

**Item No. 4 ( ii) on Agenda**

**Report to the Police Fire and Crime Panel**

**13<sup>th</sup> February 2023**

**Supplementary Fire Revenue Budget Report (incl. MTFS and Precept)**

Report of the Staffordshire Commissioner

**Introduction**

The purpose of this report is to set out the proposed revenue budget and precept proposals for the Staffordshire Commissioner Fire and Rescue Authority for 2023/24 based upon the revised pay offer made by the National Employers (NJC).

The revised offer is shown below and was made on 8 February 2023, after submission of all budget papers to the Panel:

- A 7 per cent increase on all basic pay rates and Continual Professional Development payments with effect from 1 July 2022
- A 5 per cent increase on all basic pay rates and Continual Professional Development payments with effect from 1 July 2023

The report sets out the following:

- The impact of this revised pay offer on the revenue budget requirement for 2023/24
- The impact of this revised pay offer on the Medium Term Financial Strategy (MTFS)

**Recommendations**

The Police, Fire and Crime Panel is asked to:

- a) Examine the information presented in this report, including:
  - The Total 2023/24 net revenue budget requirement of £46.465m, including
  - A council tax requirement for 2023/24 of £30.355m before collection fund surplus/deficits are taken into account

The panel should note that the revised pay offer does not impact upon the net revenue budget requirement or the proposed increase in Council Tax as scheduled within the main budget / MTFS report.

- b) To note the MTFS summary financials and revised use of reserves position shown within Appendix 1
- c) To note the MTFS shows a balanced position for 2023/24 after the use of earmarked reserves. However, this revised position includes a saving requirement increasing to c.£1.4m during the MTFS period and a net use of earmarked grants/reserves of £1.142m.
- d) Support the delegation to the Director of Finance for the Staffordshire Commissioners Office to make any necessary adjustments to the budget as a result of any further late changes to central government funding and pay award offers via an appropriation to or from the general fund reserve
- e) To note the Statement from the Director of Finance / S151 Officer on the robustness of the Budget and adequacy of the proposed financial reserves remains unchanged.

## Executive Summary

This supplementary budget / MTFS paper details the proposed revenue budget and precept proposals for the Staffordshire Commissioner Fire and Rescue Authority for 2023/24 based upon a revised pay offer made by the National Employers (NJC) on 8<sup>th</sup> February 2023 covering a two year period 2022/23 and 2023/24.

Members of the employers' side met on 8<sup>th</sup> February 2023 to consider its position in relation to the current pay negotiation as part of a commitment on behalf of the National Joint Council to meet within 10 days of the Fire Brigades Union announcing the result of its strike ballot. Members of the Panel should note that 88% of votes cast by FBU members were in favour of taking strike action and rejecting the revised offer of 5%.

Members of the NJC were mindful of a number of factors including the serious concerns raised within the consultation meeting, held with Chiefs and Chairs on 6 February 2023, of the damaging effects of strike action both for the public and fire and rescue service culture and relationships.

The following offer was made following intensive discussions on the employers' side, and jointly:

- A 7 per cent increase on all basic pay rates and Continual Professional Development payments with effect from 1 July 2022
- A 5 per cent increase on all basic pay rates and Continual Professional Development payments with effect from 1 July 2023

The Executive Committee of the Fire Brigades Union has decided to put this offer to a ballot of its members and has postponed the announcement of strike dates pending the outcome of the ballot.

The proposed budget and MTFS includes the following assumptions for pay increases:

- A 5 per cent increase on all basic pay rates with effect from 1 July 2022
- A 4 per cent increase on all basic pay rates with effect from 1 July 2023

The budget and MTFS paper makes reference to the significant risks and uncertainties that are reflected and narrated within the paper which includes the uncertainty regarding pay awards for Firefighters and the impact of inflation running at a 41 year high.

The impact of this revised offer is therefore 3% above the assumption contained within the main budget / MTFS report and the financial implications and impact of this additional award is clearly shown within this report – see table below.

Whilst this amendment to does not impact upon the total revenue budget for 2023/24 nor does it impact upon the funding assumptions into the medium term, the following impact should be noted by the Panel:

1. An increased use of Earmarked Grants / Reserves required to provide a balanced position for 2023/24
2. An increase in transformation requirement required over the MTFS period

The revised Budget / MTFS Position is shown below – should the revised pay award be accepted:

	2023/24 Budget	2024/25 Plan	2025/26 Plan	2026/27 Plan
	£m	£m	£m	£m
<b>Gap (Surplus) reported to Panel - October 2022</b>	<b>(2.2)</b>	<b>(3.1)</b>	<b>(3.2)</b>	<b>(3.2)</b>
<b>Movement</b>				
Settlement Funding Position	1.1	1.1	1.1	1.1
Council Tax Proposal - 4.85% (£3.90)	0.8	1.0	1.0	1.0
Business rates Income and S31 Grants	0.7	0.7	0.7	0.7
Special Services Grant - per settlement	0.3	0.3	0.3	0.3
Inflational Assumptions (Utilities)	(0.6)	(0.7)	(0.9)	(0.9)
Capital Financing Costs	(0.5)	(0.3)	(0.5)	(0.5)
Pension cost assumptions (Employer rate updated)		0.7	0.7	0.7
<b>Revised MTFS Position</b>	<b>(0.4)</b>	<b>(0.3)</b>	<b>(0.7)</b>	<b>(0.7)</b>
Use of earmarked grants and reserves	0.4	0.3		
<b>MTFS Position - Per Budget and MTFS paper</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.7)</b>	<b>(0.7)</b>
<b>Additional 3% Pay Award</b>	<b>(0.6)</b>	<b>(0.6)</b>	<b>(0.6)</b>	<b>(0.7)</b>
<b>Earmarked grants and Reserves Movement</b>	<b>0.6</b>	<b>(0.1)</b>		
<b>Revised MTFS Position</b>	<b>0.0</b>	<b>(0.7)</b>	<b>(1.3)</b>	<b>(1.4)</b>

The budget year remains balanced but will require the use of additional earmarked grants and reserves in order to provide a balanced position. In total it is proposed to use £1.142m of earmarked grants and reserves during 2023/24 and 2024/25. The will be funded from the following:

1. The Balance available from 2022/23 Special Service Grant, £0.474m
2. The utilisation of the additional 2022/23 Business rates S31 Grant. £0.668m

The panel should note that 2024/25 includes a transformation requirement of £0.7m in order to provide a balanced position. Increasing to £1.4m by 2026/27.

The Commissioner and Service will therefore be required to review Service transformation options as a direct result of this improved pay offer and further reform will now be required. Detail of Service Transformation is included within paragraphs 22 to 27 of the main report.

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**Supplementary Revenue Budget Summary 2023/24 and Revised MTFS**  
**Including the impact of additional 3% pay award**

	<b>2023/24 Budget £000s</b>	<b>2024/25 Plan £000s</b>	<b>2025/26 Plan £000s</b>	<b>2026/27 Plan £000s</b>	<b>2027/28 Plan £000s</b>
<b>Pay</b>					
Pay Costs	28,615	29,291	29,982	30,453	30,931
Other Employee Costs	2,389	2,460	2,516	2,554	2,592
Pay Efficiency Plan Saving					
<b>Total Pay</b>	<b>31,004</b>	<b>31,752</b>	<b>32,498</b>	<b>33,007</b>	<b>33,523</b>
<b>Non Pay</b>					
Premises Costs	5,154	5,332	5,517	5,628	5,740
Transport Costs	775	813	830	846	863
Supplies & Services Costs	7,941	8,122	8,285	8,451	8,620
CFS Costs and Initiatives	323	323	323	323	323
Non Pay Efficiency Plan Saving					
<b>Total Non Pay</b>	<b>14,193</b>	<b>14,591</b>	<b>14,955</b>	<b>15,248</b>	<b>15,546</b>
<b>Income</b>					
Income - General	(4,081)	(4,027)	(3,916)	(3,820)	(3,820)
Interest Receivable	(285)	(221)	(158)	(56)	(36)
<b>Total Income</b>	<b>(4,366)</b>	<b>(4,248)</b>	<b>(4,074)</b>	<b>(3,875)</b>	<b>(3,855)</b>
Capital charges	2,108	2,347	2,672	2,905	3,385
Interest Payable	732	732	832	932	1,032
PFI Unitary Charge	3,776	3,851	3,928	4,007	4,087
<b>Total Capital Charges</b>	<b>6,616</b>	<b>6,931</b>	<b>7,433</b>	<b>7,844</b>	<b>8,505</b>
<b>Total Revenue</b>	<b>47,447</b>	<b>49,025</b>	<b>50,811</b>	<b>52,222</b>	<b>53,718</b>
Transformation requirement		(712)	(1,300)	(1,312)	(1,362)
Net use of Reserves	(983)	(159)			
<b>Total Revenue</b>	<b>46,465</b>	<b>48,155</b>	<b>49,511</b>	<b>50,910</b>	<b>52,357</b>
<b>FINANCED BY:</b>					
<b>Settlement Funding</b>					
Revenue Support Grant	5,422	5,585	5,697	5,811	5,927
Local Business Rates (1%)	4,070	4,151	4,151	4,151	4,151
Government Top-up (business rates)	6,212	6,336	6,463	6,592	6,724
<b>Total Settlement Funding</b>	<b>15,704</b>	<b>16,072</b>	<b>16,311</b>	<b>16,554</b>	<b>16,802</b>
<b>Council Tax</b>	<b>30,761</b>	<b>32,082</b>	<b>33,200</b>	<b>34,356</b>	<b>35,555</b>
<b>Total Financing</b>	<b>46,465</b>	<b>48,155</b>	<b>49,511</b>	<b>50,910</b>	<b>52,357</b>