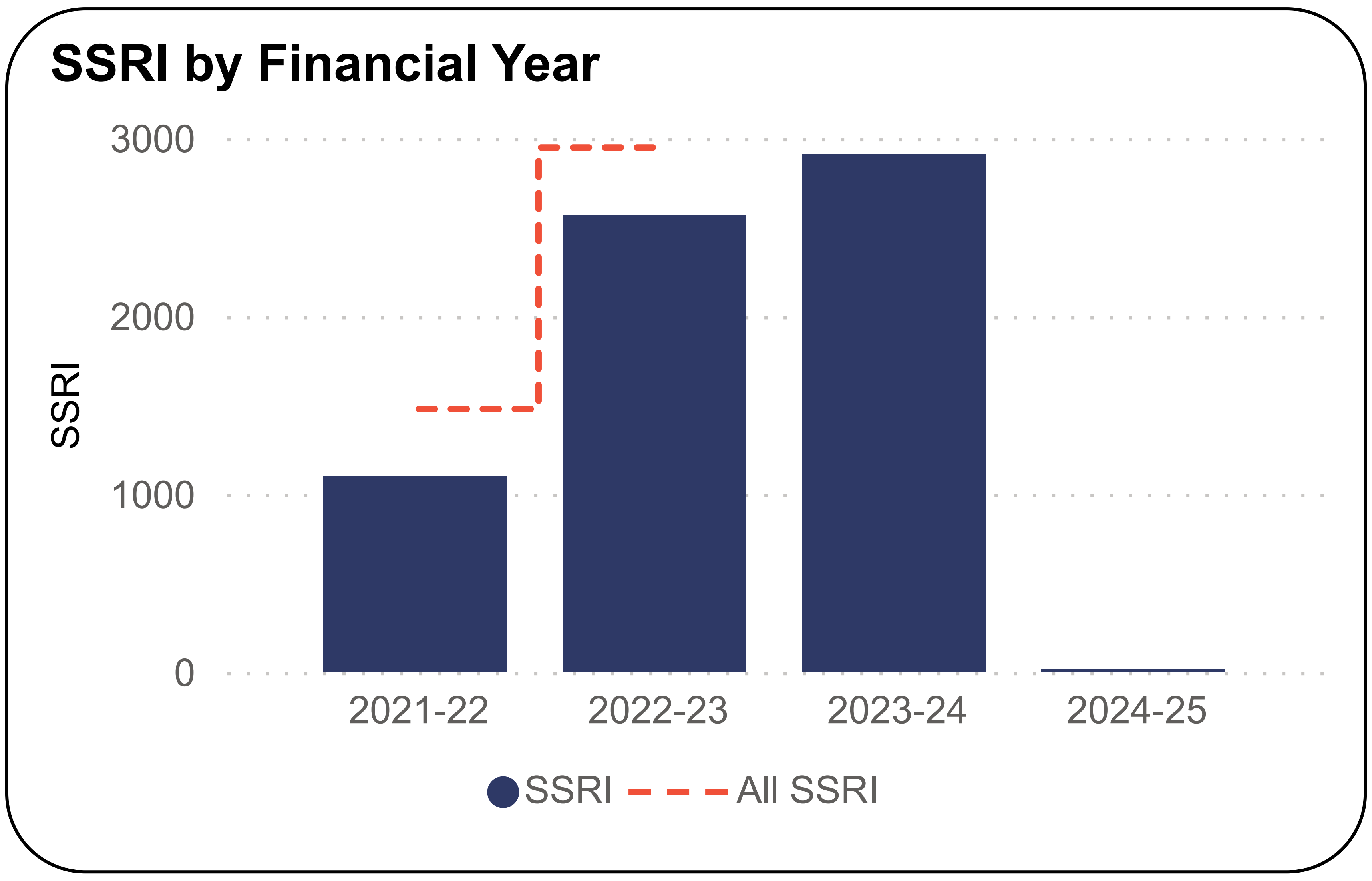
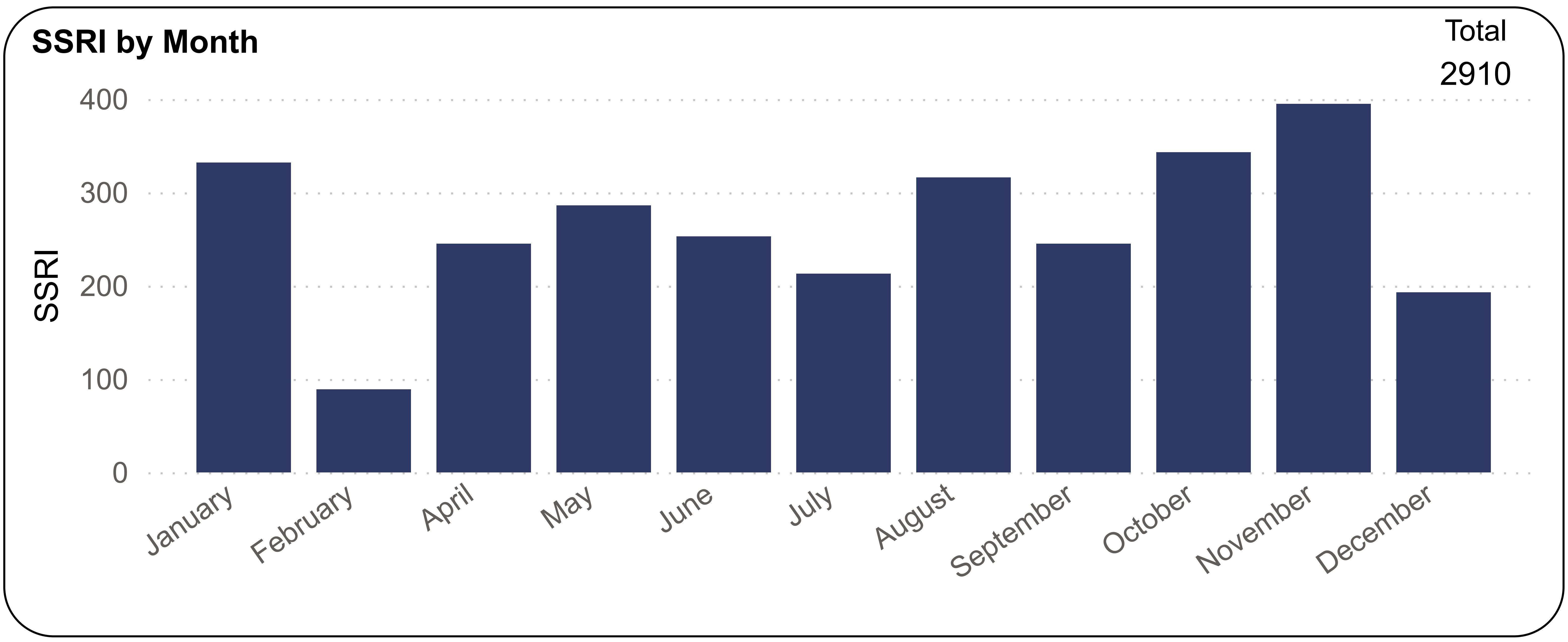


All SSRI (red dotted line) shows the total figure for the financial year.

The bars show the value for selected date range.



SSRIs are generated from operational liaison referrals, post fire visits and what crews identified as perceived risks within their station area.

SSRIs are allocated to each District which are then allocated to stations/watches.

The Operational Risk Management Team centrally audit 100 percent of all SSRIs. This ensures a standard approach to the recording and understanding of risk which in turn underpins the safety of operational crews when responding to premises considered higher risk.

OFFICIAL

Programme of Change

Full Authority

Date: 29 February 2024

Agenda Item: **14**

Submitted By: Director of Service Support

Purpose To update members of the progress of the Programme of Change 2023-24

Recommendations That members note the report.

Summary The report highlights progress against the Programme of Change 2023-24.

Local Government (Access to information) Act 1972

Exemption Category: None

Contact Officer: Toby May, Service Support AM
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Background papers open to inspection: None

Annexes: Annex 1 – Update Programme of Change 2023-24

1 Introduction

1.1. The Organisational Annual Planning Cycle is an embedded process which aims to achieve the following:

- Improve the logical flow of activities.
- Allow greater planning time.
- Allow scrutiny of proposed change activities.
- Streamline and avoid duplication of effort with reporting.

1.2. The approved change activities which fall out of the planning process become programmes or projects of varying scale and form the Programme of Change.

1.3. Lower-level change is often managed within departments or districts as part of their Business as Usual (BaU).

2 Information

1.1 Progress on the implementation of the programme is reported to each Full Authority. Annex 1 shows the status for current projects.

1.2 Out of the 14 projects; 7 projects are on track, 2 are behind schedule, 2 are on hold, 2 are in evaluation and 1 is not started.

1.3 In addition, progress is reported at Change Management Board on a six-weekly basis.

1.4 Achieved activities (completed or closed) are removed from the portfolio.

1.5 The implementation of Microsoft 365 has brought new ways of working which includes planning, monitoring, and reviewing of programmes and projects. All programmes and projects within the Programme of Change have now migrated across to MS Teams.

1.6 The next milestone within the Organisational Annual Planning Cycle is the Strategic Review Workshop which is scheduled to be held on the 28 March 2024. The workshop provides a valuable opportunity to review the Programme of Change and reflect on the last 6 months since the Annual Planning Workshop. The workshop this year will focus on culture and values and will include guest speakers.

1.7 The four phases of the BaU process have now been completed.

- Phase 1 - Department review of BaU.
- Phase 2 - Collate data.
- Phase 3 - Turn data into information.
- Phase 4 - Share and discuss findings.

Key themes to come out of the process and recommendations now sit with Service Improvement and Assurance Team (SIAT) to cross map into Strategic Action Plan.

3 Financial Implications

3.1 Although there are no financial implications arising from this report each project completed a full business case highlighting any financial implications.

4 Legal Implications

4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution.

5 Human Resource and Diversity Implications

5.1 There are no Human Resources and Diversity implications arising from this report at the time of submission.

5.2 All projects are required to assess the HR implications and undertake an Equality Impact Assessment (EIA) in line with the Public Sector Equality Duty.

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)	Each project/programme is required to complete an individual EIA.
Date EIA Completed	n/a
Date EIA Approved	n/a

The EIA is available on request from the report author or from diversity.inclusion@westyorksfire.gov.uk

7 Health, Safety and Wellbeing Implications

7.1 There are no Health and Safety implications arising from this report at the time of submission.

8 Environmental Implications

8.1 There are no Environmental implications arising from this report at the time of submission.

9 Your Fire and Rescue Service Priorities

1.8 This report links with the Community Risk Management Plan 2022-25 strategic priorities below;

- Improve the safety and effectiveness of our firefighters.
- Promote the health, safety, and wellbeing of all our people.

- Encourage a learning environment in which we support, develop, and enable all our people to be at their best.
- Focus our prevention and protection activities on reducing risk and vulnerability.
- Provide ethical governance and value for money.
- Collaborate with partners to improve all of our services.
- Work in a sustainable and environmentally friendly way.
- Achieve a more inclusive workforce, which reflects the diverse communities we serve.
- Continuously improve using digital and data platforms to innovate and work smarter.
- Plan and deploy our resources based on risk.

10 Conclusions

10.1 Moving forward our programme of continuous improvement focuses on efficiency, effectiveness, and productivity.

10.2 The status of each project can be seen in Annex 1.

10.3 The next iteration of WYFRS Programme of Change will be collated when the financial picture for the Service is clear and will be agreed through Change Management Programme Board and will be reported to Fire Authority in June 2024.

Annex 1 – Update on Programme of Change 2023-24

Project / Initiative	Project / Initiative Description	Target Completion Date	Strategic Alignment	Project Status	% Complete
FSHQ Programme	Modern, energy-efficient Headquarters, and Training Centre constructed on the existing site.	01/02/25	38	On track	50%
OneView Programme	Performance management programme to provide a transparent, timely and flexible method of sharing performance data with our colleagues, partners, and the communities.	17/05/25	36	On track	95%
HQ Fire Control	The existing mobilising system is approaching end of life. In order to meet the ever-changing demands placed on WYFRS and to continue provide a resilient, effective service a new mobilising system and ICCS is required.	31/12/24	33	On track	35%
Microsoft 365	Technical requirement to keep Microsoft office products up to date with the latest features and security.	31/03/24	30	On track	70%
Keighley Fire Station	The construction of a new fire station on the existing site to replace an oversized and outdated fire station.	31/03/25	28	Behind schedule	25%
Accessible Content Toolkit	Ensuring that digital content, including websites, mobile apps and documents that are shared electronically are accessible to all audiences.	31/12/23	20	Evaluation	
Fire Standards Programme	Implementation of nationally agreed fire standards across Fire & Rescue Service core functions.	31/12/29	19	On track	

Command Support Software	WYFRS currently don't have dedicated command support software. The project will scope the basic requirement of a deployable command support systems (hardware and software).	31/08/24	16	On hold	35%
Grenfell Programme	Review and implement the recommendations from the Grenfell Tower Inquiry: Phase 1 Report.	30/04/24	20	Behind schedule	80%
Special Projects Implementation	Following the conclusion of the Special Projects research phase on Aerial Appliances, Fire Appliances and Fire Station Design, the project has moved onto the implementation phase.	31/07/25	-	On track	45%
Halifax Fire Station	The construction of a new fire station on the existing site to replace an oversized and outdated fire station.	-	-	On hold	-
Huddersfield Fire Station	The construction of a new fire station on the existing site to replace an oversized and outdated fire station.	-	-	On track	-
Data Centre	The relocation of our backup data centre which is required for disaster recovery and business continuity purposes.	-	-	Evaluation	-
MDT Software	Replacement of Lego MDT software to coincide with the go live of the replacement mobilising system.	-	-	Not started	