

2023/24 and Later Years Budget Summary

Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 258915 or Joanne Coadey, Head of Finance, on 01743 260215.

1 Purpose of Report

This report summarises the budgets that are proposed by the Strategy and Resources Committee. The results are put forward to the Fire Authority for approval as the basis for consultation, leading to a final decision at the Fire Authority meeting in February 2023.

2 Recommendations

The Fire Authority is recommended to:

- a) Approve the change in planning assumptions as set out in section 5 of the report, and allow officers to continue to work on a range of planning scenarios for later years of the planning period;
- b) Agree the recommendations on Reserves and Provisions, set out in report 7 of the Appendix, and
- d) Request the Strategy and Resources Committee to prepare a final budget package in January 2023, for final decision by the Fire Authority in February 2023.

3 Background

At Strategy and Resources Committee in November 2022, members noted that 2023/24 was the second year of the 2022/23 Spending Review, and that officers were anticipating the Autumn Statement in November, followed by individual authority settlements in late December. The importance of the recognition of efficiencies and productivity gains was also discussed. Full details are set out in the reports which were agreed by the Committee and are attached at the Appendix to this report.

The Committee reviewed expenditure budgets, and also received a report which detailed the Authority's reserves. The reserves currently total £13.8m.

4 Current Position

Autumn Statement 2023/24

On 17 November 2022, the Chancellor of the Exchequer delivered a speech outlining the Autumn Statement for 2023/24 and future years, with the following headlines:

- Spending to increase in real terms +1%
- Higher inflationary pressures in early years, reducing to below 1% in year 3
- Increased council tax flexibilities for local authorities, currently expected to be 3% for the Fire sector

A provisional settlement has not yet been published but is expected prior to Christmas. Whilst this is A multi-year spending review, it is still not clear if settlements will be published for more than one year of the review period. Scenario planning has been carried out on a settlement based on the 2022/23 review with inflation, with modelling for later years assuming the same increase.

Fire Pension Scheme Revaluation

As the budget was set for 2019/20, members of the Strategy & Resources Committee were informed about the impact of the 2016 revaluation of Fire pension schemes. For each financial year following, around ninety per cent of the increase in employer contributions has been covered by grant from the Treasury. It is anticipated that this will continue from 2023/24.

The Government's proposed Fair Funding mechanism for Local Government is delayed until 2025 at the earliest.

In order to test the Authority's financial resilience and ability to adapt to changing conditions, a number of scenarios have been developed which test the sensitivity to changes in planning assumptions. The numbers in the table represent the surplus or deficit in the revenue budget that will contribute to reserves or will require a contribution from reserves or the identification of further savings.

Expenditure and Income

The table below shows the expenditure proposed by the Strategy and Resources Committee and the projected surplus or deficit using current assumptions for income.

	2023/24 £000	2024/25 £000	2025/26 £000
Expenditure budget proposed by the Committee	-25,504	-26,634	-27,820
Income	24,573	25,488	26,341
Surplus / - deficit on revenue budget	-931	-1,146	-1,479

Income shown is based on current assumptions:

- Grant increased by 2% in 2023/24 and thereafter; cessation of Services Grant in 2023/24; 2% increase in rates income from 2023/24
- Precept increase of 1.99% for 2023/24 and later years
- Council tax base increase of 1.87% from 2023/24
- Pay award of 3% from 2023/24, then 2% thereafter.

The Fire sector and Government departments continue to lobby the Treasury for a precept increase of £5 or 2%, whichever is higher. This is in line with referendum limits that were set in 2022/23 for fire authorities with precept in the lower quartile.

5 Grant Assumptions

Current assumptions have been reviewed, taking into account the last two spending review periods and latest information around 2023/24 and later years:

- Services Grant was a one off grant received in 2022/23; however it is now likely that this will continue from 2023/24
- For the purposes of scenario planning, precept increase has been increased to 2.99% in line with the revised referendum spending limits.
- Pay and Prices – current estimates for contingency into the medium term are as follows:

	Pay 2023/24		Prices	
	%	£'000	%	£'000
2023/24	5.0 Grey / 6.0 Green	936	5.0	265
2024/25	5.0/6.0	963	3.0	167
2025/26	5.0/6.0	1,014	3.0	172

Following the independent review of the Autumn Statement, these have been reviewed and realigned as follows:

	Pay 2023/24		Prices	
	%	£'000	%	£'000
2023/24	5.0 Grey / 6.0 Green	936	5.0	265
2024/25	4.0	770	3.0	167
2025/26	4.0	804	2.0	115

The position on the revenue budget taking into account the updated assumptions is as follows:

	2023/24 £000	2024/25 £000	2025/26 £000
Expenditure budget proposed by the Committee	-25,504	-26,491	-27,409
Income	25,026	26,141	27,211
Surplus / - deficit on revenue budget	-478	-350	-198

The charges associated with the capital programme will be added to revenue expenditure following approval in February.

Revenue implications of the capital programme will be added to the revenue budget, following consideration of the programme by the Strategy and Resources Committee in January 2023. Indicative figures are shown in the following table, although this is for illustration only.

2023/24 £'000	2024/25 £'000	2025/26 £'000
-45	-176	-203

In addition, members are aware that a number of reviews will be carried out from 2023 or have begun in 2022, and some of these reviews, such as the On Call Sustainability Review, may require investment in future years. Officers will continue with these reviews and where potential costs are identified, these will be factored into budget setting and efficiency review for consideration.

Collection Fund and Council Tax Base

The levels of council tax collected by constituent authorities in 2020/21 reduced due to the pandemic and led to deficits in the collection funds held by each authority at the end of the financial year. The Fire Authority received a grant for 75% of the deficit on the collection funds, and the remaining 25% is repayable over three years.

Whilst the business rates collection fund remained in deficit for 2022/23, the fund for council tax was back in a surplus position.

The Authority does not currently account for a surplus or a deficit as part of its planning; information is currently being gathered from the constituent authorities on the potential balance on the collection funds at the end of 2022/23. This will be factored into the budget modelling process when available.

The planning assumption for council tax base is that the combined base will increase by 1.87% per year. Constituent authorities have also been asked for assumptions around base growth, and this will be included in scenario planning.

6 Financial Implications

These are detailed in the main body of the report.

7 Legal Comment

There are no direct legal implications arising from this report.

8 Initial Impact Assessment

An Initial Impact Assessment has been completed.

9 Appendix

Shropshire and Wrekin Fire and Rescue Authority
Strategy and Resources Committee, 16 November 2022, Reports 6 and 7.

10 Background Papers

The background papers associated with this report are attached as an appendix.

2023/24 and Later Years Revenue and Capital Budgets

Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 258915, or Joanne Coadey, Head of Finance, on 01743 260215.

1 Executive Summary

This report brings together the elements of an initial revenue budget, based on current planning assumptions, and seeks the Committee's approval for this outline to be recommended to the Fire Authority in December 2022.

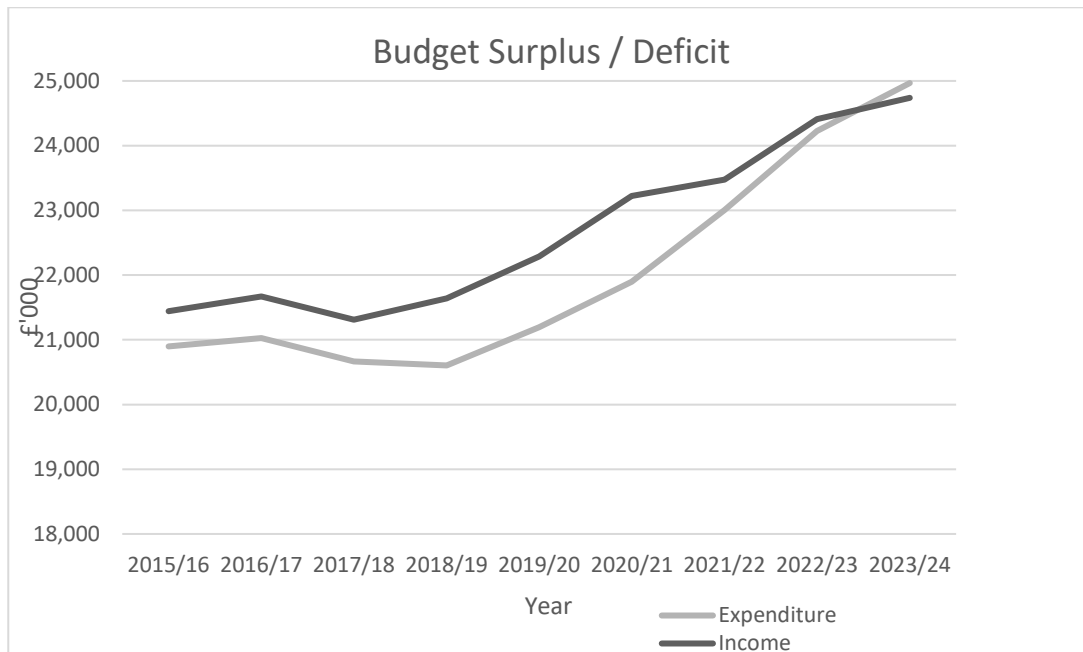
2 Recommendations

The Committee is asked to recommend that the Fire Authority:

- a) Notes the revisions and the committed changes to the base budget, as shown in section 4;
- b) Bases its pay and price contingency in the revenue budget on the calculations set out in section 5;
- c) Notes the process for the approval of the capital programme, and
- d) Approves the expenditure figures associated with those approved assumptions as a basis for developing the budget at the meeting of the Fire Authority on 14 December 2022.

3 Background

At its meeting in February 2022, the Fire Authority approved a revenue budget of £24.410m for 2022/23, which included a budgeted surplus of £0.182m. Revenue budgets to 2024/25 were also projected, although members were advised that, due to the uncertainty about future funding, these were purely estimates. This noted position is shown in the following graph:



The following assumptions, upon which the budget was set, were approved by the Fire Authority:

- Precept increase of 1.99% from 2022/23 onwards
- 3% pay award for 2022/23 and 2023/24 and 2% thereafter
- Revenue Support Grant increased in line with 1 year spending review, then 2% thereafter
- Council tax base growth at 0.2% in 2022/23, 1.87% thereafter
- Business rates received from Shropshire Council and Borough of Telford & Wrekin, increased by 2%
- Business rates top-up grant received from Government, increased by 1.5%

This report deals with the revenue budget and proposes changes in revenue expenditure. The stages in the budget process, and the proposed updates to assumptions during, and as a result of, the review are laid out in the following sections. The Committee is asked to consider each element and approve the associated recommendations at the beginning of the report.

Although funding estimates can only be completed once final information becomes available for Council Tax Band D base and Collection Fund balances, planning will continue, based on the assumptions adopted by the Authority.

Efficiency Plan and Spending Round

The financial year 2019/20 was the final year of a four year settlement which was agreed with the Home Office. Single year settlements were published in the following two years, due to the pressure of Brexit in 2020/21, and the impact of the Coronavirus pandemic in 2021/22.

The Chancellor of the Exchequer announced the Government's Spending Review for 2022/23 and future years on 27 October 2021 and one year settlements were received for 2022/23.

A spending review is expected on 17 November 2022; however, the details and term of the settlement is not yet known. Settlements for individual authorities are expected before Christmas.

As work progresses on planning for the next spending review period, it will be important for the Authority to recognise where efficiencies have been made across the Service, in terms of cash reductions and productivity. Reductions in budget areas can be reinvested into new areas or those that require improvement. They can also be utilised to meet cost pressures such as increases in pay and inflation, anticipated over the next two years.

For future spending reviews, the Treasury will expect to see evidence of efficiency and productivity improvements from fire and rescue services. Work is currently being undertaken by the Home Office, Local Government Association and National Fire Chiefs Council to ensure that this is measurable and available for the next Spending Review submission.

Officers will continue to work with budget holders to identify, record and report efficiencies and improvements in productivity.

4 Stage One – Base Budget Review and Committed Changes

As the first step in the budget setting process, revenue budgets have been reviewed; this has taken into account both changes that have been made to date to the 2022/23 revenue budget, and anticipated changes for 2023/24 and future years.

It is important at this stage in the process to review where efficiencies can be identified, following new ways of working or as a result of technological improvements.

Officers will continue to review their budgets with Finance staff, with the opportunity to make changes within the total provided where necessary.

Work on the base budget review is ongoing, and adjustments will be made throughout the budget setting process and reported to Members.

Note	2023/24 £'000	2024/25 £'000	2025/26 £'000
2022/23 Budget	24,227	24,227	24,227
Committed Changes			
One off transformation growth (from 2022/23)	-200	-200	-200
Capital charges – 22/23 schemes	67	67	67
Fitness contract increase	22	22	22
Pensions contributions	0	50	50
1 Removal of NI increase	-107	-107	-107
Payroll contract increase	23	23	23
Base Budget Review			
Staff survey costs	10	10	10
2 Investment income	-50	-50	-50
Rents income	7	7	7
3 Contribution for operational equipment replacement	40	40	40
4 Reduction in insurance premiums	-50	-50	-50
5 Reduction in wide area network contract	-111	-111	-111
5 Cyber security systems	111	111	111
Total	23,989	24,039	24,039
Total movement in base budget	-238	-188	-188

Note 1 Removal of NI increase – the introduction of the Health and Social Care Levy as an increase in NI contributions, has been removed.

Note 2 Investment income – the return on the Authority's investments is now forecast to be higher due to the increase in interest rates.

Note 3 Operational equipment – This provides an increase to the Operational Equipment Reserve, to fund the replacement programme, and smooths expenditure in the revenue budget.

Note 4 Insurance premiums – a successful insurance claims history has resulted in a reduction in premiums from 2022/23.

Note 5 ICT – a renegotiated contract for the Services' wide area network has reduced annual costs by £111,000. These savings will be redirected to investment in crucial cyber security systems.

Please see recommendation a).

5 Stage Two – Pay and Price Contingency

Officers have used the following methodology for establishing pay and prices contingencies:

- Analyse base budget (2022/23) into the spending areas, where pay or price changes can be significant;
- Make pay assumptions for firefighters, based on a realistic expectation for the outcome of the nationally negotiated settlement;
- Make pay assumptions for other pay, based on a realistic expectation of the outcome of any outstanding negotiations;
- Take account of known issues, such as increments; Continuing Professional Development, National Insurance and tax changes; and
- Analyse the non-pay and income budgets into key elements, including those to which no inflation applies, and create an appropriate contingency.

Current Developments

In his announcement on the Spending Review in 2021/22, the then Chancellor stated that “in the interest of fairness we must exercise restraint in future public sector pay awards, ensuring that across this year and the spending review period, public sector pay levels retain parity with the private sector.”

In line with this statement, no pay contingency was built into the base budget for 2021/22, however, pay awards were negotiated at 1.5% for staff conditioned to the Grey Book, and 2.7% for Green Book staff. These awards were found from existing balances and one off underspends elsewhere in the budget, and were built into the revenue budget in 2022/23.

A pay contingency of 3% was agreed for 2022/23 and 2023/24, however, members will be aware that pay awards above this level have been agreed or are being considered through national negotiation. Pay in excess of contingency will be found in 2022/23 using reserves and underspends. It is anticipated that the additional pay will be built into the budget from 2023/24, although this will be determined when more information is known about the finance settlement.

In light of the current position on pay and cost of living pressures, it is prudent to continue to budget for higher pay awards into the medium term; therefore, a pay award of 5% is proposed.

In terms of prices, non pay increases in recent years have been based on the Office of Budget Responsibility’s (OBR) forecasts for CPI inflation. Inflation is currently at historically high levels but in the most recent forecasts (March 22), OBR expects this to fall into the medium term to levels nearer 2%. Given the events since this forecast, it is more realistic to allow for higher estimates.

The OBR will produce updated forecasts following the Spending Review on 17 November 2022; therefore, it is proposed that assumptions are based on higher estimates and updated following the announcement.

Purchases made by the Service often attract price increases at a higher than average rate, but given the range of goods and services in the Authority's basket of goods, it is anticipated that a contingency at this level will ensure that budgets will remain realistic and adequate.

Conclusions

It is proposed that the figures for pay and price assumptions over the planning period will be budgeted as follows:

	Pay 2022/23*	
	%	£'000
2023/24 Grey	2	218
2023/24 Green	3	96

*Difference between pay contingency and actual award

Grey Book staff – 5% - 3%

Green Book staff – 6% - 3%

	Pay 2023/24		Prices	
	%	£'000	%	£'000
2023/24	5.0 Grey / 6.0 Green	936	5.0	265
2024/25	5.0/6.0	963	3.0	167
2025/26	5.0/6.0	1,014	3.0	172

Please see recommendation b).

6 Stage Three – Capital Programme 2023/24 to 2026/27

The Authority has already agreed capital programmes for 2022/23 and earlier years. It has also agreed how these schemes are funded and the revenue consequences for future years.

This stage deals with the options available for new schemes, starting next year.

The Capital Programme from 2023/24

The schemes under consideration include appliances, operational equipment building and technological improvements, and are currently being reviewed by officers. The Earmarked Capital Reserve will be fully utilised in funding existing schemes that have already been approved, and new schemes within this planning period will be funded from borrowing, in line with the Authority's Capital Strategy. Decisions around the need to borrow funds will be discussed with Treasury Services, and borrowing costs have been factored into the revenue budget.

Funding for the major capital scheme at Telford is also being reviewed; the Major Projects Reserve has been built up in readiness for this development.

Borrowing decisions will be made at the most financially optimal time, in line with the needs of the Authority's Capital Financing Requirement. The associated borrowing costs are currently included in the Authority's scenario planning.

It should be noted that revenue consequences are limited to financing costs – any other costs need to be included as part of the project appraisals. Also, the Authority is presently only committing itself to schemes that start in 2023/24. The majority of schemes are currently shown as being spent in the start year. However, experience shows that payments often slip into later years, thereby slowing the build-up of costs and resulting in revenue underspend.

The capital programme proposed will be brought to the Committee in January 2023 for consideration; it will then go forward to the Fire Authority for approval.

Appraisals for each scheme will confirm their service value, the capital cost, phasing of expenditure and revenue consequences. There is, therefore, scope for these figures to change, especially if there are any associated revenue consequences, such as running costs of property or systems.

Prudential Guidelines

In addition to the merits of the individual schemes within the final capital programme presented in February, the Authority will need to evaluate the programme in the light of its Capital Strategy, which includes Prudential and Treasury Management Guidelines. Compliance with these indicators will demonstrate the affordability, sustainability and prudence of the proposed programme of schemes.

Future Capital Schemes

The forward capital programme is being thoroughly reviewed by officers and any future requests for schemes will be considered as part of the ongoing strategic planning process. Projects for consideration will be tested to ensure that, as far as possible, they are both realistically costed and resourced; will start when scheduled; and that, where possible, they have long-term revenue saving potential.

Please see recommendation c).

7 Revised Budget Summary

The changes to revenue expenditure, covered in the previous sections, can be summarised as follows:

	2023/24	2024/25	2025/26
	£000	£000	£000
Previous Year's Budget	24,227	25,504	26,684
Committed Change	-238	50	0
Pay and Prices	1,515	1,130	1,186
	25,504	26,684	27,870

8 Funding Assumptions

Officers have continued to use the Service's budget planning model, which is estimating budgets and income to 2025/26. Financial planning will forecast the position of the revenue budget to 2025/26, but with emphasis on the medium term, i.e. 2023/24 to 2024/25.

The Authority's scenario planning shows that changes in assumptions can significantly alter the financial position of the Authority. Officers will continue to update the planning model as more information becomes available.

Revenue surpluses, which accumulated following the process, have been used to fund capital schemes, therefore maintaining stable capital reserves, but these reserves will be reduced to nil as current schemes are completed. It is not yet known if settlement information provided in December 2022 will be multi-year; this would offer a firmer basis upon which to estimate the Authority's funding, however the assumptions made are indicative.

Forecasts for the longer term are provided within the table above as an indication of the financial position, based on a number of uncertain assumptions. Officers and Members should note this longer-term position and have plans and options available to meet a range of possible outcomes.

9 Financial Implications

The financial implications are as outlined in the main body of the report.

10 Legal Comment

There are no direct legal implications arising from this report.

11 Equality Impact Assessment

There are no equality or diversity implications arising from this report. An e-EQIA is not, therefore, required.

12 Appendices

There are no appendices to this report.

13 Background Papers

There are no background papers associated with this report.

Reserves and Funds

Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 258915, or Joanne Coadey, Head of Finance, on 01743 260215.

1 Executive Summary

This report sets out the issues, which the Fire Authority will need to consider as part of its annual review of reserves and funds.

2 Recommendations

The Committee is recommended to propose to the Fire Authority that it confirms the current position of its reserves and funds.

3 Background

The current position on the Authority's provisions, reserves and funds is as follows:

	£000
Reserves	
General Reserve	577
Extreme Incidents Reserve	219
Pension Liabilities and Other Staff Issues	687
Capital – Earmarked	0
– Major Projects	9,147
Information and Communications Technology Reserve	1,104
Income Volatility Reserve	687
Service Transformation Programme Staff Reserve	705
Service Delivery Reserve	124
Operational Equipment Reserve	136
Training Reserve	25
Building Maintenance Reserve	296
Reserves Total	<u>13,707</u>

The Authority's policy is to:

- Make provision for known and quantifiable future expenditure;
- Establish reserves for specific known and potentially significant future expenditure, which cannot be precisely quantified or scheduled;
- Establish a general reserve for known risks, which cannot be easily quantified or scheduled but could be pooled;
- Review the provisions and reserves during the budget process (the purpose of this report) and on closing the accounts;
- Consider the opportunity cost of holding reserves and balances against the opportunity cost of either lower tax demands or alternative service delivery, and consequently also hold no monies in the General Fund, unless agreed to enhance future budgets.

4 Establishment of Reserves

The level of reserves that the Authority holds has been driven by the following principles:

To fund major projects, thereby avoiding debt charges into the long term

The Authority has used reserves successfully in recent years to fund its capital programme, most notably the fire station, workshop and headquarters in Shrewsbury, and in future will be utilised for the major developments work planned at Telford. The Capital reserves and the Information and Communications Technology (ICT) reserve will continue to be used to fund the capital programme into the medium term, with any one-off savings identified used to replace funds.

To fund unexpected and undetermined expenditure that cannot be met by a reducing revenue budget

The General Reserve will cover unexpected occurrences that the Authority would not wish to budget for on a regular basis; in addition, the ICT reserve would be used to cover additional costs that were not anticipated.

To support revenue expenditure and smooth out fluctuations in the revenue budget

A number of reserves have been created to address and support some areas of the revenue budget, and reviews are currently being carried out to identify smarter use of the Authority's resources. Some examples are given below.

- The Pensions reserve will be used to fund transfers into the Pension Account when operational staff retire on ill-health grounds. This has resulted in a significant reduction to pension revenue budgets.
- The New Equipment, Training, Building Maintenance and Extreme Incidents reserves have all been created to enable reductions to revenue budgets.

The assurance that reserves are available for unexpected and exceptional costs will allow officers to budget at lower activity levels with confidence. The Equipment reserve has been used successfully to cover additional requests that could not be covered with regular budgets.

These reserves will act as enablers to reduce the revenue budget, close any future budget deficit modelled in the planning period, and safeguard the service delivered to the people of Shropshire.

5 General Reserve

The General Reserve meets known risks that are difficult to quantify or schedule. The Authority does not wish to take tax revenue, which may never be needed, and, therefore, holds an unearmarked amount of money for unexpected risks and events. The reserve stands at £577,000, which represents around 2.5% of gross expenditure, and may be used for events such as those listed below:

Financial Risks – cashflow; changes to national purchasing;

Operational Risks – vehicle accidents; uninsurable health & safety risks; fines from uninsurable offences; other uninsurable risks;

Strategic Risks – new legislation; fines from corporate manslaughter.

A current example of the potential use of this reserve is unexpected additional expenditure relating to the supply of goods.

6 Earmarked Reserves

a) Extreme Incidents Reserve

This reserve is in place to deal with extreme weather conditions and unanticipated future activity, which may not be containable within the revenue budgets.

b) Pension Liabilities and Other Staff Issues

The purpose of this reserve is to meet one-off contributions, required by the Government, to the Pensions Account for sickness retirements. Until 2015/16, only ill health contributions over and above those budgeted in revenue were funded from the reserve. However, as part of the 2020 consultation outcomes, all ill health contributions are funded from the reserve, and the revenue account has been reduced accordingly.

The scope of this reserve was widened to include the potential liabilities arising from the part-time workers employment tribunal case; compensation payable to retained firefighters for terms and conditions has been met from the reserve.

Another small element of this reserve is to provide for staff issues relating to equality and diversity. Provision has been made for expenditure for reasonable adjustments and mediation, in order that these issues are not budgeted for on an annual basis.

The Authority has enjoyed very low levels of ill health retirements, although provision still has to be made for instances in future years. In addition, the Modified Pension Scheme has now been introduced with no one off costs anticipated. It was considered prudent during the reserves review to reduce this reserve while still maintaining a buffer for future costs.

c) Capital – Earmarked

This reserve is to fund elements of the capital programme, thereby reducing debt charges into the future.

Until 2015/16, contributions were made back over the lives of any assets funded from the reserve; however, as part of the 2020 consultation outcomes, these contributions were removed, and the revenue budget reduced accordingly.

This reserve is now fully depleted and future capital schemes will be funded from revenue or by borrowing.

d) Capital – Major Projects

The objective of this reserve was to build up funding from revenue savings that could then be used to maximise major capital schemes. The objective is to minimise borrowing and, therefore, committed debt charges in future years. This reserve will be used towards the funding of major improvements at the Telford site.

Budgeted surpluses on the revenue budget have been allocated to this reserve, as well as a budgeted contribution in 2020/21.

The Authority is not yet in a position where borrowing is required; this decision will be taken in consultation with our Treasury Services provider. Calculations of the minimum revenue provision will be undertaken in the most opportune way for the revenue budget, based on the assets purchased and their useful lives.

e) ICT Reserve

This reserve is designed to ensure that ICT improvements and resilience issues are managed and funded in a clear and consistent manner. The reserve may also be used to fund ICT capital projects.

f) Service Transformation Programme Staff Reserve

The Service Transformation Programme is a high-level programme of activities, which are being completed to ensure that the Service is best placed to meet future challenges. Funding for projects identified as part of the Programme were taken into account in the revenue budget and the capital programme, and this reserve was set up to cover the staff elements of the projects. It continues to fund transformational staffing costs, including those relating to the Fire Alliance with Hereford & Worcester Fire and Rescue Service.

g) Income Volatility Reserve

This reserve was set up to smooth any volatility or fluctuations in the funding received against estimates in the Medium Term Corporate Plan.

At the end of 2019/20, £450,000 was added to the Income Volatility Reserve, due to the uncertainty of Covid 19 on the Authority's income streams. This was not required, however the increased pressures from pay and inflation may require reserves funding as the revenue budget is built up.

h) Service Delivery Reserve

This reserve was set up to fund initiatives in service delivery and prevention, to avoid irregular movement in the revenue budget.

i) Training Reserve

This reserve was created to enable additional training and development to be carried out, without adding additional pressure to the revenue budget.

j) New Operational Equipment

This reserve has been established to help provide some stability in the revenue budget in this area. Where a need for new equipment is identified, contributions can be made from the reserve, and any ongoing requirements for the equipment can be established. In the meantime, officers can continue to analyse and manage revenue expenditure, leading to realistic budget setting in future years. The Equipment reserve has been used successfully to cover additional requests that could not be covered with regular budgets.

k) Building Maintenance

The revenue budget in this area is used to fund preventative or controlled maintenance in line with the Authority's Asset Management Plan, and also covers unexpected reactive maintenance. It is proposed that the revenue budget is used for regular planned maintenance of buildings, and that a reserve is created to deal with exceptional, unexpected repairs, that do not require a regular revenue budget.

7 General Fund

The General Fund is simply the net balance of over and underspendings during the year. The Authority's policy is not to accumulate funds year on year (and obviously to deal with any potential overspend). The balance in the General Fund at 1 April 2022 was £1.153m and the Fire Authority agreed to hold £293,000 back; £208,000 for expenditure relating to Covid 19 and Protection, and funded by grants, and £85,000 in project support, development and legal fees. The balance of the General Fund (£860,000) has been allocated to the Service Transformation Programme Staff Reserve, to provide resources and capacity to projects within the Service from 2023/24. This allocation was approved by the Fire Authority at its June meeting.

8 Financial Implications

The financial implications are as outlined in the report.

9 Legal Comment

There are no direct legal implications arising from this report.

10 Equality Impact Assessment

There are no equality or diversity implications arising from this report. An e-EQIA is not, therefore, required.

11 Appendix

There are no appendices to this report.

12 Background Papers

There are no background papers associated with this report.