



**NORTHAMPTONSHIRE POLICE, FIRE & CRIME PANEL**

**3 February 2021**

**REPORT BY THE POLICE, FIRE AND CRIME COMMISSIONER (PFCC) AND THE  
CHIEF FINANCE OFFICER**

**PFCC PROPOSED FIRE PRECEPT**

**INCLUDING THE REVENUE BUDGET 2021/22, CAPITAL PROGRAMME AND  
MEDIUM TERM FINANCIAL PLAN**

**1. Purpose of the Report**

- 1.1 To present the 2021/22 Fire Precept Proposal and the additional considerations contained within it.

**2. Recommendation**

- 2.1 The Police, Fire and Crime Panel is **RECOMMENDED** to endorse:

- a. The intention of the PFCC for the Fire Precept be set at **£5** for the year if this is the maximum level possible before triggering a referendum. This would be an increase of **8.07%** on the 2020/21 Band D precept for Northamptonshire Commissioner Fire and Rescue Authority (NCFRA) and would increase the precept to **£66.97**.

The Panel is advised that this intention is dependent on the final government settlement providing precept flexibility for NCFRA and that this is issued before the PFCC sets his precept.

- b. If precept flexibility is not provided, the intention of the PFCC to set the 2021/22 Precept at a Band D Council Tax of **£63.20**. This is an increase of **£1.23 for the year (1.99%)** on the 2020/21 Band D precept for Northamptonshire Commissioner Fire and Rescue Authority (NCFRA).

- 2.2 Note the information presented in this report, including:

- a. The statement of the Chief Finance Officer as required by section 25 of the Local Government Act 2003 regarding the robustness of the Budget, the Medium Term Financial Plan and the adequacy of financial reserves.

- b. It is the intention of the PFCC to set a precept at £5 if permitted and this is the preferred scenario set out in this report. However, as the final local government settlement has not been published at the time of writing, this report reflects the position at both 1.99% and £5 increases.
- c. At a £5 precept this gives a total 2021/22 net budget requirement of **£26.200m**, including:
  - i. The intention of the PFCC to set the Council Tax Precept Requirement for Northamptonshire Commissioner, Fire and Rescue Authority for 2021/22 of **£16.703m**.
  - ii. At £5, the sum of £209K will be utilised from reserves, to assist in balancing the budget for 2021/22. This comprises of funds which will have been carried forward in 2020/21 specifically for this purpose.
  - iii. The current and future risks, challenges, uncertainties and opportunities included in the precept proposal, together with the financial and operational mitigations and additional considerations identified.
  - iv. That any changes required, either by Government grant alterations notified through the final settlement, amended Council Tax base and surplus/deficit notifications received from the collecting authorities, may be balanced by efficiency savings or through a transfer to or from reserves.
  - iv. The current MTFP and the anticipated savings required.
  - v. The Capital Programme
  - vi. The Reserves Strategy and proposed use of reserves.
- c. Should precept flexibility not be provided, the net budget requirement at a 1.99% precept increase would be **£25.260m**, with a council tax requirement of **£15.763m**. Savings of £489K have been identified and the use of £660K of reserves will be used in this instance.

### 3. Executive Summary

- 3.1 This report, details the third precept proposal for the Northamptonshire Commissioner Fire and Rescue Authority (NCFRA) which was established on the 1 January 2019.
- 3.2 The report is the culmination of several months' work by the Office of the Police, Fire and Crime Commissioner (OPFCC), supported by Fire colleagues and taking account of public and stakeholder consultation and key government announcements.
- 3.3 Following the announcement of the provisional settlement, the Northamptonshire Commissioner Fire and Rescue Authority (NCFRA) has considered current and future funding levels, the locally negotiated agreed business case for Fire Governance, the consultation, the Spending Review (SR2015) and the Chancellor's Spending Review 2020.

- 3.4 The 2018/19 notional funding position was based on a negotiated position between the PFCC and Northamptonshire County Council in line with CIPFA guidance. Given the challenging financial position of NCC at the time, this negotiated position was extremely tight. The main priority for the new authority was to build financial stability whilst investing in services and infrastructure where possible.
- 3.5 Recognising this challenge, NCFRA set in train financial plans to bring financial stability over three years. Whilst they have made good progress with their financial plans, the impact of COVID-19 on the budget for 2021/22 and future years has impacted these plans significantly.
- 3.6 As such, the PFCC has requested and has been successful in securing £1m additional funding towards reserves from the Home Office. He has also sought either additional base budget funding or precept flexibility. The response to these requests is still awaited. Should it be provided, given the financial position of NCFRA and the need to establish financial resilience as set out in this paper, it is his intention to utilise this flexibility.
- 3.6 Despite these challenges, the 2021/22 budget for NCFRA is a balanced budget in year three of the plan to build financial stability for the service. It also continues with the immediate initiatives approved in 2020/21 for Fire and Rescue to take forwards. Some key features include:
- a. Immediate approval for four fire tenders, one aerial appliance and two water carriers have been ordered or will be shortly.
  - b. Recruitment of 20 firefighters took place in February 2020 and a further intake is scheduled for Autumn 2021 to ensure firefighter strength remains in line with the establishment.
  - c. The additional 12 firefighter posts to increase the establishment from 242 to 254 funded from within the existing firefighters budget envelope were approved in 2020/21. They will be recruited to in early 2021.
  - d. The budget provides for an additional complex case officer post.
  - e. Other key features and assumptions include:
    - In line with the spending review, pay inflation has been estimated for staff earning under £24K only.
    - The additional Home Office funding has been added to the reserves strategy and the strategy has also been reviewed.
    - Funding continues to be set aside each year for the operational equipment reserve which will be used to smooth the impact of essential equipment purchases and contributions towards a transformation/investment reserves a consequence, the annual contribution has been reduced by £100K.

- 3.7 Given the significant level of capital investment requirements for the service, the PFCC has approved the capital programme for 2021/22 and future years to include these essential areas. However, there are future shortfalls on the MTFP and the cost of financing the programme is significant. Therefore, The PFCC has commissioned the Chief Fire Officer to undertake another full review to ensure operational requirements can be met alongside considering joint opportunities, deliverability and affordability.
- 3.8 The Chief Fire Officer has reviewed the findings of the Grenfell enquiry and investment requirements and priorities continue to be considered as part of the capital programme and essential investment requirements.
- 3.9 The S151 officer has reviewed the adequacy and level of reserves following the work undertaken over the last two years to build reserves and the additional funding provided by the Home Office, has concluded that whilst general reserves are at a sufficient level currently, they are not sufficient to meet future year shortfalls as identified in the MTFP.
- 3.10 In considering the Fire budget and proposed precept for 2021/22, the PFCC considered the national context and NCFRA's lower funding and reserves position relative to other Fire and Rescue Authorities.
- 3.11 In considering the proposed level of precept, the PFCC has conducted, and been informed by, a consultation of residents of Northamptonshire. The results of the surveys are summarised in this report and will be available on the PFCC website in due course.
- 3.12 Additionally, the budget and precept recognise the importance of collaborative working with Police. This includes:
- The Joint Assistant Chief Officer Support Services, together with joint Finance and Estates teams which were established during 2020/21;
  - Joint Heads of ICT, Head of Fleet and Head of HR have now been recruited and will work towards joining of these functions for Fire and Police;
  - Progressing the Joint Estates Strategy. A joint administration building will be ready for occupation in early 2021, bringing together Chief Officer teams from Fire and Policing, the OPFCC and the joint support services. Furthermore, a joint fleet workshop will be implemented later in the year. Once disposals are taken forwards, this will enable benefits and efficiencies to start to be realised.
  - Requiring the services to actively seek opportunities to work together to deliver more efficient and effective public services.
  - A Joint Communications team between the OPFCC and Fire was established during 2020/21 who work closely with the Police Communications team.

- 3.13 Both Fire and Police Budget agreements for 2021/22 will continue to demonstrate the PFCC commitment to collaboration, particularly highlighted greater integration between police and fire and rescue to reinvest in frontline services. Whilst good progress has been made on the Shared Services and Estates Strategy, this will continue and be embedded and it remains the PFCC's expectation that, over time, the following areas will be delivered:
- Shared Services
  - Shared Estates Strategy
  - Shared Prevention Approaches
  - Interoperability
- 3.14 The Fire budget is extremely tight and if any of the funding assumptions are lower than expected, or the pay freeze assumed in the budget does not come to pass, then the Fire budget could face significant pressures.
- 3.15 Additionally, with the two years of knowledge of the Fire budget, there are a number of uncertainties and pressures which can occur during the year, therefore, the PFCC has set aside a small operational contingency of **£120K** to go some way towards mitigating such eventualities.
- 3.16 With only a one year settlement and no indication of future funding for Fire and Rescue Authorities, the MTFP shows that even with a £5 precept increase there are significant financial challenges ahead, particularly with financing the capital programme. The Chief Fire Officer will need to prepare savings plans to meet these shortfalls.
- 3.17 Whilst for 2021/22 the budget can be balanced at 1.99% by using savings and reserves, it would significantly affect the initiatives being taken forward, particularly in terms of joint working with the Police and any transformation activities. Furthermore, the future shortfalls identified in the MTFP do not yet have plans in place to address them.
- 3.18 The contribution to reserves from the Home Office has enabled the PFCC to increase general reserves and to reduce some annual contributions. Whilst this is a much more resilient position, it does not meet future shortfalls set out in the MTFP at either precept scenario. At both scenarios, savings will still need to be made.

**After careful consideration of the factors included within this report, the PFCC is very much aware of the financial impact on households in the current time. However, he feels that the current and future financial challenges facing NCFRA require him to propose a precept of £5 (10 pence per week), if additional base budget funding is not forthcoming and precept flexibility is provided.**

**This will go some way to mitigating the challenging future financial position and enable him to continue to build a sustainable base budget to maintain and safeguard Fire and Rescue Services in Northamptonshire.**

#### **4. National Context**

- 4.1 The Chief Finance Officer keeps the budget and MTFP under regular review and as a result of the potential financial impact of COVID-19 on the service, the PFCC made representation to the Home Office in early 2020 for support towards the additional costs. As such the sum of £661K was allocated to NCFRA and it is envisaged that further funding will be sought in the coming months.
- 4.2 The S151 Officer has been informed by regular updates from colleagues in the Borough and District councils and the new shadow authorities in respect of the impact on the taxbase and the council tax and business rate receipts for 2021/22 and future years.
- 4.3 Early modelling of the MTFP was undertaken in Autumn 2020 and significant financial shortfalls were identified for 2021/22 and future years. Therefore, given that there was little financial resilience available within reserves to meet such shortfalls in full, the PFCC alerted Lord Greenhalgh, Luke Hall MP and the Home Office to the potential challenges. He requested that central funding is provided to mitigate any funding shortfalls rather than seeking to place this on local taxpayers or using reserves, which are not yet resilient enough to do so. If this is not possible, the PFCC has asked for precept flexibility and additional funding to support reserves. The PFCC is appreciative of the support and engagement provided by the Home Office.
- 4.4 Alongside this, the S151 and Chief Fire Officer and their teams have been working to identify savings and to carry forward any potential underspends in 2020/21 to help mitigate these challenges.
- 4.5 Furthermore, the PFCC wrote to all MPs in November and December 2020 and held a briefing with them in January 2021, seeking their support with his request. He is grateful to all MPs for their engagement and support and the lobbying they took forward with Lord Greenhalgh and the Home Office on NCFRA's behalf.
- 4.6 Since that time, the Home Office has agreed to provide £1m additional funding to support NCFRA reserves and the final local government settlement is awaited in respect of additional base budget funding or precept flexibility.

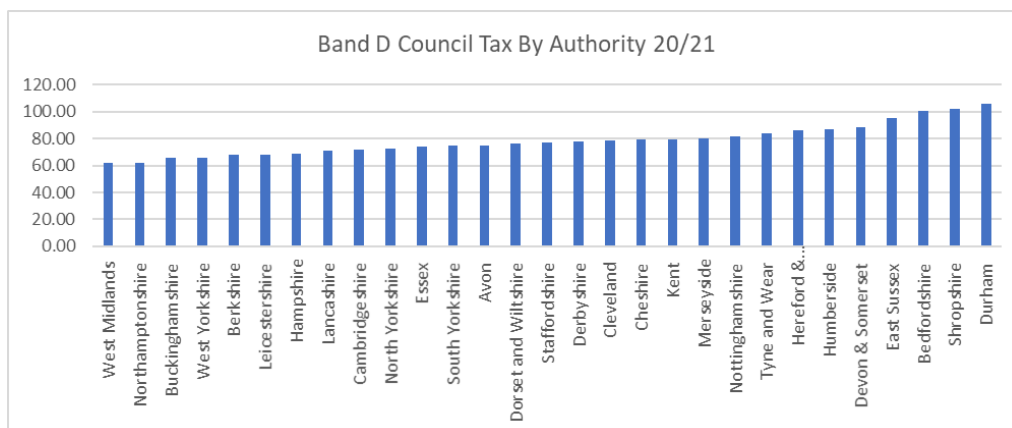
#### **5. NCFRA Comparative Information**

- 5.1 A review of other Fire and Rescue Authorities has highlighted the following:

##### **Comparative Council Tax Levels**

- 5.2 An analysis of the Band D Council Tax levels for Fire and Rescue Authorities highlights that for 2020/21, Council Tax levels varied between £61.81 and £105.48 with the average at £76.

5.3 At £60.76, Northamptonshire were the second lowest nationally, behind West Midlands, by 16 pence, followed by Buckinghamshire, with a Council Tax of £65.85. West Midlands have the lowest council tax but second highest core spending power.

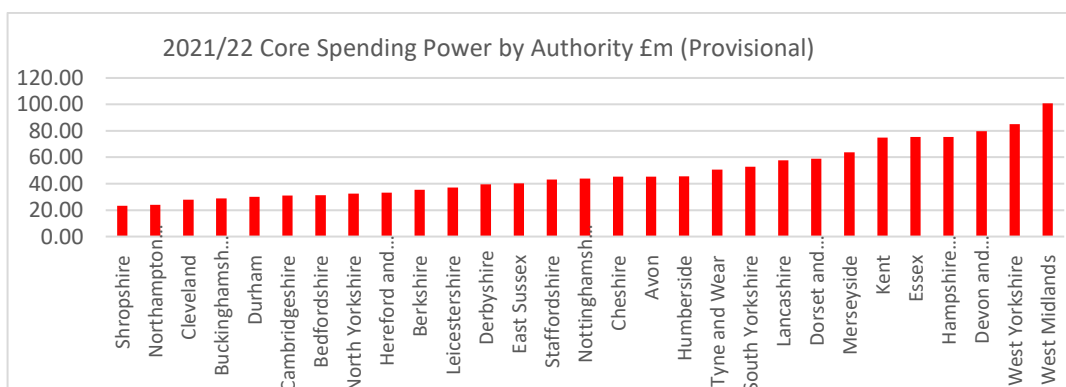


5.5 Even with a £5 precept increase, Northamptonshire would still be the second lowest nationally, but there would be less of a gap behind Buckinghamshire.

### Comparative Core Spending Power

5.6 Core spending power (CSP) is set out in the provisional settlement and includes central settlements as well as business rates and assumed council tax receipts. As such, the assumed council tax receipts in CSP for Northamptonshire have been higher than actual receipts in both 2020/21 and 2021/22.

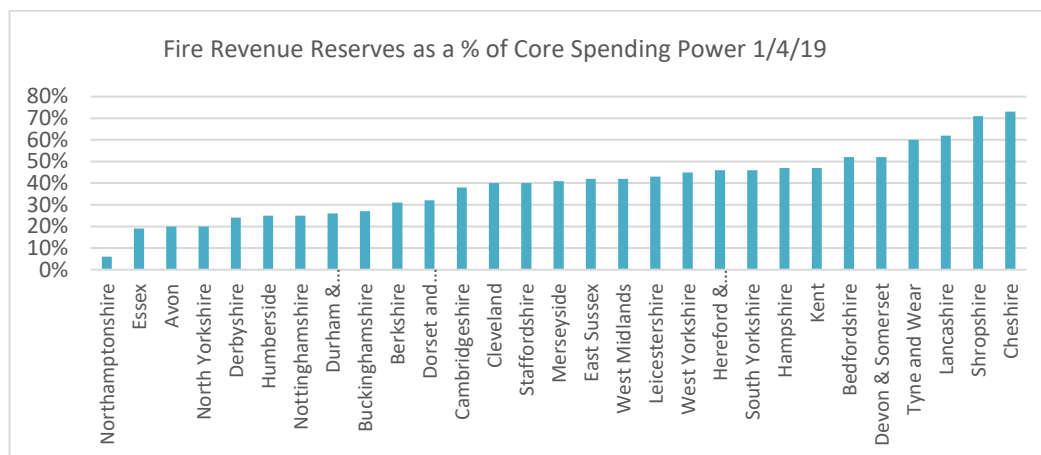
5.7 An analysis of the CSP for the provisional settlement highlighted that NCFRA were the second lowest nationally, just £0.680m behind Shropshire. There is a £4m gap between NCFRA and Cleveland (the third lowest Authority) as demonstrated below:



### Comparative Level of Reserves

5.7 The Home Office recently published an analysis of the reserve levels for Fire and Rescue Authorities as at 31/3/19 (based on the audited accounts for 2018/19)

5.8 This analysis highlighted that revenue reserves ranged from 6% to 100.85% of Core Spending Power and at 6% Northamptonshire had the lowest level of revenue reserves nationally.



5.9 As such, NCFRA do not have the resilience either within their revenue budget or reserves to withstand significant financial challenges.

## 6. Provisional Local Government Finance Settlement

6.1 The Provisional Local Government Finance Settlement was announced by the Secretary of State for Housing, Communities and Local Government, Robert Jenrick MP in a written ministerial statement on Friday 20 December 2020. The announcements set out provisional allocations for 2021/22.

6.2 The Provisional Settlement publication marks the start of the four-week consultation which closes on 16 January 2021.

6.3 The national Technical Team undertook an analysis of the day's main announcements and the following announcement was available for Fire:

- Confirmation that Core Spending Power increases by an average of 4.5% (£2.2bn) – a significant proportion of this is additional council tax flexibilities for social care LAs and police.
- Standalone FRAs see their Core Spending Power increase by 2.7%.
- Precept – 1.99% basic referendum limit for Fire and Rescue Authorities.
- Rural Services Delivery Grant increased from £81m to £85m.
- Further details on the Income Guarantee Scheme (75% of irrecoverable losses) published.
- Allocations of £670m Local Council Tax Support to follow very shortly.
- The Fire Pensions Grant is not included in the Provisional Settlement – allocations are expected to be unchanged from 2020-21.

6.4 The 2021/22 Draft Referendum Principles (and Council Tax: Local Referendums Briefing Paper) were issued alongside the settlement and for 2021/22 the proposed referendum limit has been set at 2% for Fire, a consistent level to 2020/21



- 6.5 For Northamptonshire, this is a maximum increase of 1.99%, equating to £1.23 per annum (2 pence per week), as the precept has to be set below 2%, increasing the Band D council tax to £63.20 for 2021/22.
- 6.6 NCFRA have made representation to the Minister and the consultation in this regard.
- 6.7 A summary of the provisional settlement for Fire compared to the 2020/21 position is shown in the table below and is compared to precept increases at 1.99% and £5:

	<b>Final 2020/21</b>	<b>1.99% 2021/22</b>	<b>£5 2021/22</b>
Revenue Support Grant	2.266	2.278	2.278
Top Up Grant	2.814	2.814	2.814
Business Rates & S31 Grant	3.408	3.148	3.148
	<b>8.488</b>	<b>8.240</b>	<b>8.240</b>
Council Tax	15.478	15.763	16.703
Local Council Tax Support		0.224	0.224
Council Tax Surplus (Deficit)	0.167	-0.153	-0.153
<b>Total Funding</b>	<b>24.133</b>	<b>24.074</b>	<b>25.014</b>
Pensions Grant	1.186	1.186	1.186
<b>Total</b>	<b>25.319</b>	<b>25.260</b>	<b>26.200</b>

- 6.8 The table reflects the potential increase in the funding envelope settlement at the £5 precept level and is in keeping with previous forecasts. However, at 1.99%, this is lower than both 2020/21 funding and forecast levels.

## 7. Council Taxbase and Council Tax Precept Income

- 7.1 The Council Tax and the level of precept is a fundamental part of the local government finance settlement.
- 7.2 Income generated from the precept depends on both the level of the Band D precept and the tax base – the latter being effectively the number of properties who are required to pay Council Tax.
- 7.3 The previous MTFP forecast was based on this number increasing at a prudent level of 1.75%. However, due to COVID, taxbase forecasts for 2021/22 have reduced, placing further pressure on the already tight funding position.
- 7.4 For Northamptonshire, the comparison of the 2020/21 and 2021/22 final taxbase is as follows:

	<b>2020/21 (number)</b>	<b>2021/22 (number)</b>	<b>Change</b>	
			<b>(number)</b>	<b>%</b>
Taxbase (Band D)	249,768.07	249,412.22	-355.85	-0.14%

- 7.5 The 0.14% reduction in taxbase is significantly different to the 1.75% growth assumed, even more so when compared with the core spending power assumption as set out in the provisional local government settlement.

- 7.6 The government have announced a one year Local Council Tax Support Scheme and NCFRA have a provisional allocation of £224K for 2021/22 to help mitigate this loss. However, this does not meet the full cost of that loss which is over £290K
- 7.7 Moving forwards, the MTFP assumes a 0.5% increase in 2022/23 and 1% thereafter.

## **8. Council Tax Collection Fund**

- 8.1 Each year the billing authorities estimate how much of the total potential Council Tax income liability of taxpayers they will collect. They advise precepting authorities of any projected surplus or deficit on the "Collection Fund" in January of each year.
- 8.2 The PFCC is very appreciative of the hard work undertaken by the boroughs, districts and the North and West Northamptonshire Shadow Authorities to provide regular updates throughout the year and to ensure the deficit information was available to the PFCC for inclusion in his budget and precept considerations.
- 8.3 Despite high collection rates within Northamptonshire, COVID-19 has impacted on this area and the deficits for 2021/22 are forecast to be £153K, compared to a 2020/21 surplus of £167K, resulting in a variance of £320K
- 8.4 Some grants will be provided to billing authorities and preceptors to mitigate this deficit over a three year period as set out in the consultation papers published at the time of the settlement.
- 8.5 However, the final process has not yet been issued and as support only relates to 2020/21 deficits (not earlier years) and will only be provided after the year end after work on the Council Tax Funds has been completed, it is very difficult to provide an accurate forecast. Therefore, a prudent approach has been adopted and no additional Council Tax support has been assumed in this regard. If, and when any is received, it will be as additional funding in the year.

## **9. Public Consultation on the Level of the Precept**

- 9.1 The 2021/22 precept proposal will be the third precept proposed by Stephen Mold for NCFRA.
- 9.2 For this year's precept, the PFCC has undertaken as wide a range of consultation as possible to obtain the views of Northamptonshire residents, this has included:
- Commissioning an independent research organisation (Social and Market Strategic Research) to undertake a consultation of 1,102 residents who pay Council Tax in Northamptonshire about the precept level and priorities for Policing and the Fire & Rescue Service for 2021/22. This process used random quota sampling to ensure the sample was representative.
  - Undertaking an online survey communicated to as wide a range of stakeholders as possible, to enable any Northamptonshire resident to share their views on the level of the precept and their priorities. The online survey received 1,736 responses for Fire.
  - A Parish Councillor meeting was held on the 18 January 2021, open to all Parish Councillors. 22 attended and received a briefing on the budget and precept

considerations for both Fire and Policing, together with updates on investments made to date for both services. All councillors attending were also invited to undertake a summarised online survey. The PFCC has considered their responses and is grateful to those who attended the meeting and found their engagement extremely useful.

- Furthermore, the PFCC held a Police Fire and crime Panel workshop on the budget process and precept considerations for 2021/22. The PFCC is grateful to all panel members who attended, he found their engagement helpful and intends to offer the budget workshop to the Panel as an annual event for their consideration.

9.3 The online and telephone surveys were completed separately and will be separately analysed.

9.4 However, to assist with his precept deliberations, the PFCC has considered the results of the 2,838 responses together. The results of which were:

**That around 74% of residents were prepared to pay more for Fire services, of whom 51% were prepared to pay an increase of £5 and 75% were prepared to pay £5 or more.**

9.5 Respondents were also given the opportunity to comment on the consultation, together with stating how good a job the Police and the Fire and Rescue Service did. Approximately 74% of residents thought Fire were doing a good or excellent role, less than 2% of residents advising poor or very poor. 10% of residents thought they were doing a fair job and 17% did not know.

9.6 The PFCC will consider the narrative comments in detail which will be included where possible in the reports and available on the PFCC website in due course.

## **10. The Financial Challenge – Future Risks, Challenges and Uncertainties**

10.1 The impact of a different inflation assumptions to that estimated in the MTFP are as follows:

- Every 1.0% in Council Tax equates to circa £0.160m per annum
- Every £1 in Council Tax equates to £249K per annum
- Every 1.0% in Pay equates to circa £0.150m in a full year
- Every 1.0% non-pay inflation equates to £0.055m per annum

10.2 Prudent forecasts have been included where information which has not yet been finalised. Any variations between the provisional and final local government settlements, business rates and council tax will be balanced from service savings, or reserves.

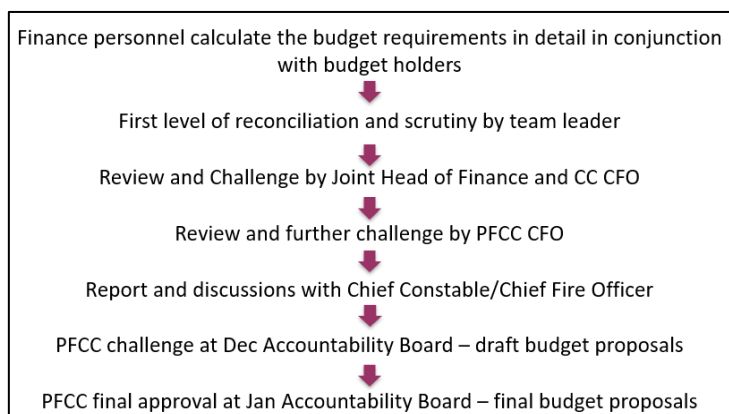
10.3 Over the past two years a better understanding is emerging in respect of operational and budgetary pressures facing NCFRA. A lot of these require investment to ensure resources, premises and equipment is at an appropriate level. These challenges will continue to be refined to enable NCFRA to have a base budget which reflects their business requirements and is able to reflect current and future demands and opportunities. This includes:

- Condition surveys have recently been undertaken on all sites and all buildings require significant investment. These surveys are currently being reviewed before being built into the capital programme. The PFCC has applied for decarbonisation grants which if successful, would assist in mitigating some of the costs.
  - Work on ICT systems has identified significant capital and revenue investment requirements. Those known have been built into the financial plans but it is anticipated the requirements will increase further as this understanding continues.
  - Developing a prioritised comprehensive rolling operational equipment maintenance and replacement programme. The use of the newly created operational equipment reserve will assist in mitigating this.
  - Ensuring all relevant factors are considered when making decisions and supporting procurement processes to ensure that they are informed and evidenced based.
  - The need to invest in support services, ideally in working with Police to build joint capacity and resilience.
  - The ongoing impact of the COVID-19 pandemic on the NCFRA budget and funding levels lower than that assumed in the MTFP.
- 10.4 At this time, due to delays with the national Emergency Services Network (ESN) changes, the impact on Fire capital and revenue budgets are unknown, therefore, no costs have been assumed in the MTFP.
- 10.5 Any potential for industrial action requires contingency arrangements which have previously been managed within year. Any alternative options would need to be costed, determined and funding set aside.

## **11. 2021/22 – Base Budget preparation, approach and scrutiny**

- 11.1 The 2020/21 budget is the first budget prepared under the recently established joint Finance team and has brought an approach which has provided consistency across Fire and Police. This has enabled comparability of assumptions and principles, together with best practice, resilience and a more efficient approach applied to budgeting for all services.
- 11.2 The budget has been prepared on a zero-base where possible, in full consultation with budget holders, aligned to the Fire and Rescue Plan and tested against the MTFP.
- 11.3 Efficiencies are taken from this process where possible and it ensures that only approved increases, inflation and unavoidable pressures are built in. Detailed workings are prepared and the format of the budget models are consistent and have built in checks and balances to ensure the correct information is fed through. This approach also enables resilience within the finance team.

11.4 Following the preparation of the Budget Strategy and approach in September, briefing sessions took place with all budget holders and the strategy was shared with the Joint Independent Audit Committee (JIAC) for further scrutiny and review. The table below sets out the preparation and scrutiny elements which culminated in the December and January Accountability Boards where the Chief Fire Officer presents his budget proposals which are further scrutinised and challenged by the PFCC



11.5 For 2021/22 the budget scrutiny and challenge process has also included a Panel workshop, Parish Council and MP briefings.

11.6 These elements have resulted in the PFCC setting the following budget for NCFRA as follows:

2020/21 £'000		2021/22 £5 £'000	2021/22 1.99% £'000
14,477	Fire Fighters	13,944	13,944
3,962	Staff	4,061	4,061
1,624	Other Employee Expenses	1,849	1,849
740	IT & Communications	995	995
1,470	Estates & Facilities	1,563	1,563
489	Transport	499	499
3,167	Supplies & Services	3,948	3,948
(715)	Income	(747)	(747)
<b>25,214</b>	<b>Total Service</b>	<b>26,112</b>	<b>26,112</b>
-	Capital Financing - MRP	29	29
-	Capital Financing - Interest	67	67
75	Capital Financing - RCCO	150	150
-	Transfer to Reserves	50	50
-	Transfer from Reserves	(209)	(660)
<b>75</b>	<b>TOTAL</b>	<b>88</b>	<b>(363)</b>
-	Savings identified	-	(389)
-	Savings under development	-	(100)
<b>25,289</b>	<b>TOTAL GROUP</b>	<b>26,200</b>	<b>25,260</b>

11.7 Key Headlines are as follows:

- The reduction in firefighter costs follows a zero based review and reflects the planned retirement and recruitment profile. The prior year profile reflected the recruitment at the beginning of the year to address the significant level of vacancies held. 2021/22 plans reflect a mid-year recruitment.
- Other employee expenses include the allowances for call out arrangements to provide resilience, overtime, training and bank arrangements and are based on a zero based budget review.
- ICT and Communications reflects the additional requirements from reviewing all fire ICT systems and as highlighted earlier in the report.
- Estates costs include the costs of Darby House and with almost two years of actual data, there is a better understanding of estates costs and requirements.
- Supplies and services costs reflect the change in arrangements for Finance and Estates Services from the Police rather than in house or from LGSS. Included in this area are:
  - Shared services costs between Fire and Police £866K. Some of which relate to costs to build staffing, resilience and stability, others (estates) transferred from Fire to Police employ under TUPE and some have resulted in LGSS reductions.
- The OPFCC charge for governance and strategic support has reduced from £329K to £232K.
- The Fire element of the newly established Joint Communications Team with the PFCC is £129K. It also reflects services which were previously undertaken internally within Fire or by the Police.
- Capital Financing costs reflect the costs of financing the capital programme which are now starting to be incurred.
- Following funding from the Home Office, reserves transfers out have reduced to contributions for Equipment and Transformation reserves.
- Reserves transfers out reflect the requirements identified to balance the budget. It is anticipated that the sum of over £370K will be transferred to reserves in 2021/22 to help mitigate this.
- Savings identified and development are those identified by the service to assist in meeting the budget at a 1.99% precept level increase. These mainly relate to rationalising some training and equipment requirements, together with an efficiency target for the whole service.

## 12. Medium Term Financial Plan (MTFP)

12.1 This is the second five year MTFP for NCFRA as the first year's budget was based on a three year period.

12.2 However, the revenue budget and capital programme are still addressing challenges of previous years, such as backlogs in repairs and maintenance and the implications of tight financial controls. Therefore, NCFRA are still working to the three year period to build financial stability. This includes ensuring a budget and capital programme are prepared which are less subject to reactive and historic challenges and are both deliverable and affordable.

12.3 Whilst the MTFP is challenging at both £5 and 1.99% precept increases, the Chief Fire Officer continues to work closely with the PFCC and S151 Officer to ensure an appropriate balance can be reached between investing in future priorities, addressing the reactive requirements of previous years funding challenges whilst ensuring NCFRA continues to build financial stability. This is difficult to achieve with only inflationary increases per annum.

12.4 The MTFP based on the key assumptions detailed below, is attached at Appendix A and summarised as follows:

	Cumulative Shortfalls (£'000)				
	2021/22	2022/23	2023/24	2024/25	2025/26
At 1.99% Increase	-	2,049	2,603	3,054	4,062
At £5 increase	-	1,086	1,611	2,031	3,009

12.5 The plan demonstrates that without any additional growth, at current levels and within current plans, whilst 2021/22 is balanced, there are shortfalls every year thereafter.

12.6 These shortfalls have been significantly affected by the cost of funding the capital programme, which by 2025/26 equates to approximately £1m per annum. This provides little scope to invest in other priority areas in the medium term.

12.7 With the exception of the staffing changes highlighted in the executive summary, any further demand and policy developments agreed by the PFCC and Chief Fire Officer have not been included at this stage, and apart from in 2021/22, has not made any further additions for shared enabling services. The MTFP will be updated regularly to reflect any changes.

12.8 It is assumed that no additional unfunded priorities are given to the PFCC and Chief Fire Officer.

12.9 Key assumptions that have been included in seeking to outline the financial challenge for the medium term are:

- The impact of COVID-19 has been forecast in the MTFP and prudent assumptions made in respect of business rates, taxbase levels, and council tax deficits.

- That business rates will remain at the 2021/22 budgeted level (source: professional prudent estimate).
- That there will be no council tax surplus or deficits after 2021/22 (source: professional prudent estimate).
- That the council taxbase grows at 0.5% in 2022/23 and 1% thereafter (source: professional prudent estimate).
- Precept will increase by £5 in 2021/22 and thereafter on a 1.99% increase thereafter. (source: National professional assumptions).
- Government funding continues as static. (source: National professional assumptions).
- Pay increases are assumed at 0% for 2021/22 and 2% thereafter (source: National professional assumptions).
- No significant impact on grant funding has been assumed from the Funding Formula Review.
- No additional, unfunded responsibilities are given to NCFRA.
- Investment requirements can be prioritised and met from within the revenue budget or capital programme.
- Further borrowing beyond the capital programme is not required.

### **13 Other Financial Risks and Uncertainties - Pensions**

- 13.1 The Government introduced reforms to public service pensions in 2015 which resulted in most public sector workers being moved into new pension schemes. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members gave rise to unlawful discrimination on the basis of age.
- 13.2 In July 2019, the Chief Secretary to the Treasury made a written ministerial statement confirming that, as 'transitional protection' was offered to members of all the main public service pension schemes, the difference in treatment will need to be removed across all those schemes for members with relevant service.
- 13.3 It is expected that the on-going cost of higher pension benefits arising from the case will be built into the scheme valuation process and reflected in the 2023/24 employer and employee contribution rates. These issues could lead to employer contribution rates increasing by up to 10.0% from 2023/24.
- 13.2 The government has provided additional grant funding for pension increases in the past for both Fire and Police but there is a risk that authorities may need to meet some or all of this increase. On firefighter pensions alone, a 5% or 10% increase would result in a budget pressure of c. £2.8m or £5.6m respectively from 2023/24.
- 13.3 National discussions continue in this regard and the MTFP will be updated if required when there is a clearer understanding. At this point in time, this is highlighted as a potential uncertainty.



## 14. Capital Programme

14.1 A Capital Programme has been approved as part of the budget setting process, which has identified significant requirements across Fleet, Estates, ICT and Operational equipment.

14.2 The approved Capital Programme is as follows:

Programme	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
Estates	4.0	4.1	0.2	0.2	0.7	0.3
Vehicles	0.2	3.1	1.9	0.9	0.7	2
ICT	1.5	0.4	0.7	0.1	0.1	1.2
Equipment	0.3	0.3	0.1	0.1	0.2	0.2
<b>Total</b>	<b>6</b>	<b>7.9</b>	<b>2.9</b>	<b>1.3</b>	<b>1.7</b>	<b>3.7</b>

14.3 The S151 Officer will continue to advise the PFCC and the Chief Fire Officer as to the most effective way to fund capital expenditure and minimise cost on the revenue budget moving forwards. This includes considering the appropriate use of earmarked reserves and unapplied grants. Following representation, the Home Office have approved the reallocation of the NCFRA transformation grant towards the cost of the Joint Fleet Workshop.

14.4 Furthermore, all opportunities to seek and apply for other grants are taken, most recently the PFCC has applied for decarbonisation grants which if successful, would assist in mitigating some of the estates costs.

14.5 A Joint Estates Strategy is in place which promotes joint sharing of buildings and progress has already been made with the enabling developments of the shared administration and joint fleet workshops which will enable further changes to the estate which should realise efficiencies over time for both Fire and Police.

14.6 Costs are often occurred ahead of any efficiencies, therefore, the PFCC will continue to push to ensure that any disposals are made in a timely an efficient manner to ensure the full benefits can be realised.

14.7 The Commissioner is required to approve a "Treasury Management Strategy" each year, setting out the detail of his policy and approach to managing investments, borrowing and cash management.

14.8 This is required by the Code of Treasury Management published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Prudential Code to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice.

14.9 The Treasury Management Strategy was approved at the January 2021 Accountability Board and where possible will be available on the PFCC website by April 2021 as it is usual practice for the Joint Independent Audit Committee (JIAC) to consider this key document prior to being placed on the website.

## 15. Use of Reserves

- 15.1 In considering the budget, the MTFP and level of precept options, it is important to look closely at the size, level and type of reserves to ensure that they are adequate to cover the purposes for which they are held and to provide some safeguards against the future risks identified within the budget. Whilst ensuring that reserves are adequate, there is also a need to ensure they are not excessive.
- 15.2 NCFRA transferred on the 1 January 2019 with no reserves and set in place a three year financial stability plan to build reserves and made good progress in doing so. By 2020/21 they had exceeded the minimum level of general reserves as set out in the financial plans forecast at the time of the governance transfer.
- 15.3 However, NCFRA were still low compared to national FRAs as set out earlier and still did not have the resilience to meet the impact from unforeseen events, such as COVID-19.
- 15.4 When forecasting both current and future funding levels for NCFRA, it was apparent that even with a £5 precept scenario, reserves will be required to help balance the budget until such time as the taxbase starts to recover.
- 15.5 Recognising this challenge, the PFCC made representation to Lord Greenhalgh, the Fire Minister and the Home Office, seeking one off support to bolster NCFRA reserves in 2020/21 and provide some resilience in meeting COVID and other challenges. As set out earlier, the Home Office have fully engaged in these discussions and have supported this request. An additional £1m will be transferred to NCFRA to support general reserves.
- 15.6 This has enabled general reserves to be increased above the minimum level and to be stabilised at a level of £2m or 5% (whichever is the higher). This level reflects both the current uncertain environment and the minimal levels of earmarked reserves held to meet other purposes.
- 15.7 As a result at both the £5 and 1.99% precept increases, whilst general and earmarked reserves would be better placed to weather the future shortfalls if no savings are made, this is not a position that is sustainable and NCFRA will be required to find savings and efficiencies to balance the shortfalls over the period.
- 15.8 In 2020/21, it is forecast that £373K will be transferred to reserves which can all be made available to support the revenue budget for 2021/22 and mitigate the impact of reduced funding if required at 1.99%. At £5, not all of this sum is required and the balance will bolster reserves to mitigate future challenges.
- 15.9 The 2021/22 budget and future years in the MTFP will continue to contribute to reserves, but for Earmarked purposes or to support the Capital Programme. This seeks to balance the challenge on the revenue budget whilst recognising the need to develop the operational equipment and transformation reserves to facilitate investment and essential replacement expenditure. Once operational equipment replacement plans have been established, there will be calls on this reserve.
- 15.10 The reserves strategy sets out planned use of reserves across the MTFP. Of note is the use of S106, capital receipts and transformation reserves, which, alongside revenue contributions will be applied against capital expenditure to minimise and mitigate future borrowing costs where possible.

- 15.11 Types of reserves and planning assumptions are detailed within the Reserves Strategy which is attached to this report. Headlines of which are as follows:

### **General Reserve**

Following the additional allocation from the Home Office, the S151 Officer has advised that it would be prudent to maintain and develop general reserves as follows:

- to increase the current minimum guideline level set in 2020/21 from 4% to 5% of annual budget and;
- to work towards and maintain a sustainable level of £2.0m or 5% (whichever is the higher).

- 15.12 Additionally, it is prudent to have in place earmarked reserves to better smooth the impact of replacement of essential operational equipment, to mitigate year on year funding variations and take forward transformation priorities.

### **Earmarked Reserves**

NCFRA plan to hold a number of earmarked reserves which are set out in detail within the reserves strategy at Appendix B and summarised below as follows:

- Insurance Reserve
- Staffing
- Operational Equipment
- Funding
- Transformation
- S106
- Capital Receipts
- Capital Grants Unapplied

- 15.13 Whilst reserves are better than forecast, and some earmarked reserves are being built within the reserves strategy; challenges and uncertainties which would be appropriate to consider as part of reserves at a future stage are as follows:

- NCFRA do not currently have any financial provision for industrial action contingency arrangements as historically costs have been met from revenue budgets. It is recommended that, in time, a reserve is created for this purpose.
- At some stage it would be appropriate to work towards an ill health pension reserve to smooth the impact of ill health retirements on the revenue budget.

- 15.14 NCFRA has made good progress in establishing reserves and, following the contribution from the Home Office, it is the view of the S151 officer that whilst general reserves are now at a sufficient level, there remains a need to build earmarked reserves where possible and appropriate. This will assist in smoothing potential funding impacts and to support the funding of equipment and transformation activities. Furthermore, as general reserves have been stabilised and resilience has now been improved, it is essential that they are used in exceptional circumstances and if used, are rebuilt to the sustainable level in a timely manner.

## **16. Robustness of the Budget –Statement of the S151 Chief Finance Officer**

16.1 Section 25 of the Local Government Act 2003, places a duty on the S151 to make a report to the authority on:

- The robustness of the estimates included within the budget
- The adequacy of the reserves and balances

The PFCC must have regard to this when considering the budget and the report must be shared with the Police, Fire and Crime Panel.

16.2 In her considerations, the S151 Officer is mindful of other associated statutory safeguards designed to support the authority

- Section 151 of the Local Government Act 1972 which requires the authority to make arrangements for the proper administration of its financial affairs and that the chief financial officer has personal responsibility for such administration.
- Sections 32, 43 & 93 of the Local Government Finance Act 1992 which requires the authority to set a balanced budget
- The Prudential Code introduced as part of the Local Government Act 2003 which sets out the framework within which the authority must manage its investments, including adequate planning and budget estimates
- The external auditor's duty to assess the adequacy of the authority's proper arrangements to secure economy, efficiency and effectiveness ('value for money')

16.3 To reinforce these obligations, section 114 of the Local Government Finance Act 1988 requires the S151 Officer to report in consultation with the Monitoring Officer, if there is or is likely to be unlawful expenditure or an unbalanced budget.

16.4 This report has set out the detailed budget setting process that has taken place and the work undertaken to ensure the budget is as realistic, deliverable and achievable as possible.

16.5 The senior management team, budget holders and the finance team have worked closely to deliver the draft budget, ensuring that effective scrutiny and challenge has taken place. The PFCC has also undertaken scrutiny and strategic review of the proposals on two occasions and has been updated regularly throughout the budget cycle as appropriate.

16.6 The estimates and assumptions are based on the best information available at the time of formulating the budget in line with the fundamental accounting concepts and are reasonable and prudent.

**The S151 Chief Finance Officer statement is as follows:**

*“Working with colleagues we have implemented the new Joint Finance Team for Fire and Police and have refined the Fire budget model from 2021/22. I have made the assumptions based on professional estimates, peer knowledge and advice and using where appropriate assumptions included in the business case. Where possible, I have aligned these with national Fire and technical colleagues.*

*The Chief Fire Officer and his team have been fully involved in the budget discussions and the identification of savings at both 1.99% and £5 and I am grateful to him and his team for their engagement and commitment in doing so.*

*At both meetings with the PFCC and the Senior Fire team on the 8 December 2020 and the 12 January 2021, I attended as the S151 Officer, but also the strategic finance lead for Fire to provide assurance that these factors have been considered. At those meetings and since that date, dialogue, scrutiny and challenge has continued where new factors or information have been highlighted, discussed and further work continues.*

*I have worked closely with Fire and Finance colleagues on the early modelling of the MTFP and with the PFCC in setting out the challenges and requests for funding support. I am grateful too for the support, scrutiny and engagement of the Home Office and Ministers in considering these requests, together with the invaluable contributions from MPs, Councillors and Panel members in this process.*

*During the first two years of governance I have worked closely with Fire colleagues and this has helped inform and assist me in refining the budget model to ensure it supports the strategic and operational priorities in current and future years. During this time, I have found that there are a number of higher than anticipated challenges and uncertainties associated with the Fire revenue and capital budgets which need to continually be prioritised and assessed. A number of these are outlined earlier in this report.*

*The Chief Fire Officer is undertaking a further review of the capital programme and I recognise that a large amount of the priorities are to address issues that have arisen over a number of years with ageing equipment and a backlog of essential repair and maintenance. It is my opinion that the totality of the current programme is neither deliverable nor affordable and I welcome his review which will be considered at the Accountability Board in April 2021.*

*It is essential that the Chief Fire Officer and the finance team continue to work closely to ensure all pressures and challenges are identified at an early stage so they can be included within operational and financial plans. I will continue to support the Chief Fire Officer and his team in ensuring these are known and understood.*

*The first two years of Internal Audits have identified a number of areas where policies and procedures are in place which are developing but still need to be embedded. I will continue to work with the Chief Fire Officer and Monitoring Officer to take these recommendations forward and ensure robust internal controls and assurances are in place, supported by an Internal Audit Plan; and contribute to Fire achieving Best Value by following procurement and purchasing policies and procedures and effective asset management arrangements which meet operational requirements and stand up to external scrutiny.*

*I will continue to work with the Chief Fire Officer to take forward changes to support services structures with Police to build capacity and resilience in and with the finance team so that they can continue to support both organisations effectively in future years.*

*Given the need to ensure and build stability and resilience, minimal operational pressures have been built into the budget model and any growth or changes will need to be accommodated from within the cash limited budget set for the year. I am assured by the commitment to the collaboration and enabling services work and the Joint Estates Strategy which will assist in identifying future savings; but it is essential that disposals and activities are undertaken in a timely manner to enable benefits and savings to be realised.*

*I have reviewed the detailed calculations in arriving at the budget requirement and Council Tax precept and options and find these to be robust. I also have, sought and received authorisations from billing authorities in relation to taxbase and Council Tax surplus/deficits and I am grateful to all partners for their support in doing so. I have highlighted uncertainty and timing within this report and the PFCC is aware of this uncertainty and potential impact and as such has ring fenced an allocation as a contingency to mitigate this risk.*

*Whilst the reserves position is much better than anticipated and general reserves in isolation are now at a sustainable level, there are minimal levels of earmarked reserves to smooth funding gaps, meet budget challenges, or to invest or meet one off pressures. The MTFP does require efficiencies and savings to be made to ensure the budget can be balanced across the medium term and I will continue to support the Chief Fire Officer to ensure that savings plans and other funding streams are identified and realised to meet these challenges as reserves are not at a sufficient level to meet them.*

*The sections in this report on “Future Risks, Challenges and Uncertainties”, “Pensions” and the “MTFP” highlight significant unknown issues moving forwards in the medium term. The continuing impact of COVID-19, the impact of a future funding formula and the CSR for 2022/23 are all unknown. Where possible forecasts and estimates are included within the MTFP and all opportunities for government funding are pursued to ensure any financial impact on NCFRA is minimised.*

*Whilst a balanced budget has been achieved for 2021/22 under both precept scenarios, the £5 increase will mitigate the pressures and place NCFRA in a better position than would be the case with the 1.99% increase. After 2021/22, the landscape is less certain and it is reasonable to assume that the operational and financial challenges will continue and these are reflected as best estimates in the MTFP.*

*I conclude, therefore, that the budget for 2021/22:*

- 1. Has been prepared on a robust basis, and*
- 2. In 2021/22, the budget is balanced with a use of reserves at a £5 precept increase within the funding set aside for this purpose from 2020/21. However, at 1.99% this will require savings which need to be achieved and use of reserves which will need to be rebuilt over time.*
- 3. General reserves are sufficient to meet essential risks and challenges and earmarked reserves will continue to be built where it is appropriate and prudent to do so.*
- 4. However, there is little financial resilience within the Fire revenue budget or reserves to manage future shortfalls, unforeseen issues or additional investment.*
- 5. The future financial landscape is uncertain and the MTFP identifies a need for further savings and it is essential that the Chief Fire officer takes these forward. The MTFP will be kept under regular review as savings plans progress. “*

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**EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS**

The budget and proposed precept provide the resources for the delivery of Fire. Additionally, the survey is comprised of a representative sample of Northamptonshire residents.

**HUMAN RESOURCES IMPLICATIONS**

**ENVIRONMENTAL IMPLICATIONS**

Environmental implications are considered as part of Fire delivery.

**RISK MANAGEMENT IMPLICATIONS**

Risks and mitigations have been highlighted in the report.

**LEGAL IMPLICATIONS**

The PFCC is required to notify a precept to the billing authorities by the 1<sup>st</sup> March each year. In doing so, he must set a realistic revenue budget, informed by the report of the Chief Finance Officer

**List of Appendices**

Appendix A1 and A2 – 2021/22 Budget and MTFP at £5 and 1.99% Scenarios  
Appendix B – Reserves Strategy

**Persons to Contact**

Mrs H King, Chief Finance Officer, Northamptonshire Commissioner Fire and Rescue Authority (NCFRA), Office of the Police, Fire and Crime Commissioner

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## Agenda Item No: 07(b) Appendix A1

### NCFRA 2021/22 Budget and Medium Term Financial Plan (MTFP) – at £5

2020/21		<b>21/22 £5 Council Tax precept increase &amp; 1.99% thereafter</b>				
£'000		2021/22	2022/23	2023/24	2024/25	2025/26
		£'000	£'000	£'000	£'000	£'000
14,477	Fire Fighters	13,944	14,175	14,525	14,961	15,346
3,962	Staff	4,061	4,218	4,374	4,577	4,796
1,624	Other Employee Expenses	1,849	1,948	1,989	2,038	2,095
740	IT & Communications	995	1,007	1,042	1,058	1,074
1,470	Estates & Facilities	1,563	1,595	1,561	2,105	2,760
489	Transport	499	446	455	464	473
3,167	Supplies & Services	3,948	3,994	4,074	4,156	4,239
(715)	Income	(747)	(420)	(436)	(451)	(464)
-	Ring-Fenced Investment	-	-	-	-	-
<b>25,214</b>	<b>Total</b>	<b>26,112</b>	<b>26,963</b>	<b>27,584</b>	<b>28,908</b>	<b>30,319</b>
-	Capital Financing - MRP	29	226	586	586	664
-	Capital Financing - Interest	67	180	239	254	290
75	Capital Financing - RCCO	150	50	50	50	50
30	Transfer to Reserves	50	150	150	150	150
-	Transfer from Reserves	(209)	-	-	-	-
<b>105</b>	<b>TOTAL</b>	<b>88</b>	<b>607</b>	<b>1,026</b>	<b>1,041</b>	<b>1,154</b>
-	Savings identified	-	-	-	-	-
-	Savings under development	-	-	-	-	-
<b>25,319</b>	<b>TOTAL</b>	<b>26,200</b>	<b>27,570</b>	<b>28,610</b>	<b>29,949</b>	<b>31,473</b>
	<b>Funding</b>					
(2,814)	Top Up Grant	(2,814)	(2,814)	(2,814)	(2,814)	(2,814)
(2,266)	Revenue Support Grant	(2,278)	(2,278)	(2,278)	(2,278)	(2,278)
(2,586)	Business Rates	(2,680)	(2,680)	(2,680)	(3,005)	(3,005)
(822)	S31 Grant - Compensation	(468)	(468)	(468)	(468)	(468)
(1,186)	Pension Grant	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)
-	New Council Tax Grants	(224)	0	0	-	-
(15,478)	Precept	(16,703)	(17,121)	(17,636)	(18,167)	(18,714)
(167)	Collection Fund Surplus/ (Deficit)	153	62	62	-	-
<b>(25,319)</b>	<b>TOTAL FUNDING</b>	<b>(26,200)</b>	<b>(26,484)</b>	<b>(26,999)</b>	<b>(27,918)</b>	<b>(28,465)</b>
-	<b>FUNDING (SURPLUS) / DEFICIT</b>	<b>(0)</b>	<b>1,086</b>	<b>1,611</b>	<b>2,031</b>	<b>3,009</b>
	<b>Precept</b>					
61.97	Band D Council Tax	£66.97	£68.30	£69.66	£71.05	£72.46
249,768.07	Tax Base	249,412.22	250,659.28	253,165.87	255,697.53	258,254.51

**Note: Totals may not sum due to roundings**

## Agenda Item No: 07(b) Appendix A2

### NCFRA 2021/22 Budget and Medium Term Financial Plan (MTFP) – at 1.99%

		1.99% Council Tax precept increase				
2020/21		2021/22	2022/23	2023/24	2024/25	2025/26
£'000		£'000	£'000	£'000	£'000	£'000
14,477	Fire Fighters	13,944	14,175	14,525	14,961	15,346
3,962	Staff	4,061	4,218	4,374	4,577	4,796
1,624	Other Employee Expenses	1,849	1,948	1,989	2,038	2,095
740	IT & Communications	995	1,007	1,042	1,058	1,074
1,470	Estates & Facilities	1,563	1,595	1,561	2,105	2,760
489	Transport	499	446	455	464	473
3,167	Supplies & Services	3,948	3,994	4,074	4,156	4,239
(715)	Income	(747)	(420)	(436)	(451)	(464)
-	Ring-Fenced Investment	-	-	-	-	-
<b>25,214</b>	<b>Total</b>	<b>26,112</b>	<b>26,963</b>	<b>27,584</b>	<b>28,908</b>	<b>30,319</b>
-	Capital Financing - MRP	29	226	586	586	664
-	Capital Financing - Interest	67	180	239	254	290
75	Capital Financing - RCCO	150	50	50	50	50
30	Transfer to Reserves	50	150	150	150	150
-	Transfer from Reserves	(660)	-	-	-	-
<b>105</b>	<b>TOTAL</b>	<b>(363)</b>	<b>607</b>	<b>1,026</b>	<b>1,041</b>	<b>1,154</b>
-	Savings identified	(389)	-	-	-	-
-	Savings under development	(100)	-	-	-	-
<b>25,319</b>	<b>TOTAL</b>	<b>25,260</b>	<b>27,570</b>	<b>28,610</b>	<b>29,949</b>	<b>31,473</b>
	<b>Funding</b>					
(2,814)	Top Up Grant	(2,814)	(2,814)	(2,814)	(2,814)	(2,814)
(2,266)	Revenue Support Grant	(2,278)	(2,278)	(2,278)	(2,278)	(2,278)
(2,586)	Business Rates	(2,680)	(2,680)	(2,680)	(3,005)	(3,005)
(822)	S31 Grant - Compensation	(468)	(468)	(468)	(468)	(468)
(1,186)	Pension Grant	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)
-	New Council Tax Grants	(224)	0	0	-	-
(15,478)	Precept	(15,763)	(16,157)	(16,643)	(17,144)	(17,660)
(167)	Collection Fund Surplus/ (Deficit)	153	62	62		
<b>(25,319)</b>	<b>TOTAL FUNDING</b>	<b>(25,260)</b>	<b>(25,520)</b>	<b>(26,007)</b>	<b>(26,895)</b>	<b>(27,411)</b>
-	<b>FUNDING (SURPLUS) / DEFICIT</b>	<b>0</b>	<b>2,049</b>	<b>2,603</b>	<b>3,054</b>	<b>4,062</b>
	<b>Precept</b>					
61.97	Band D Council Tax	£63.20	£64.46	£65.74	£67.05	£68.38
249,768.07	Tax Base	249,412.22	250,659.28	253,165.87	255,697.53	258,254.51

**Note: Totals may not sum due to roundings**



## NORTHAMPTONSHIRE COMMISSIONER FIRE AND RESCUE AUTHORITY RESERVES STRATEGY – UPDATED JANUARY 2021

### 1. Reserves Strategy

- 1.1. Reserves are a key part of medium-term financial planning – other components include revenue spending plans, income forecasts, potential liabilities, capital investment plans, borrowing and council tax levels. Decisions on these are inter-linked. Consequently, some organisations will need to maintain reserves at higher levels than others.
- 1.2 All publicly funded organisations should have a reserves strategy to demonstrate transparency and accountability, to comply with best practice financial management and to justify the levels of reserves held.
- 1.3 The PFCC maintains reserves to provide a measure of protection against risk. Without this protection, any unforeseen expenditure would have to be met either by increases in Council Tax or immediate savings (potentially through reductions in service levels).
- 1.4 The term "reserves" has a variety of technical and every day meanings, depending on the context in which it is used. For the purposes of this Strategy it is taken to mean funds set-aside at the PFCC's discretion for general or specific future purposes.
- 1.5 Reserves are required to protect and enhance the financial viability and in particular:
  - To maintain a degree of in-year financial flexibility;
  - To enable the PFCC to deal with unforeseen circumstances and incidents;
  - To set aside monies to fund major developments in future years;
  - To enable the PFCC to invest to transform and achieve improved service effectiveness and efficiency;
  - To set aside sums for known and potential liabilities;
  - To provide an operational contingency at service level.
- 1.6 Reserves should not be held to fund ongoing revenue expenditure as this is unsustainable in the long term; however, they may be important in smoothing a major financial imbalance (revenue or capital) over a longer timescale. CIPFA guidance LAAP 99 published July 2014 states:

*“Balancing the annual budget by drawing on general reserves may be viewed as a legitimate short-term option. However, it is not normally prudent for reserves to be deployed to finance recurrent expenditure. CIPFA has commented that Councils should be particularly wary about using one off reserves to deal with shortfalls in current funding. Where such action is to be taken, this should be made explicit, and an explanation given as to how such expenditure will be funded in the medium to long term”*

- 1.7 The Northamptonshire Commissioner Fire and Rescue Authority (NCFRA) was established on the 1 January 2019 with no transfer of reserves agreed as part of the business case.
- 1.8 Agreement was reached for any Fire Operational budget underspend achieved between 1 April 2018 and 31 December 2018 to transfer to NCFRA as part of the balance sheet disaggregation. This reserves strategy reflects the final position, which was higher than originally envisaged.
- 1.9 This strategy is the third reserves strategy for NCFRA and reflects the PFCC’s continued intention to build reserves over the short term to ensure a stable financial position for NCFRA moving forwards.
- 1.10 Whilst good progress had been made in building reserves in line with the plan, the financial impact of the COVID pandemic is now forecast to be detrimental to the financial position for NCFRA for 2021/22 and future years. The main impact is from the reduction on council tax and business rate receipts, compared to previous years and the forecast.
- 1.11 Consequently, it is assumed that both savings and reserves will be required to balance the financial position in 2021/22. Funding will be transferred to reserves in 2020/21 where possible, to mitigate this position.
- 1.12 Recognising the potentially detrimental impact of COVID-19 on the financial reserves and revenue position of NCFRA, the PFCC made representation to the Home Office. As a result, the Home Office advised in January 2021 that the sum of £1m will be provided to NCFRA to help provide resilience in the reserves position. This will be transferred to the General Reserve when received and is assumed within the Strategy.
- 1.13 After 2021/22, the strategy assumes that the Medium Term Financial Plan [MTFP] is broadly balanced on a sustainable basis across the five year planning period. However, when taking into account the projected shortfalls on the MTFP, it is imperative that savings will need to be achieved to facilitate this.
- 1.14 The Capital Programme is still significantly higher than can be afforded and is placing a challenge on the revenue budget and reserves position. As at January 2021, the Chief Fire Officer is undertaking a further review of the Capital Programme to ensure all priorities and requirements are balanced with the need to ensure financial affordability. The Capital Programme will be reviewed and updated in quarter 1 2021/22 to reflect these changes and regularly thereafter.

1.15 Reserves should reflect the agreed financial strategy and should represent the quantified impact of risks and opportunities over the planning period, weighted for their probability.

## 2. National Guidance and Compliance with Home Office Guidance

2.1 The 2014, CIPFA guidance included the establishment and maintenance of local authority reserves and balances, setting out the key factors that should be taken into account locally in making an assessment of the appropriate level of reserves and balances to be held.

2.2 On 31 March 2018, the Minister for Policing and the Fire Service published new guidance on the information that each PFCC must publish in terms of Police Reserves. This guidance has been adopted for the NCFRA to ensure consistency and once approved, the NCFRA reserves strategy is available on the PFCC website.

2.3 One of the key requirements is that the information on each reserve should make clear how much of the funding falls into each of the following three categories:

- Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.
- Funding for specific projects and programmes beyond the current planning period.
- As a general contingency to meet other expenditure needs held in accordance with sound principles of good financial management.

2.4 This information is summarised across the Home Office headings as at 31/3/2020, together with the proposed use of the reserves held at that date as follows:

Reserve	Forecast Balance as at 31/3/2021	Planned Expenditure on Projects and Programmes over the next 3 years (21/22-23/24)	Funding for Specific projects and Programmes Beyond 2023/24	As a general contingency or resource to meet other expenditure needs
	£m	£m	£m	£m
<b>General</b>	<b>2,167</b>	-	-	<b>2,167</b>
<b>Earmarked:</b>				
Insurance	250			250
Staffing	100			100
Operational Equipment	30			30
Funding	373			373
Transformation	-			-
S106	314	(198)	(116)	-
Capital Receipts	-	-		-
Capital Grants Unapplied	-	-		-
<b>Total Earmarked</b>	<b>1,067</b>	<b>(198)</b>	<b>(116)</b>	<b>753</b>
<b>Total Reserves</b>	<b>3,234</b>	<b>(198)</b>	<b>(116)</b>	<b>2,920</b>

### 3. General Reserve

3.1 In order to assess the adequacy of the unallocated general reserve when setting the budget the PFCC, on the advice of the chief finance officer, should take account of the strategic, operational and financial risks facing the authority. This assessment of risk should include external risks, as well as internal risks, for example the ability to deliver planned efficiency savings.

3.2 Whilst there is no prescribed level of reserves that PFCCs should hold; it is influenced by individual discretion, local circumstances, advice from external auditors, risk management arrangements and risk appetite. CIPFA guidance in LAAP Bulletin 99 (2014) specifically cautions against prescriptive national guidance for a minimum or maximum level of reserves and states:

*“The many factors involved when considering appropriate levels of reserves can only be assessed properly at a local level. A considerable degree of professional judgement is required. The chief finance officer may choose to express advice on the level of balances in cash and/or as a percentage of budget (to aid understanding) so long as that advice is tailored to the circumstances of the authority”*

3.3 However, the minimum level of reserves may be set for the authority by the Ministers in England and Wales where an authority doesn't act prudently, disregards the advice of its chief finance officer or is heading for financial difficulties. LAAP Bulletin 99 (2014) specifies that minimum level of reserves can be imposed on specific circumstances:

*“Minimum level of reserves will only be imposed where an authority is not following best financial practice”*

3.4 CIPFA indicate a general reserve level is typically between 2% and 3% of net budget requirement and this is consistent with the results of a survey by the PACCTS Technical Support Team where the majority of PCCs (and PFCCs) across the country reporting a Strategy of holding minimum general reserves at 3% net revenue expenditure, average general reserve levels are nearer 5%.

3.5 Recent Home Office publications reflect that NCFRA have the lowest level of reserves per core spending power across all Fire and Rescue Authorities in England and Wales.

3.5 In determining the PFCC's position, Annexe A outlines how NCFRA complies with the 7 key CIPFA principles which can be used to assess the adequacy of reserves.

3.6 Given that NCFRA are required to meet the first 1% of any special grant requirement and the NCFRA was established without the transfer of any reserves, it remains prudent to continue to build reserves as considered by the Minister in the Business Case.

3.7 Furthermore, taking into account the impact of the COVID pandemic on 75% of NCFRA's funding streams, it is essential to ensure there are sufficient reserves set aside to meet such challenges in the future.

3.8 Given the minimal levels of earmarked reserves held; the special grant requirement; the significant potential requirements of the capital programme; the relative size of the NCFRA revenue budget, the impact of the COVID pandemic on funding receipts, together with the budget volatility experienced by NCFRA in its financial stability period, NCFRA can be disproportionately impacted by any of these changes. This would result in significant unplanned in-year changes to be required.

3.9 Whilst good progress has been made, the allocation of funding from the Home Office has enabled NCFRA to build and provide resilience in general reserves. As such, given this opportunity, the Chief Finance Officer advises that it would be prudent to maintain and develop general reserves as follows:

- to increase the current minimum guideline level set in 2020/21 from 4% to 5% of annual budget and;
- to work towards and maintain a sustainable level of £2.0m or 5% (whichever is the higher).

Additionally, it is prudent to have in place earmarked reserves to better smooth the impact of replacement of essential operational equipment, to mitigate year on year funding variations and take forward transformation priorities.

3.10 At present, there plans to build the General Reserve during the period of the MTFP will be impacted by the need to support the revenue budget in 2021/22. However, the Home Office contribution has enabled the General Reserves to be stabilised as follows:

Therefore, the forecast level of equates to the following (at forecast MTFP budget levels):

- 31/3/2020 £1.067m (4.2% above 20/21 minimum level)
- 31/3/2021 £2.167m (8.5% sustainable level achieved)
- 31/3/2022 £2.000m (7.8% sustainable level achieved)
- 31/3/2023 £2.000m (7.7% sustainable level achieved)
- 31/3/2024 £2.000m (7.4% sustainable level achieved)
- 31/3/2025 £2.000m (7.3% sustainable level achieved)
- 31/3/2026 £2.000m (7.2% sustainable level achieved)

3.11 Whilst NCFRA also have significant operational pressures, it is essential to hold a sufficient level of general reserves and ensure a stable financial basis for the authority moving forwards.

3.12 These levels will be reviewed on a regular basis and opportunities to set aside Earmarked reserves to support targeted expenditure and investment, taken.

#### **4. Earmarked Reserves**

4.1 In addition to the General reserve, the PFCC will need to build a number of reserves which will be earmarked for specific purposes.

4.2 The predicted position for each earmarked reserve as at 31/3/2021, together with an outline of its specific purpose is attached at Annexe B.

- 4.3 At the 31/3/2021, it is estimated that the PFCC will hold £1.067m in Earmarked Reserves which are as follows:

**Insurance £0.250m** – this reserve needs to be established to hold funds set aside where considered prudent for Civil Claims (Public and Employer liability) in line with professional advice. This advice has identified a reserve requirement of £0.250m and will be reviewed regularly.

**Staffing £0.100m** - following many years of low recruitment, the PFCC created a staffing reserve from budget underspends to mitigate the impact on the revenue budget of recruiting 20 Firefighters in February 2020. The reserve was not required in 2020/21 and will be held to assist in smoothing any future short term pressures on the revenue budget as a result of recruitment plans and timing.

**Operational Equipment £0.030m** – an annual operational equipment reserve contribution was established in 2020/21 to smooth the impact and mitigate the costs of essential operational equipment replacement. This will continue when possible.

**Funding Reserve £0.373m** - the impact of the COVID pandemic on future council tax and business rates receipts has highlighted the importance of a reserve to mitigate such eventualities. As such, any underspends from the 2020/21 budget will be set aside in a funding reserve and used to mitigate the shortfalls in 2021/22. Whilst it is assumed that the reserve will be fully utilised in 2021/22, all opportunities will be taken to allocate additional funding above those budgeted in any one year to give this comfort for future years.

**Transformation Reserve £0m** – a transformation reserve will be established to which annual contributions will be made. This reserve would assist in meeting any one off investments, capital requirements or smoothing the implementation of transformative or investment requirements on the revenue budget.

**S106 £0.314m** – the sum of £0.523m was transferred from NCC following the governance transfer and funding has and will continue to be applied to meet costs as detailed within the S106 agreements.

- 4.4 The forecast balance on the reserves, taking into account a prudent estimate of timings for proposals which are currently being developed is detailed within Annexe C.

## 5. Provisions

- 5.1 The CIPFA Statement of Recommended Practice is prescriptive about when provisions are required (and when they are not permitted). Basically, a provision must be established for any material liabilities of uncertain timings or amount, to be settled by the transfer of economic benefits.
- 5.2 Northamptonshire have to date not established any provisions and this will be reviewed as part of the closedown process each year.



### **Procedures for management and control**

- 5.3 Any drawdown from Reserves is subject to the approval of the PFCC, on advice from the PFCC's Chief Finance Officer (CFO, S151) or the deputy S151; or under the delegated authority of the OPFCC CFO.
- 6.2 The Local Government Act 2003 requires the S151 officer to report annually on the adequacy of the reserves and this is included within the statement on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves and considered at the Police, Fire and Crime Panel alongside the budget and precept.
- 6.3 The Strategy will be reviewed annually by the OPFCC CFO as part of the Budget and Precept process.

### Northamptonshire Compliance with the 7 Key CIPFA Principles to assess the adequacy of reserves

Budget Assumptions (CIPFA Principles)	2021/22 Situation in Northamptonshire
<p><b>The treatment of inflation and interest rates</b></p>	<p>NCFRA makes full and appropriate provision for pay and price increases, informed by benchmarking with peers. It is recognised that any 1% variation on Pay inflation equates to £150K. Whilst there is minimal scope in the revenue budget to meet such cost, there is a pay and inflation contingency held by the PFCC to mitigate such eventualities. Furthermore, the public sector pay freeze announced for 2021/22 will further assist in mitigating this risk.</p> <p>An informed assessment is made in the Treasury Management Strategy of interest rate movements.</p> <p>All income and expenditure in the budget is prepared and published at outturn prices.</p>
<p><b>Estimates of the level and timing of capital receipts</b></p>	<p>NCFRA will be undertaking a review of its estates strategy as a fundamental part of the capital programme and has made assumptions of future capital receipts.</p> <p>The capital programme considerations require significant investment and until this has been concluded, only essential capital investment has been approved. The achievement of capital receipts in line with the proposed timings is essential to ensuring that prioritised capital investments can be progressed.</p>
<p><b>The treatment of demand led pressures</b></p>	<p>NCFRA is required to operate and manage within its annual budget allocation.</p> <p>All budgets except Firefighters are devolved and managed by trained budget holders.</p> <p>On an exceptional basis, once a stable position has been established for reserves, agreement may be sought from the PFCC to utilise carry forwards to meet one off demand led pressures. Additionally, demand led pressures are scrutinised and built into the budget set by the PFCC.</p> <p>NCFRA have historically identified savings over the years to manage within a cash limited budget provided by NCC. However, depending on funding availability, the PFCC will support investment in areas that reduce demand or which increase efficiency/capacity to deal with demand.</p> <p>General reserves are used as a last resort to manage and fund demand led pressures.</p>

<p><b>The treatment of Planned Efficiency Savings/Productivity Gains</b></p>	<p>NCFRA has met all financial savings and challenges required by NCC in previous years.</p> <p>Any identified savings and efficiencies from service or governance transfers will be monitored and reviewed regularly by the service and are only included as achieved in budgets when confirmed and verified.</p>
<p><b>The financial risks inherent in any significant new funding partnerships, collaboration, major outsourcing arrangements or major capital developments.</b></p>	<p>The financial consequences of partnership collaboration working, outsourcing arrangements or capital investment will be reported to the PFCC as part of the medium term planning process. Where relevant, any additional costs are incorporated into the annual revenue budget and/or capital programme.</p> <p>There is a risk that partners will withdraw funding as their own budgets are squeezed, or that the continued viability of private sector commercial partners will be exposed to risk in the face of an economic recession.</p>
<p><b>The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.</b></p>	<p>As NCFRA will be building up appropriate reserves from a zero base to build a stable range earmarked reserves and provisions to meet specific expenditure items. Their use and forecast balances as at 31/3/2021 are detailed in the attached annexe.</p> <p>NCFRA maintain an insurance provision, the adequacy of which is reviewed and monitored in detail by the legal services insurance advisors.</p> <p>NCFRA continue to build a General Reserve to cover any major unforeseen circumstances, supported by earmarked reserves where appropriate to meet targeted investment in a planned manner which does not disproportionately impact on the revenue budget each year.</p> <p>Given the COVID pandemic, the PFCC has established a funding reserve in 2020/21 to mitigate the impact of reduced council and business rate receipts on the revenue budget.</p>
<p><b>The general financial climate to which the Authority is subject</b></p>	<p>It is anticipated that the financial climate will be challenging and the medium term financial plan will reflect the “best estimate” of future inflation rates and increases in government grants and contributions.</p>

**RESERVES OF THE NORTHAMPTONSHIRE COMMISSIONER FIRE AND RESCUE AUTHORITY  
2021/22 to 2025/26**

	<b>Rationale</b>	<b>How and when used</b>	<b>Level</b>	<b>Management and control</b>	<b>Risk</b>	<b>Review</b>
<b>GENERAL RESERVE</b>	<p>To maintain a degree of in-year financial flexibility;</p> <p>To enable NCFRA to deal with unforeseen circumstances and incidents;</p> <p>To set aside sums for known and potential liabilities;</p> <p>To provide an operational contingency at service level.</p>	<p>To meet exceptional spending needs or overspends which are unable to be otherwise financed at the year end.</p> <p>To smooth the profile of revenue over a medium term financial period</p> <p>To allow higher spending without raising council tax on a one-off basis</p>	<p>To increase the current minimum guideline level from 4% to 5% of annual budget and</p> <p>To work towards and maintain a sustainable level of £2.0m of 5% (whichever is the higher)</p>	PFCC, on advice from PFCC CFO	<p>May be inadequate for major catastrophe, which could jeopardise financial status and reputation of NCFRA.</p> <p>The PFCC would have recourse to discretionary special grant if costs exceed 1% of budget or CLG Bellwin scheme for natural disasters</p>	Annual
<b>EARMARKED - INSURANCE</b>	<p>To cover the potential and contingent liabilities of uninsured risks as assessed annually by our insurers based on claims outstanding.</p>	<p>Balance will increase or reduce annually dependent on the NCFRA outstanding claims record.</p> <p>Established in 2018/19 following advice from legal service advisors.</p>	Will vary according to annual risk assessment	PCC, on advice from PCC CFO	<p>If no reserve is held the NCFRA is potentially open to significant excess and claims payments in year beyond available revenue budgets.</p> <p>Assessment by insurers needs to be realistic not unduly pessimistic.</p>	Annual
<b>EARMARKED - STAFFING</b>	<p>To smooth the impact on the revenue budget of recruitment during the year and if attrition does not meet forecast levels. The reserve may also be widened to include the opportunity to smooth ill health retirement costs across years.</p>	<p>Balance will increase or reduce annually dependent on the workforce planning requirements.</p> <p>Established in 2019/20 as part of recruitment planning.</p>	Will vary according to annual risk assessment	PFCC, on advice from PFCC CFO	<p>If no reserve is held NCFRA are required to meet the timing and phasing or recruitment from the annual revenue budget. As new firefighters are required to attend training school, it is not appropriate for them to be phased in during the year.</p>	Annual

	<b>Rationale</b>	<b>How and when used</b>	<b>Level</b>	<b>Management and control</b>	<b>Risk</b>	<b>Review</b>
<b>EARMARKED – OPERATIONAL EQUIPMENT</b>	To smooth the impact on the revenue budget of lower value, high volume essential operational equipment in conjunction with the operational equipment budget already included within the overall revenue budget.	Balance will increase or reduce annually dependent on the workforce planning requirements.  Established in 2019/20 as part of recruitment planning.	Will vary according to annual risk assessment	PFCC, on advice from PFCC CFO	If no reserve is held NCFRA are required to meet the timing and phasing of replacing all essential equipment from the annual revenue budget.	Annual
<b>EARMARKED – FUNDING</b>	To smooth the impact of fluctuations in the funding receipts from council tax and business rates and	Balance will increase or decrease annually, dependent on council tax and business rate receipts.	Will vary according to annual risk assessment.	PFCC, on advice from CFO	If no reserve is held, NCFRA are required to balance the budget through savings and reserves. This reserve enables short term fluctuations to be managed more smoothly.	Annual
<b>EARMARKED TRANSFORMATION INVESTMENT RESERVE</b>	To build and maintain a reserve sufficient to support invest to save initiatives and provide initial funding to set up transformational activities.	To undertake initiatives and transformation without needing to use the annual operational budget.	Will vary according to activities.	PFCC, on advice from PCC CFO	If no reserve is held, PFCC could find it difficult to invest in transformational activities or savings would have to be made from operational budgets before any initiatives could be undertaken.	Annual
<b>EARMARKED – S106 RESERVE</b>	To meet the additional infrastructure and other requirements of new developments.	To implement new infrastructure required as a result of developments without needing to use the annual operational budget.	Will vary according to activities.	PFCC, on advice from PCC CFO	If no reserve is held, PFCC could find it difficult to invest in new infrastructure requirements resulting from the developments.	Annual
<b>EARMARKED - CAPITAL RECEIPTS</b>	From sales of equipment above the capital de-minimis level and used to support the capital programme funding requirements.	Used to support funding the capital programme to minimise the cost of external borrowing on NCFRA and the taxpayer.	Will vary according to activities.	PFCC, on advice from PCC CFO	Minimal risk – the reserve is held when equipment over a certain value is sold. If no reserve is held, external borrowing costs may be higher.	Annual

	<b>Rationale</b>	<b>How and when used</b>	<b>Level</b>	<b>Management and control</b>	<b>Risk</b>	<b>Review</b>
<b>EARMARKED - CAPITAL GRANTS UNAPPLIED</b>	Unapplied grants brought forward from the Governance Transfer with Northamptonshire County Council.	Used to support funding in accordance with the grant requirements to minimise the cost of external borrowing on NCFRA and the taxpayer if purchased from capital.	Will vary according to activities.	PFCC, on advice from PCC CFO	Minimal risk – the reserve is held when equipment over a certain value is sold. If no reserve is held, external borrowing costs may be higher.	Annual

## Summary of Reserves 2020/21 to 2025/2026

	Balance at 31 March 2020 £'000	Balance at 31 March 2021 £'000	Balance at 31 March 2022 £'000	Balance at 31 March 2023 £'000	Balance at 31 March 2024 £'000	Balance at 31 March 2025 £'000	Balance at 31 March 2026 £'000
<u>Held to meet budgetary risks</u>							
Insurance	250	250	250	250	250	250	250
<u>Held to support the medium term budget</u>							
Staffing Reserve	100	100	100	100	100	100	100
Operational Equipment	0	30	60	90	120	150	180
Funding Reserve	0	373	331	331	331	331	331
	100	503	491	521	551	581	611
<u>Held to facilitate change programmes</u>							
Transformation Reserve	0	0	20	140	260	380	500
	0	0	20	140	260	380	500
<u>Committed to future capital programmes</u>							
S106	523	314	264	166	116	66	16
Capital Receipts	19	0	0	0	0	0	0
Capital Grants Unapplied	952	0	0	0	0	0	0
<b>Total Earmarked Reserves</b>	<b>1,844</b>	<b>1,067</b>	<b>1,025</b>	<b>1,077</b>	<b>1,177</b>	<b>1,277</b>	<b>1,377</b>
<b>General Fund</b>	<b>1,067</b>	<b>2,167</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Total Reserves</b>	<b>2,911</b>	<b>3,234</b>	<b>3,025</b>	<b>3,077</b>	<b>3,177</b>	<b>3,277</b>	<b>3,377</b>

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