



Cumbria Office of the Police, Fire and Crime
Commissioner

Peter McCall

POLICE, FIRE & CRIME
COMMISSIONER

Public Accountability Conference – 15 February 2024

**Cumbria Commissioner Fire and Rescue Authority (CCFRA) Budget
2024/25, Proposed Precept Level and Financial Forecasts 2024/25 to
2028/29, Capital Programme 2024/25 – 2028/29**

Report of the Chief Finance Officer

Recommendation

The Commissioner is **RECOMMENDED** to:

- a. Approve the revenue and capital budgets outlined in this report, having regard to the Statutory report of the Chief Finance Officer outlined at Appendix A.
- b. Set the budget requirement for 2024/25 on the basis of the amount included within the Budget Resolution at Appendix B;
- c. Approve the Council Tax for a Band D property at £93.24 for 2024/25, an increase of £2.70
- d. Approve the Reserves Strategy outlined at paragraph 5 of Section 2.
- e. Approve the Charging Policy attached to this report

Section 1 - Precept, Budget Proposals and Capital Programme 2024/25 – 2028/29

1.0 Executive Summary

- 1.1. This report considers the revised base estimates for 2023/24 together with the estimates for 2024/25. The report also sets out any known revisions to the Medium-Term Financial Plan (MTFP) projections.
- 1.2. The base estimates have been prepared in accordance with the guiding principles for the formulation of the budget over the next five-year planning period as set out in the following Policy documents:
 - Medium Term Financial Plan
 - Capital Investment Strategy
- 1.3. There are a number of significant factors affecting the budgets that are currently unresolved. In particular, the following are key to the budget process and details on these will be considered as the budget process progresses:
 - Local Government Finance Settlement – provisional figures were announced on 18 December 2023 with final figures due in January/February 2024;
 - Confirmation of tax base and Collection Fund Surplus / Deficit positions from Unitary Council's for both Council Tax and Business Rates.
 - Further changes and announcements in other government grants from Home Office;
- 1.4. Final confirmation of the reserves and balances to be transferred to CFRS following Local Government Reorganisation is still outstanding, however, provisional figures have been provided. The Service has a very low level of reserves as of 1 April 2023, and *this budget and MTFP is predicated on increasing those minimum levels of reserve to a sustainable and resilient level, whilst maintaining service investment and delivery.* Further information on reserves is given at Section 10.
- 1.5. Decisions have needed to be made to ensure budget increases are affordable and directed at unavoidable and high priority issues, together with maximising savings and efficiencies, so that contributions can be made to reserves to increase the financial resilience of the Service, and to enable a balanced budget position to be recommended by the Commissioner in February 2024.

2.0 Resource Assumptions

- 2.1 The current resource projections assume:
 - A 2.98% (£2.70) (Band D equivalent) Council Tax increase for 2024/25 with a 3% per year increase from 2024/25 onwards.
 - A nil Council Tax surplus/deficit for 2025/26 to 2028/29. **Under statute, this figure cannot be calculated until 15 January and further information on the effect any changes will have on the budget will be provided when available from the Unitary Council's.** Any deficit position will reduce the amount of Council Tax yield receivable.

- Retained business rates for 2024/25 reflect the amounts shown in the Local Government Finance Settlement for 2023/24 and will need updating once the LGFS is announced for 2024/25. The calculation of the Business Rates surplus/deficit will also need to be taken into consideration.
- An assumed tax base of 179,509.11 for 2024/25.

3.2 For information, broadly:

- Each 1% (£0.90) movement in Council Tax impacts on the Service by £170,000

3.0 Funding

Local Government Finance Settlement

3.1 The final Local Government Finance Settlement was announced by the Levelling Up Secretary on 5 February 2024.

3.2 The allocations in the final Settlement are as follows:

	2024-25
	£000
Settlement Funding Assessment	10,772,763
Revenue Support Grant	3,423,982
Fire Pensions Grant	1,255,332
Total RSG	4,679,314
Expected' Baseline Funding Level	6,093,449
Tariff/Top-up	4,065,189
Expected Share of Business Rates	2,028,260
Compensation for under-indexing the business rates multiplier	1,207,823
Assumed Council Tax Income	16,542,652
Rural Services Delivery Grant	473,104
Services Grant	48,878
Funding Guarantee	459,407
Government assessed 'Core Spending Power'	29,504,627

3.3 For 2024/25 the Fire Pensions Grant (£1,255,332) has been rolled into Revenue Support Grant from specific grants so in future years will be uplifted by inflation.

3.4 Not all elements of the Core Spending Power are government grant.

- The expected share of local business rates is an estimate, and the final figure will be confirmed by the Unitary authorities by the end of January 2024.
- The assumed council tax income is based on a notional council tax calculation which is based on an assumed local council taxbase. The actual taxbase will be confirmed by the two unitary authorities in Mid-January.

3.5 The provisional settlement sees Cumbria Fire and Rescue Service's 'Core Spending Power' increase by **4.6%** (including assumptions for Council Tax and Business Rates). Excluding the

expected and assumed figures for Business Rates and Council Tax, this equates to an increase of **£653,711** over the amounts assumed in the Medium-Term Financial Plan.

	2024/25 (£) Change
Revenue Support Grant	148,476
Fire Pensions Grant	0
Total RSG	148,476
Compensation for under-indexing the business rates multiplier	215,576
Rural Services Delivery Grant	64,514
Services Grant	-234,262
Funding Guarantee	459,407
	653,711

- 3.6 The Services Grant has seen a significant reduction as the overall funding for this grant has been reduced by 84% nationally. This funding has been partly redirected to social care and the increases in the Funding Guarantee grant.
- 3.7 The Funding Guarantee is given where Authorities see their Core Spending Power (excluding assumptions on Council Tax and Business Rates) increase by less than 3%. The grant is then given to ensure at least a 3% increase in Core Spending power. This funding will only be included in the Medium-Term Financial Plan for 2024/25.

Council Tax

- 3.8 The 2024/25 Referendum Principles (and Council Tax: Local Referendums Briefing Paper) were issued alongside the provisional Local Government Finance Settlement and these included the referendum threshold for Fire and Rescue Authorities be set at **2.99%**.
- 3.9 As a consequence of the details set out in this report and having made the appropriate calculations required under Section 32 of the Local Government Finance Act 1992, the Commissioner is recommending an increase in Band D Council Tax of **2.98% or £2.70** for 2024/25.

2023/24		Property Band	2024/25			
Annual Bill £	Weekly Bill £		Annual Increase £	Weekly Increase (rounded) £	Annual Bill £	Weekly Bill £
60.36	1.16	Band A	1.80	0.03	62.16	1.19
70.42	1.35	Band B	2.10	0.04	72.52	1.39
80.48	1.55	Band C	2.40	0.05	82.88	1.55
90.54	1.74	Band D	2.70	0.05	93.24	1.79
110.66	2.13	Band E	3.30	0.06	113.96	2.13
130.78	2.52	Band F	3.90	0.07	134.68	2.52
150.90	2.90	Band G	4.50	0.09	155.40	2.90
181.08	3.48	Band H	5.40	0.10	186.48	3.48

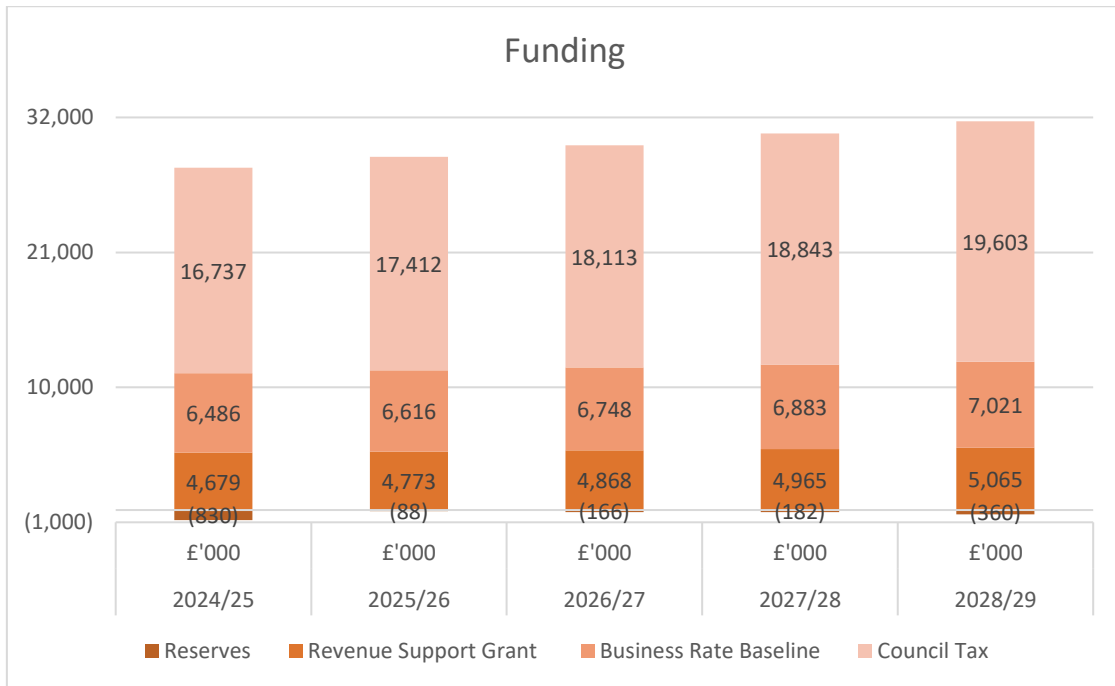
- 3.10 With an assumed taxbase of **179,509.11**, the above Band D precept would generate an overall Council Tax yield of **£16,737,429**. **Final confirmation of the taxbase and Collection Fund Surplus/Deficit position will be known by the end of January.**
- 3.11 The Band D precept for Cumbria Commissioner Fire and Rescue Authority represents approximately 4% of the overall Band D Council Tax aid by residents.

Consultation

- 3.12 The Commissioner launched a public consultation through a survey on his website which closed on 26 January 2024. As most properties within Cumbria are within Band A (above) the consultation emphasised the impact on a Band A property. The consultation received 169 responses with 74% supportive of the proposed precept increase.

Council Tax Collection Fund / Business Rates Collection Fund

- 3.13 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 by 31 January. There will also be a surplus / deficit in relation to Business Rates collection.
- 3.14 At the time of this report, the business rates estimates for Westmorland and Furness are still outstanding. Once these figures are known the budget will be updated.
- 3.15 Overall funding is therefore estimated to be as follows:



3.16 The above estimates of funding assume the following for future years beyond 2024/25:

- 3% increase in Council Tax Band D Precept
- 1% increase in Council Tax base
- 2% increase in Revenue Support Grant
- 2% increase in Business Rates Baseline

4.0 Grants and Income

4.1 As well as core funding, the Service receives income from specific government grants as well as small amounts of generated income. The settlement position on grants provided by Home Office will be announced in mid to late January at which point the current allocations shown below will be updated if required and any change will be met by an appropriation to or from reserves.

4.2 The Fire Pensions grant that was previously included as a specific grant has now been rolled into Revenue Support Grant

Detail	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000
Specific Grants					
Fire PFI	(1,654)	(1,654)	(1,654)	(1,654)	(1,654)
Fire Revenue Grant - Firelink	(52)	(26)	0	0	0
Fire Revenue Grant - New Dimensions	(27)	(27)	(27)	(27)	(27)
Services Grant	(48)	(48)	(48)	(48)	(48)
Rural Delivery Grant	(473)	(473)	(473)	(473)	(473)
Compensation for Business Rate Multiplier	(1,208)	(1,208)	(1,208)	(1,208)	(1,208)
Funding Guarantee	(459)	0	0	0	0
Pensions SCAPE Rate grant	(1,066)	0	0	0	0
Total Specific Grants	(4,987)	(3,436)	(3,410)	(3,410)	(3,410)
Other Income					
Salary Costs Recovered	(39)	(39)	(39)	(39)	(39)
Income and Charges	(10)	(10)	(10)	(10)	(10)
Rents and Leases	(105)	(105)	(105)	(105)	(105)
Total Other Income	(154)	(154)	(154)	(154)	(154)
Total Grants and Income	(5,141)	(3,590)	(3,564)	(3,564)	(3,564)

5.0 Summary of Base Budget Estimates

- 5.1 The base estimates are calculated on the assumption that core services will continue at approved levels incorporating decisions agreed by the Commissioner during the current year.

6.0 Summary Net Budget Requirement for Council Tax Purposes

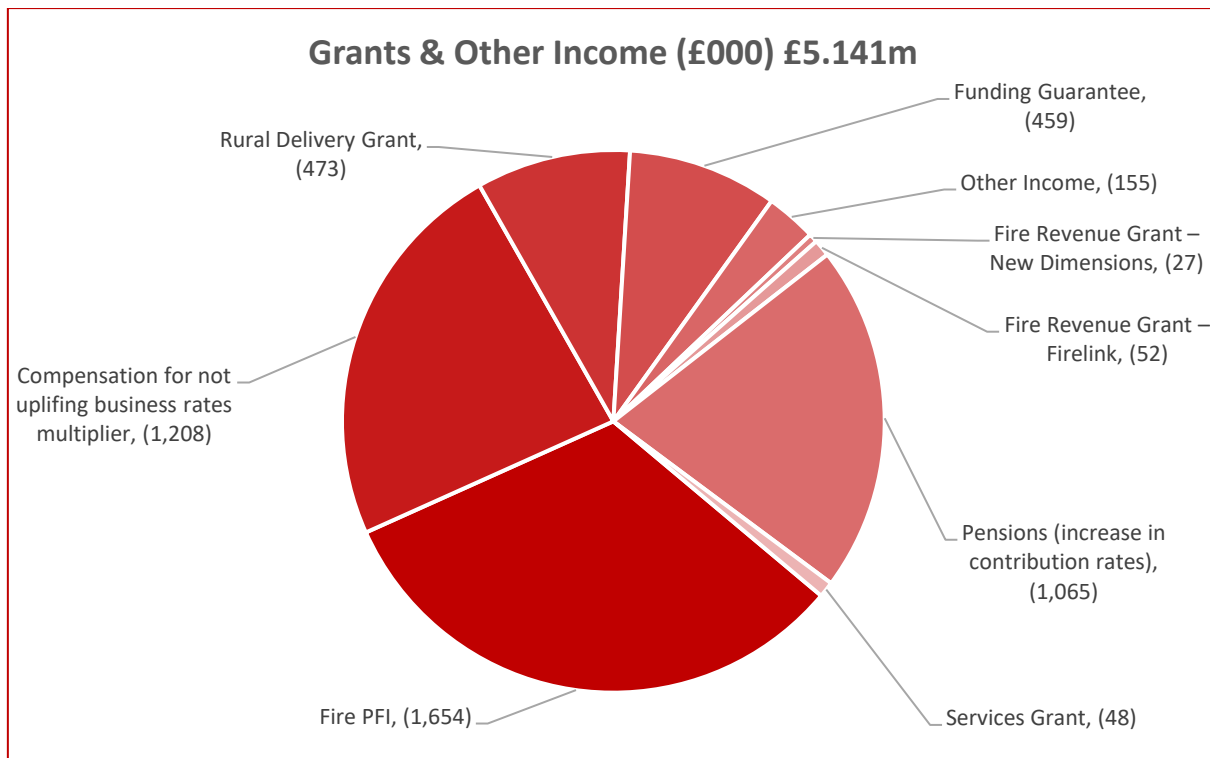
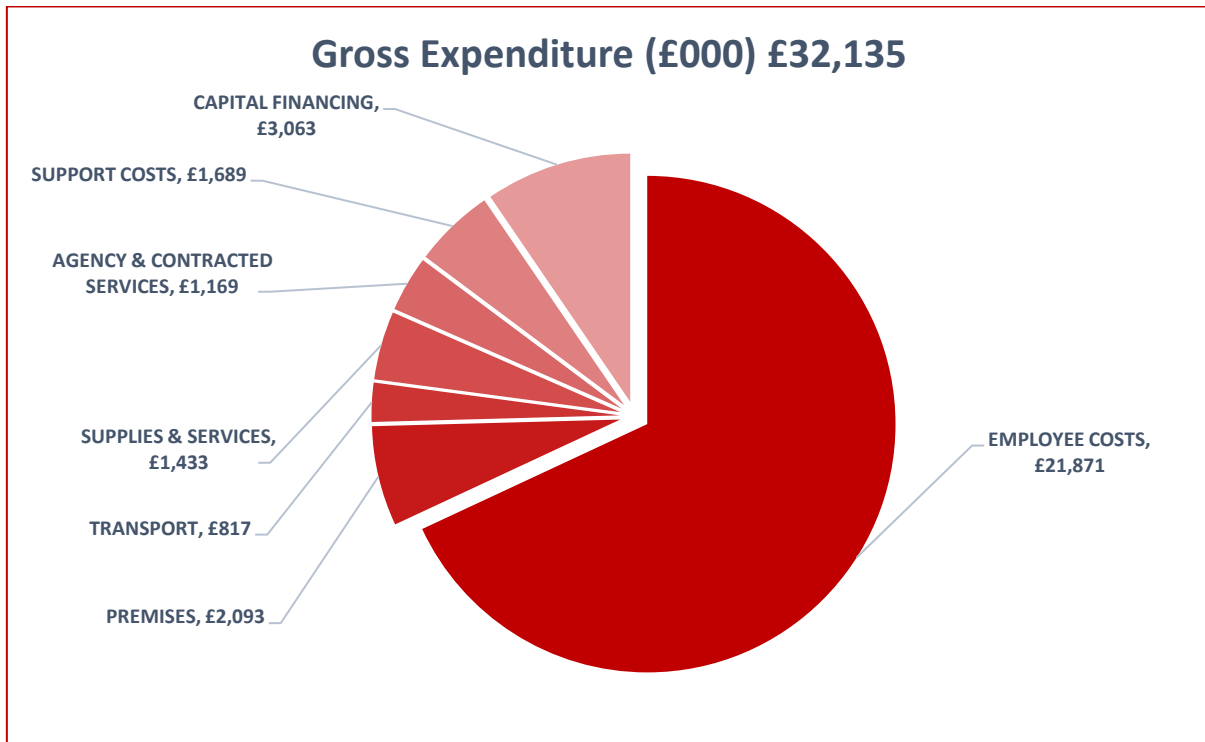
2023/24 Revised £000	Summary Net budget Requirement	2024/25 Proj £000	2025/26 Proj £000	2026/27 Proj £000	2027/28 Proj £000	2028/29 Proj £000
	Recurring Net Revenue Expenditure					
	Existing Net Expenditure	25,978	27,283	28,263	29,217	29,725
	New Spending Pressures	1,680	683	676	679	686
	Budget Reductions	(679)	(761)	(881)	(892)	(588)
	Changes to grants - Funding Settlement	(110)	1,506	1,506	1,506	1,506
24,846	Total Net Recurring Expenditure	26,869	28,711	29,564	30,510	31,329
	Non-Recurring Revenue Expenditure					
(163)	Existing Expenditure	0	0	0	0	0
0	New Spending Pressures	125	0	0	0	0
24,683	Total Net Revenue Expenditure	26,994	28,711	29,564	30,510	31,329
	Less Contributions (from)/to Reserves					
596	Recurring Commitments	955	88	166	182	360
163	Non-Recurring Commitments	(125)	0	0	0	0
25,442	Total CFRS Budget Requirement for Council Tax purposes	27,824	28,799	29,730	30,692	31,689

The proposed budget will see small contributions to reserves over the 5-year MTFP period, but this is predicated on achieving the savings identified at 9.4.

7.0 Total Funding and Provisional Council Tax Projections

2023/24 Revised £000	Total Funding and Council Tax Impact	2024/25 Proj £000	2025/26 Proj £000	2026/27 Proj £000	2027/28 Proj £000	2028/29 Proj £000
	Projected Net Budget Requirement for Council Tax purposes	27,824	28,799	29,730	30,692	31,689
	Funded by:					
(15,939)	Council Tax Income	(16,737)	(17,411)	(18,113)	(18,843)	(19,604)
67	Estimated Council Tax Deficit	24	0	0	0	0
(6,359)	Retained Business Rates	(6,486)	(6,615)	(6,749)	(6,884)	(7,020)
0	Estimated Business Rates Deficit	54	0	0	0	0
(3,211)	Revenue Support Grant	(4,679)	(4,773)	(4,868)	(4,965)	(5,065)
(25,442)	Total Funding	(27,824)	(28,799)	(29,730)	(30,692)	(31,689)
176,043.00	Estimated Tax Base	179,509.11	181,304.20	183,117.24	184,948.41	186,797.90
£ 90.54	Band D Council Tax	£ 93.24	£ 96.04	£ 98.92	£ 101.89	£ 104.94
£ 4.93	Increase over previous year	£ 2.70	£ 2.80	£ 2.88	£ 2.97	£ 3.06
5.76%	%	2.98%	3.00%	3.00%	3.00%	3.00%

Breakdown of expenditure and income



8.0 New spending pressures

8.1 The budget includes areas where new spending pressures have arisen.

8.2 Inflationary pressures

Although inflation is on a downward trend, individual inflationary factors remain volatile. Energy and fuel prices continue to be high compared to historic levels and continued global uncertainties make it difficult to predict how this may impact economically in the short to medium term. The assumed estimates included in the Medium-Term Financial Plan have been revised for 2024/25 and there is an increase required in the amount of inflation to be included in the budget. With the low level of reserves that CFRS has, it is prudent to ensure that inflation (especially pay award provision) is sufficient.

The increase in the pension contribution rate for firefighters is included in the budgeted employee costs above and is also shown as a specific grant income from Home Office. The grant has only been confirmed for 2024/25, and so Home Office will need to make a case for this to be renewed in any future Spending Review. If the grant was not confirmed for future settlements then the additional cost would have to be found from within the service.

There will also be an increase in utility costs for PFI stations (approximately £150,000) due to the current 4-year fixed price arrangement coming to an end. In the period since prices were fixed, the price of energy has increased dramatically. The service has benefited over the previous 4-years from these lower prices, however, the new arrangement will see prices increase and provision has been made in the budget for this.

8.3 Other Pressures

Other pressures that will affect the Service in 2024/25 are increases to costs of External Audit fees (£25,000) and increases to the contributions to North-West Fire Control (£76,000). Additional temporary staffing resource is also included as the service transforms and prepares for the next HMICFRS inspection. Provision is also made for increased costs for Occupational Health following disaggregation from the County Council and finalisation of the costs (£150,000).

9.0 Proposals for savings and efficiencies

9.1 As well as the areas identified above as additional expenditure, there are some areas where savings and efficiencies can be achieved. These are as follows:

9.2 Treasury Management and Capital Financing Costs

The required budget for treasury management has been recalculated based on estimates of the Capital programme (outlined later in this document), the Capital Financing Requirement, interest rate forecasts and forecast cash balances. The use of the capital grant from Home Office in 2023/24 as resulted in no borrowing being undertaken so forecast borrowing costs are now reduced. Increased interest rate forecasts for investment balances also provide a financial benefit to the Service.

9.3 Other Savings and Efficiencies

A new finance system will be in place for 1 April and the Service will stop using the system in use at the Unitary authorities. This will result in a saving will be made from the SLA for invoice processing and finance systems. Similarly, progress is being made for a new standalone HR system to be implemented from 2025, and the Service will stop using the multiple systems in use at the Unitary authorities. This will result in a saving will be made from the SLA for systems licensing from 2025.

9.4 Savings Requirement

The overall savings requirement for the Service with these additional savings will be as follows:

2023/24 – Staffing Savings	£300,000 (0.96% of Gross expenditure)
2024/25 – Savings to be identified	<u>£150,000</u> (0.48% of Gross expenditure)
Overall Savings Required to be found	£450,000 (1.45% of Gross expenditure)

The 2023/24 staffing savings have been achieved in year through vacancy management. However, it is necessary to ensure that the recurring establishment cost is reduced to achieve this savings target on a recurring basis.

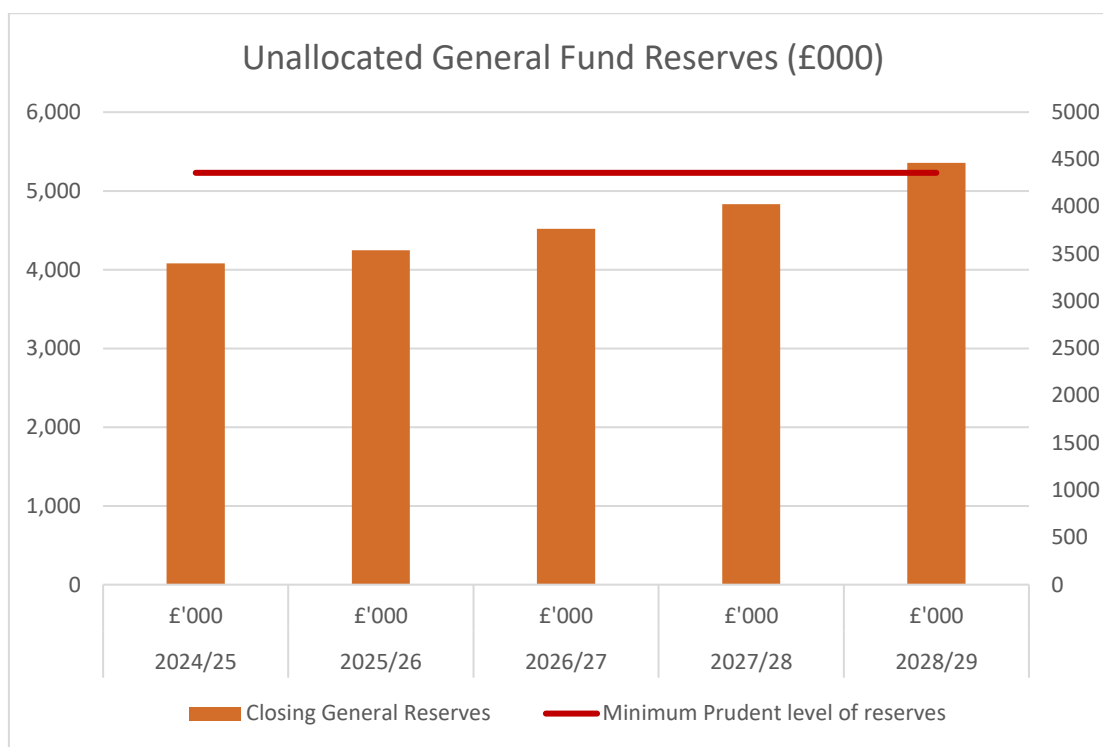
A review is currently underway to look at how the Service is structured and where these savings can be achieved. This will be completed before 1 April 2024.

10.0 Projected impact on Reserves and Balances

- 10.1 It should be noted that if all the potential new spending pressures, savings and changes to funding are accepted, reserves will not reach prudent acceptable minimum levels until 2027/28.
- 10.2 The general principles on each of the reserves are set out in the Medium-Term Financial Plan. In terms of meeting ongoing revenue expenditure, the general guiding principle is that:
- “Wherever possible, reserves should not be used to fund recurring expenditure, but that where it is, this should be made explicit, and steps taken to address the situation in the following years”.*
- 10.3 The current levels of reserves are set out below and include any impact of the proposed pressures and savings outlined in this report. A risk-based review of prudent unallocated reserve levels has been undertaken and shows that the minimum level of General Fund Reserves should be **£4.358m**.
- 10.4 The PFI reserve is used for smoothing the increases in the PFI payments over the amount of grant received. From 2024/25, the reserve will begin to be released to match the budget requirement for the PFI contract which is contained in the base budget.

	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000
Opening Balance - General Fund Reserve (Estimated)	3,196	4,078	4,245	4,517	4,832
In Year Contribution to/(from) GF Reserves (MTFP)	830	88	166	182	360
Transfers (to)/from Earmarked Reserves	52	79	106	133	163
Closing Balance - General Fund Reserve (Estimated)	4,078	4,245	4,517	4,832	5,355
Estimated Prudent Minimum Level of Reserves	4,358	4,358	4,358	4,358	4,358
Excess / (Shortfall)	(280)	(113)	159	474	997
<u>Earmarked Reserves</u>					
PFI	1,862	1,783	1,677	1,544	1,381
Insurance (includes in year saving)	437	437	0	0	0
Donations	113	0	0	0	0
CMF - Corporate	46	0	0	0	0
Local Tax Guarantee Grants	0	0	0	0	0
ESMCP	127	0	0	0	0
Pensions Grant	0	0	0	0	0
Fire COVID Grant	41	0	0	0	0
Total Earmarked Reserves	2,626	2,220	1,677	1,544	1,381
Total Estimated Reserves	6,704	6,465	6,194	6,376	6,736

* The opening reserves position for 1 April 2023 will be confirmed once County Council accounts are finalised and audited.



11.0 Sensitivity Analysis and Scenario Planning

11.1 The tables below show the impact on the estimated prudent minimum levels of reserves and the forecast level of reserves as 31 March 2024, under different scenarios of losses of grant income, other income and increases in gross expenditure. The Service only received approximately 12% of its overall income from grants and other income, so is therefore less susceptible to losses from these income sources. However, given the low level of reserves, there would still be an impact on the Service in terms of financial sustainability.

	% Change in Other Income (£155,000)			% Change in Grant Income (£3,723,000)			% Change in Gross Expenditure (£31,119,000)	
	Minimum Reserves (£000)	Forecast Reserves at 31/03/25 (£000)		Minimum Reserves (£000)	Forecast Reserves at 31/03/25 (£000)		Minimum Reserves (£000)	Forecast Reserves at 31/03/25 (£000)
-25%	4,319	4,039	-25%	3,427	3,147	-25%	12,138	11,858
-10%	4,343	4,063	-10%	3,986	3,706	-10%	7,470	7,190
-5%	4,350	4,070	-5%	4,172	3,892	-5%	5,914	5,634
-1%	4,356	4,077	-1%	4,321	4,041	-1%	4,669	4,389
0%	4,358	4,078	0%	4,358	4,078	0%	4,358	4,078
1%	4,360	4,080	1%	4,395	4,115	1%	4,047	3,767
3%	4,363	4,083	3%	4,470	4,190	3%	3,424	3,145
5%	4,366	4,086	5%	4,544	4,264	5%	2,802	2,522
10%	4,374	4,094	10%	4,730	4,450	10%	1,246	966
25%	4,397	4,117	25%	5,289	5,009	25%	(3,422)	(3,702)

12.0 Capital Programme and Capital Financing

12.1 In accordance with the Capital Investment Strategy, the Chief Finance Officer (S.151 Officer) will make recommendations on the most effective way of financing the capital programme to optimise the overall use of resources.

12.2 It should be noted that capital resources can only be used to fund capital expenditure and cannot, except for the Service’s own Reserves, be used to fund revenue expenditure. There are strict definitions of what constitutes capital expenditure.

12.3 It should also be noted that the resources available to support the capital programme can only be estimated during the year. The final position is dependent in particular on how successful the Service has been in generating Capital Receipts from the sale of assets against its target i.e., the more capital receipts generated, the less is required to be taken from Borrowing and Reserves (and vice versa).

12.4 The cost of borrowing to fund the capital programme will result in a charge to the revenue account in the next full year of the amounts shown below for different assets. Consideration therefore needs to be given to the amount of borrowing required and the affordability of this borrowing to the revenue budget and the taxpayer. Examples of borrowing £1m are shown below:

Asset Type	Borrowing amount (£)	Typical Asset Life	Repayment of Principal (MRP) (£)	Interest @5% (£)	Total Annual Cost (£)
Light Fleet	1,000,000	8	125,000	50,000	175,000
Heavy Fleet	1,000,000	15	66,667	50,000	116,667
Estates	1,000,000	40	25,000	50,000	75,000
Equipment and ICT	1,000,000	5	200,000	50,000	250,000

12.5 Capital Spending Proposals 2024/25 to 2028/29

12.5.1 The existing and capital spending proposals are summarised in the following table. It should be noted that new spending proposals that cannot be funded from external sources such as grants, or from 'new' capital receipt generation will incur a borrowing requirement.

Capital Scheme	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Revised Allocations:					
Fleet	1,436	1,348	1,856	1,411	938
Estates	1,065	450	501	872	482
ICT	434	710	494	350	350
Equipment / PPE	210	175	295	295	295
Total Spending Proposals	3,145	2,683	3,146	2,928	2,065

12.5.2 Fleet Replacement Programme

A detailed fleet replacement programme has been developed for the next 15-years and will see a regular replacement programme for fire appliances, with 3-4 appliances replaced each year.

12.5.3 Estates

Allocations have been provided to ensure essential works to each station during 2024/25 and 2025/26 with provision made for the essential areas of estate management beyond this. A general provision for capital works on top of this is included at £275,000 per year from 2026/27.

12.5.4 ICT

Specific provision has been included for the refresh of data centre as well as the contribution to the North-West Fire Control replacement of the 'Computer Aided Dispatch' System between 2024/25 and 2026/27. Provision is also included to replace the current

PSTN (Public Switched Telephone Network) system that is at end of life. A general provision of £350,000 per year from 2025/26 is also included and will need to be allocated to specific requirements as and when they are identified.

12.5.5 Equipment and PPE

Provision has been included to ensure new appliances have the equipment required. Provision has also been made for replacement Dry Suits and working at height replacement programme. A general provision is also included from 2026/27 of £200,000 per year that will need to be allocated to specific requirements.

12.6 Potential Capital Resources available

12.6.1 The capital programme will be funded through borrowing requirement unless any external grants can be obtained. Any surplus assets will be sold at best consideration as per the Financial Regulations and any receipts generated will be utilised for future capital financing. The borrowing costs (interest and MRP) of the proposed programme have been included in the estimates of revenue expenditure outlined above. **Any increases to the capital programme above the levels outlined in the revised programme above, would have implications on the revenue budget in terms of affordability and borrowing costs.** All significant capital investment decisions should have consideration to the borrowing costs, and how these can be funded.

12.7 Summary Provisional Capital Programme 2024/25 – 2028/29

The summary provisional programme and financing impact on the borrowing requirement is set out below:

Summary Programme	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Estimated Borrowing Requirement 31 March 2024 (excl PFI)	10,474				
In Year Impact:					
- Estimated resources available in year	0	0	0	0	0
- Proposed Programme	3,145	2,683	3,146	2,928	2,065
Gross Borrowing Requirement (before MRP) (Excl PFI)	13,619	16,302	19,448	22,376	24,441

12.8 Borrowing and Treasury Management

12.8.1 The Prudential Code gives authorities freedom to borrow to fund capital schemes subject to the over-riding principles of Affordability, Prudence and Sustainability. Whilst these freedoms could significantly impact on the capital resources available to the Authority, the principles referred to in effect mean that the Service is limited by the ongoing cost of any borrowing (i.e. the cost of prudential borrowing falls to be met from the General Fund recurring expenditure). The Prudential Code requires authorities to develop their own programmes for investment in fixed assets, based upon what the authority and local taxpayers can afford, and subject to a full Business Case and Options appraisal process.

12.8.2 The estimates in the Medium-Term Financial Plan for borrowing assumes most of the borrowing requirement is external borrowing (actual debt with PWLB). However, decisions around borrowing are made by the S.151 Officer and will be made considering appropriate timing and requirements of borrowing for cash-flow purpose and interest rate forecasts.

12.8.3 The Medium-Term Financial Plan includes the following assumptions around Capital Financing and borrowing.

Capital Financing Requirement (excl PFI)	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000
Opening Estimated Borrowing Requirement (excl PFI)	10,474	12,922	14,673	16,592	17,932
In Year Impact:					
- Estimated resources available in year	0	0	0	0	0
- Proposed Programme	3,145	2,683	3,146	2,928	2,065
- Minimum Revenue Provision (Provision for repayment of debt)	(697)	(932)	(1,227)	(1,588)	(1,797)
In Year Borrowing Requirement	2,448	1,751	1,919	1,340	268
Closing Estimated Borrowing Requirement	12,922	14,673	16,592	17,932	18,200

Section 2 - Medium-Term Financial Planning

- 1.1 The above budget estimates provide forecasts for the forthcoming 5-year period.
- 1.2 The overarching policy guidelines of the Medium-Term Financial Plan (MTFP) are that resources will be directed in priority areas via the budget process within the overall caveats that:
 - Redirection of resources towards areas of high priority will be contained within existing budgets, unless increases can be justified and funded through the budget process.
 - Council Tax increases will be limited to fair and reasonable levels, taking account of national guidance from Government.
 - External grants and income will be maximised wherever possible to mitigate the effects of budget increases.
 - Partnership working and funding opportunities will be explored wherever feasible.
- 1.3 The Medium-Term Financial Plan provides the corporate financial planning framework to provide strategic direction for CFRS for the next five years and to ensure that the financial resources of CFRS are directed to achieving the Service's key priorities.

2.0 Financial Principles supporting the MTFP.

- 2.1 The key principles to be applied to the MTFP are as follows:

Financial Principle 1 – Revenue Budget Strategy

- Guide the integration of financial planning with the priorities set out in the Fire Plan and CRMP to ensure that spending decisions contribute to the achievement of priorities (The Fire Plan and CRMP will be in place for April 2024).
- Forecast a minimum five-year corporate and financial planning horizon, with longer periods developed where necessary.
- Manage performance management and decision-making procedures to help achieve the best use of available resources.
- Monitor and evaluate proposed and actual spending to ensure that value for money is obtained.
- Review the Reserves Strategy in line with CIPFA and other best practice guidance to ensure that all the reserves held are still applicable and relevant.
- Achieve a minimum level of General Fund Reserves over the life of the MTFP as set by an annual risk assessment.
- Consider the impact of any other Government Budget initiatives e.g., Fair Funding Review and any Comprehensive Spending Review implications.
- Develop and implement a robust savings and income plan to achieve the savings targets.
- Undertake and continually review a full base budget review.
- Limit revenue budget pressures to those which are unavoidable, and which cannot be accommodated within existing base budgets.

Financial Principle 2 – Council Tax & Business Rates Policy

- Determine Council Tax levels that are prudent and retain stability for the Services financial strength.
- Assessment of the impact of business rates retention including impact on Section 31 grants.

Financial Principle 3 – Treasury Management

- Annual review of the Treasury Management budget for revised interest rates, changes to average balances and the effects of capital spending decisions.
- Consider the appropriate levels of prudential borrowing that is affordable, sustainable and within acceptable council tax levels, and delivers objectives aligned to priorities.
- Undertake an annual review of the Service’s Minimum Revenue Provision policy and its impact on the revenue budget.
- Have a Treasury Management Strategy, which is compliant with the revised Prudential Code and Treasury Management Code to achieve the optimum return on investments, with the security of the principal sum always being the primary consideration.

Financial Principle 4 – Capital Investment

- As set out in the Capital Investment Strategy.
- Review of capital financing decisions which will have a revenue budget impact due to lack of capital resources (E.g., through generation of capital receipts and borrowing).

3.0 Links to other Strategies

3.1 The Medium-Term Financial Plan takes account of other Strategies, which have a potential impact on the use of resources by the Service. Particularly consideration is given to the following key strategies: -

- The Community Risk Management Plan (CRMP)
- The Capital Investment Strategy, which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget.
- The Estates Strategy, which provides forecasts of necessary investment in the estate’s portfolio.
- The Fleet Strategy, which provides information on the investment, maintenance, and aspirations of the Service’s fleet.
- The Asset Disposal Strategy.
- The Productivity and Efficiency Plan
- The Procurement and Commissioning Strategy.
- The ICT Strategy.
- The People Strategy

4.0 Assumptions & Issues Arising

4.1 The following assumptions are included in the MTFP.

	2024/25	2025/26	2026/27	2027/28	2028/29	1% Change £000
	%	%	%	%	%	
Firefighters Pay Award	4.00%	2.00%	2.00%	2.00%	2.00%	160.000
NJC Pay Award	2.50%	2.00%	2.00%	2.00%	2.00%	14.200
Apprenticeship Budget	2.50%	2.50%	2.50%	2.50%	2.50%	0.573
Building Cleaning / Maintenance	2.50%	2.50%	2.50%	2.50%	2.50%	1.290
Electricity	4.00%	2.50%	2.50%	2.50%	2.50%	4.701
Gas	4.00%	2.50%	2.50%	2.50%	2.50%	3.209
Water	2.50%	2.50%	2.50%	2.50%	2.50%	0.853
Rates	2.00%	2.50%	2.50%	2.50%	2.50%	8.639
Refuse Collection	2.50%	2.50%	2.50%	2.50%	2.50%	0.191
NW Fire Control	5.00%	2.50%	2.50%	2.50%	2.50%	4.451
PFI Contract Indexation	2.50%	2.50%	2.50%	2.50%	2.50%	5.740
Fuel	4.00%	2.50%	2.50%	2.50%	2.50%	1.768
Training Materials	2.50%	2.50%	2.50%	2.50%	2.50%	0.457
Smoke Alarms	2.50%	2.50%	2.50%	2.50%	2.50%	1.000
<u>Income/Funding Assumptions</u>						
Government Grant Increases		2.00%	2.00%	2.00%	2.00%	-32.110
Business Rate Increases		2.00%	2.00%	2.00%	2.00%	-63.590
Council Tax Band D	2.98%	3.00%	3.00%	3.00%	3.00%	
Council Tax base	1.00%	1.00%	1.00%	1.00%	1.00%	-159.389

4.2 Economic Risks - Assumption Risks

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

- Every 1% in Council Tax equates to circa £159,000 per annum.
- Every £1 in Council Tax equates to £170,000 per annum.

4.2.2 Inflation has slowly decreased since the start of 2023, with the current headline rates for CPI inflation being 3.9% in November 2023. There remains a risk that inflation will be above the assumptions in the MTFP for 2024/25.

4.3 Funding

4.3.1 CFRS receives core funding from Government each year as part of the Settlement Funding Assessment which comprises of the Business Rates baseline funding level and information on tariffs and top ups. Although the Government set the Business Rates Baseline, the actual funding is received via the Non-Domestic Rates income the Unitary Council's collect.

4.3.2 As well as the core funding as agreed in the Settlement Funding Assessment, the Service is also the recipient of other support from central government in the form of specific grants. These are included in the budget as income rather than funding and are linked to specific schemes or services.

4.3.3 The MTFP includes an inflationary increase at the current maximum allowable for Council Tax and an estimate for Business Rates Baseline. However, the MTFP does not include any provision for any surplus/deficit on the Collection Fund for either Council Tax or Business Rates. Any deficit's declared by the Unitary Authorities would reduce the level of funding the Service would receive in the future.

4.4 Stand Alone Service Risks

4.4.1 As the new standalone fire authority is still in its infancy both the PFCC and the Chief Fire Officer recognise that it will take time to gain a better understanding of operational and budgetary pressures facing CCFRA. These pressures are likely to require investment to ensure resources, premises and equipment is at an appropriate level.

4.4.2 Several of the larger support services such as ICT and Payroll are being provided by the Unitary Councils in the first instance. Whilst there is an aspiration to control costs to current levels there are risks associated with pricing for the SLA's, service standards in the new arrangements and the long-term appetite for the unitaries to continue to provide services in future years. Whilst opportunities may arise with the PFCC/Constabulary or a Fire-Fire basis to improve that is likely to require additional investment in systems, people, and processes.

4.5 Major Incidents

4.5.1 Around 50% of operational cover is provided by the On-call firefighting service. Costs can be significantly affected by major incidents with recent cost surges being caused by flooding and wildfire incidents. Costs pressures can be as much as £0.5m in a single year.

4.6 Litigation and Insurance Claims

4.6.1 The service is responsible for its own insurance cover for the first time and the profile of insurance, excesses, self-insured elements, and any limitations on cover are not known. The nature of the service provided by fire and rescue means that there is always the potential for insurance claims and unexpected litigation costs. Although there is a self-insurance reserve, this will need to be maintained at a suitable level for any potential future claims that are not covered by the insurance excesses in place.

4.7 Pensions

4.7.1 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 based on age. 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.

4.7.2 It is expected that the on-going cost of higher pension benefits will arise from two main areas:

- Costs arising from the above case, and
- The yet unknown results of the next actuarial valuations for unfunded schemes such as Firefighters and Police which will be built into the scheme valuation process and reflected in the 2025/26 employer and employee contribution rates.

4.7.3 These issues could lead to employer contribution rates increasing by up to net 3% from 2025/26. 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 this increase.

4.7.4 The MTFP currently includes provision for an increase in pension remedy costs of £350,000 from 2025/26. It is also unknown what, if any, additional funding from Government will be provided to compensate for this additional cost.

4.8 Industrial Action

4.8.1 Any potential for industrial action requires contingency arrangements which were previously managed within County budgets for the year or from reserves. That position remains and any alternative options would need to be costed, determined and funding set aside.

4.9 Capital Programme

4.9.1 Whilst a capital programme has been developed and included in the budget assumptions, it is largely funded from borrowing requirement. Consideration needs to be given to the following areas:

- Aligning the capital programme to the Fleet Strategy and undertaking a full review of vehicle aspirations, current fleet stock condition and undertaking a full option appraisal around the most appropriate financing options.
- There has been little investment in the fire service estate for a significant period and many stations are not equipped for the needs of a modern service. The capital programme will therefore need to reflect a level of investment in the estate that will address these issues.
- There may be an increased need to invest in ICT and provision may be under pressure. Both in replacement systems for the NW regional control centre and in systems to support new more efficient ways of working.

4.9.2 Further in-depth consideration of capital investment opportunities is given in the Capital Investment Strategy.

4.10 Environmental and Climate

The Service will need to consider new and existing Environmental regulations and the need to meet sustainability targets. This could require investment in new sustainable technologies, for example, EV charging points, solar panels, sustainable fuels and other investment to meet national and organisational targets.

The Wildfire fleet is currently well positioned, but with increases in extreme weather conditions, between this and flooding the risk model for the Service will change and may need continued investment. For example, development and implementation of additional training for a burns team.

4.11 Technology and Infrastructure

The Service will need to invest in infrastructure and technology to enable it to maintain and improve on an efficient and productive service. As it moves away from hosted services with the Unitary authorities, investment in new systems and new infrastructure will be required. These will need to be considered in the Capital Investment Strategy, with any revenue implications included in the MTFP.

4.12 Other Considerations

There will need to be consideration in the MTFP to the impact of the Spotlight report and investment in organisational development, changing culture, and leadership.

The MTFP will also need to address how the Service can work collaboratively with the Constabulary to achieve efficiencies.

The Service will need to look at how it can generate external grants and contributions to support both its capital and revenue expenditure.

5.0 Reserves Strategy

5.1 CFRS holds balances to meet future commitments. The policy on the use of reserves is as follows:

- Reserves will not be used to fund recurring items of expenditure, but where it does steps will be need taken to replenish to minimum levels (i.e. through recurring savings).
- Reserves will not become overcommitted.

5.2 General Fund

5.2.1 Having undertaken a risk assessment considering the risks and working balances required, the balance on the General Fund reserve indicates that this should broadly equal **£4.3m** as a minimum prudent level. The risk-based assessment of the appropriate level of this reserve is conducted as part of the budget process. The prudent level of reserves may need to be revised in the medium term to take account of any amounts that can be set aside in earmarked reserves to mitigate specific risks identified in the risk assessment.

5.3 Earmarked Reserves

5.3.1 Earmarked reserves will not be used for recurring items of expenditure, nor become over-committed.

5.3.2 For each earmarked reserve there will be a clear protocol in place setting out:

- The purpose of the reserve.
- How and when the reserve can be used.
- Procedures for the management and control of the reserve.
- Processes for the review of the use of the reserve to ensure that it continues to have an adequate level of funds and remains relevant to the business of the Service.

PFI Reserve

The PFI reserve will be used over the remaining length of the PFI contract to meet the differences in the annual service charges and the PFI grant received. The PFI contract will be regularly reviewed to ensure it remains consistent with the Service's needs.

Insurance Reserve

The insurance reserve will be used to meet those uninsured and below excess costs for any insurance liabilities. The MTFP agreed in February 2023 assumed this reserve would be fully used in two years. This will need to be reviewed and a plan will be required to ensure this reserve is maintained at an adequate level to meet potential future liabilities.

Donations

This reserve holds the balance of amounts received in donations.

CMF Corporate

This reserve holds a share of the County Council Corporate Reserve that was allocated to Fire on disaggregation.

Local Tax Guarantee Grant – Council Tax and Business Rates

This reserve holds the balance of grants provided to Cumbria County Council during COVID for smoothing out the exceptional Collection Fund Deficits that arose in 2020/21. These will be released to offset any deficit on the Collection Fund in 2024/25.

ESMCP

This reserve holds the balance of the amount set aside for Emergency Services Communication Project (ESMCP).

Fire COVID Grant

This reserve holds the balance of COVID grants received by the service.

5.4 Future Earmarked Reserves

5.4.1 The following areas are considered for future earmarked reserves once the General Fund and Insurance Reserves are at an acceptable level.

- Industrial action contingency reserve
- Large operational equipment purchases.
- Transformation or invest to save reserve.
- Ill health pension reserve.
- Pension remedies reserve.

5.5 Capital Reserves

5.5.1 CFRS hold no capital reserves at the current point in time.

5.6 The Responsibilities of the Chief Finance Officer (s.151)

5.6.1 The Chief Finance Officer (s.151) will review each reserve and its use annually and produce a report as part of the annual budget process detailing: -

- Compliance with the use of reserves,
- Movements in the level of reserves, including the purposes for which reserves were used during the previous financial year,
- The adequacy of the level of reserves and the effects on the budget requirement,
- Any reserves which are no longer required,
- Proposals to set up new reserves, including purposes, protocols, funding sources and potential impact on the Medium-Term Financial Plan.

5.6.2 The Chief Finance Officer (s.151) will review this policy at least annually and will obtain the approval of the PFCC for any change required to either the policy or protocols associated with specific reserves.

Section 3 - Statutory Requirements

1.0 Robustness of the Budget – Statement of the S151 Chief Finance Officer

- 1.1 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/
- 1.2 The PFCC must have regard to this when considering the budget and the report must be shared with the Police, Fire and Crime Panel.
- 1.3 In his 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').
- 1.4 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.
- 1.5 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.
- 1.6 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.
- 1.7 The Section 25 Statement of the S151 Chief Finance Officer for CFRS is included at Appendix A.

Human Rights Implications

None identified

Race Equality / Diversity Implications

The budget will be subject to a detailed Equality Impact Assessment.

Risk Management Implications

There is a legal requirement to set a balanced budget. The Commissioner's strategic risk register recognises the importance of sound financial planning. There are significant risks associated with the budget, particularly around hosted services and SLA's and uncertainty around costs for these services. The budget also assumes a borrowing requirement for capital investment and assumptions have been made around borrowing costs which will be dependent upon economic conditions at the time the borrowing is required. Significant savings are required to be achieved and if these are not achieved by the start of the financial year, these could have an impact on in-year performance.

Financial Implications

The main financial impacts are described in the paper.

HR Implications

As identified in the report. There is a significant savings requirement to be found from staffing savings and unless vacant posts are removed from the establishment, there may be a required change management process to achieve this.

Contact points for additional information

Steven Tickner – Chief Finance Officer (S.151)
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STATUTORY REPORT OF S.151 OFFICER

1. In setting its Budget Requirement, the Service is required under the Local Government Act 2003 (Section 25) to consider:
 - (i) The formal advice of the statutory responsible financial officer (Chief Finance Officer (S.151 Officer)) on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides;
 - (ii) The Service has to determine what levels of borrowing, if any, it wishes to make under the Prudential Code that governs local authority borrowing.

2. Robustness of the Estimates

Whilst relevant budget holders are responsible for individual budgets and their preparation, all estimates are scrutinised by the finance team, the Senior Leadership Team and the Strategic Governance and Finance Board prior to submission to the PFCC.

The Service's revenue and capital budgets are integrated in that the financial impact of the proposed capital programme is reflected in the revenue estimates.

2023/24 is the first year of the Service's new governance arrangements under the PFCC stewardship and as such this brings added risks. The Service has no history of overspending against budget whilst being part of the County Council, indeed, there has tended to be a degree of underspending. However, with Local Government Reorganisation and disaggregation, greater risks have been placed on the Service, therefore improved budget monitoring backed up by specific action where appropriate and base budget procedures will be even more important to ensure financial resilience.

It must be recognised that there are risks involved in projecting budgets, particularly over the medium term, and the year-end position will never exactly match the estimated position in any given year. Areas of specific risk in the current five-year period under consideration are:

- The disaggregation of hosted services from the Unitary Council's will present challenges both operationally and financially. Although budgetary provision is included for these services, decisions on future provision may place additional financial pressure on the Service.
- Capital Financing will be undertaken by increasing the borrowing requirement of the Service; therefore, consideration needs to be given to the cost of borrowing and the impact on the revenue budget. Estimates have been made for the overall treasury management budget, including borrowing costs and interest receipts, however, return on treasury management activities are subject to market rates. This risk is advised upon every year, and it should be noted that in the current economic climate with higher than usual inflation and higher base rates than have been experienced over the past 15-years, investment income returns in the medium term may fluctuate.

The main risk to the robustness of the estimates contained within the 5-year MTFP is the continued uncertainty regarding the disaggregation of hosted services from the unitary authorities in Cumbria and the costs of the Service operating independently.

However, the budget estimates proposed see a contribution to reserves so that they will rise over the following 5-year period to appropriate minimum levels to sustain the Service.

The delivery of savings and efficiencies will be vital to maintaining reserves at prudent levels and ensuring the service is fit for purpose. Therefore, the savings built into the budget must be identified and achieved before the start of the financial year. The additional £150,000 of savings for 2024/25 represents 0.48% of the gross budget.

The level of the Service's future Capital Programme includes a significant borrowing requirement over the five-year period. Any capital receipts that can be generated from the sale of assets will be utilised to reduce the overall borrowing requirement for future capital investment decisions.

Central contingencies – there have been no contingency budgets built into the existing estimates. This means that any unforeseen expenditure that cannot be contained within existing budgets will require a supplementary estimate (from reserves) to cover any costs. The budget proposals will significantly limit the capability to deal with any of these events and these may have to be found from within other budgets and reserves should the need arise.

2. **Adequacy of Reserves**

The level and usage of the Service's Reserves is undertaken annually as part of the Medium-Term Financial Plan.

The appropriateness of the level of reserves can only be judged in the context of the Service's longer-term plans and an exercise has been undertaken to review the level of reserves through the use of a risk assessment matrix. This matrix identifies the potential for use of reserves if, for example, assumptions in the budget change, external pressure is placed upon the service, or unknown factors. The findings of this exercise suggest that the minimum level should be set at **£4.358million** as a prudent level of General Fund Reserves which will be required as a general working capital/ contingency to cushion the Service against unexpected events and emergencies.

The Service's policy on reserves is that wherever possible reserves should not be used to fund recurring expenditure, but that where it is, this should be made explicit, and steps taken to address the situation in the following years.

Based on current projections, the general fund unallocated reserves will increase each year. However, this assumes that there is no call on reserves out with the budget estimates.

3. **Determination of Borrowing**

The Prudential Accounting regime enables the Service to borrow subject to meeting criteria of affordability. The Prudential Indicators have been established and these are set on the approved overall Capital Programme decisions included in the Medium Term Financial Plan.

For the period under review the need for borrowing will be kept under consideration and will be dependent on the level of capital receipts and capital grants generated. The capital programme will require the use of Prudential Borrowing (including internal borrowing). Where borrowing is required, full option appraisal on type and length of borrowing will be carried out. The financial sustainability and level of debt for the Service will be a consideration especially in terms of the timing of any external borrowing undertaken.

Budget Resolution

Local Government Act 2003 Requirements: That the comments of the Chief Finance Officer on the robustness of the estimates and adequacy of balances and reserves be noted and reflected in the decisions made by the Commissioner in making the following budget determination for 2024/25.

Revenue Estimates 2024/25: That CCFRA net **Budget Requirement** of £27,824,590 be approved.

Council Tax Base 2024/25: That it is noted that the Council Tax base has been calculated at the amount of 179,509.46 for 2024/25. This is the total of the tax bases calculated by the Unitary Councils as required by regulation.

Budget Requirement: That the following amounts are calculated by the Commissioner for the 2024/25 financial year:

Ref	2024/25 Amount	Description
(a)	32,135,590	being the total of gross expenditure
(b)	(5,141,000)	being the total of income from specific grants, fees and charges
(c)	830,000	bring the contribution to / (from) Reserves
(d)	27,824,590	being the Budget Requirement for the year to be met from Council Tax and External Finance
(e)	4,679,314	Being the total the Commssioner estimates will be received from external financing (RSG)
(f)	6,431,980	Being the total of income received from Retained Business Rates Less the Business Rates Collection Fund Deficit
(g)	(24,166)	being the net surplus/(deficit) on Council Collection Funds
(h)	16,713,296	being the Council Tax requirement (the budget requirement less the collection fund surplus/(deficit) and external finance)
(i)	93.24	being the basic amount of Council Tax for the year (the council tax requirement divided by the taxbase)

Valuation Bands and Calculation of the amount of Precept payable by each billing authority:

Valuation Band	Precept 2024/25 Amount	Proportion
Band A	62.16	6/9ths
Band B	72.52	7/9ths
Band C	82.88	8/9ths
Band D	93.24	9/9ths
Band E	113.96	11/9ths
Band F	134.68	13/9ths
Band G	155.40	15/9ths
Band H	186.48	18/9ths

Billing Authority	TaxBase	Precept (Band D) (£)	Amount Payable (£)
Cumberland Council	89,966.79	93.24	8,388,503
Westmorland and Furness Council	89,542.67	93.24	8,348,959
Total	179,509.46	93.24	16,737,462



CFRS Charging Policy 2024/25

Sections

Section	Pages
1. Charging for Mutual Assistance	3-12
2. Central Services Department (CSD)	13-14

Section 1

Operational Planning

CFRS Policy

Charging For Mutual Assistance

	Name and Job Title
Responsible Assistant Manager	Stuart Hook, Area Manager
Responsible Senior Manager	Tony Paterson, Group Manager
Person responsible for monitoring day-to-day compliance	Paul Dean, Station Manager
Person responsible for reviewing the policy	Paul Dean, Station Manager

Version Control	Changes Made	Author
Version 6 April 2022	Updates to the costs to align with NFCC	Ops Planning
Version 7 July 2023	Document moved to new template,	Ops Planning
Version 8 February 2024	Updated for 24/25 Budget	S.151 Officer

Introduction

Mutual aid can be described as the provision of assistance from one Fire and Rescue Authority (FRA) to another. Mutual aid is considered a formal mechanism by which to supplement FRA's existing emergency response arrangements and can be instigated in a number of ways.

Scope

Mutual aid activity can range from over the border responses under Section 13 or Section 16 of the Fire & Rescue Service Act 2004 through responding to a significant or serious incident which requires additional resources beyond those available within an affected Service. Mutual aid can also include arrangements for specialist National assets which may not be located in the affected FRA or when officers with specialist skill sets are required. Arrangements of this nature add overall resilience to response arrangements for the Fire and Rescue Service (FRS).

Principles

By its very nature, mutual aid is incident or event based, and therefore likely to be extraordinary to the normal CRMP based arrangements which would be in place to deal with day to day incident response within an affected FRA.

This guidance covers the charges mechanism that will be adopted by Cumbria Fire and Rescue Service (CFRS) for the provision of mutual aid to another FRA. It is intended that this cost recovery model will provide a set scale of charges that will allow CFRS to predict, as far as is reasonably practicable, the budgetary impact that a request for mutual assistance will have.

It is acknowledged that Cumbria is surrounded by a number of Counties and indeed Borders Scotland. There are regular over the border incidents whereby CFRS regularly provides mutual aid to neighbouring Services, which is also reciprocated. This is undertaken through collaborative arrangement, between the relevant Chief Officers and fall outside the scope of this policy.

The guidance seeks to reflect the current payment arrangements for FRA staff under the NJC Scheme of Conditions of Service and as detailed within the relevant circulars. It will be refreshed annually to take account of pay reviews inflation and any additional factors that are considered relevant.

Background

CFRS discharges its responsibility to provide an appropriate response to a range of emergencies through its integrated risk management plan. This plan extends to the provision of the appropriate level of resources to provide a suitable level of operational response for all reasonable foreseeable and practical events. A request for mutual aid is generally made when the scale of an incident exceeds that which whilst foreseeable is impractical to resource on a day to day basis.

FRA's have, historically, developed their own mutual aid protocols based on the requirements of Sections 13 and 16 of the Fire and Rescue Service Act 2004 and in some cases by means of regional Memorandum of Understanding (MOU). Generally, these arrangements involve neighbouring Services providing over the border or specialist officer support, principally in response to local incidents where an asset is geographically best place to attend or when the incident is beyond the scale that local resources can effectively respond to.

Charging for these arrangements has traditionally been based on an LGA set rate. The decision to apply a charge or not has predominantly been applied locally at the discretion of individual FRA's.

In times of national need, the NFCC, on behalf of all Chief Fire Officers will co-ordinate the provision of Mutual Aid between Services utilising the National Coordination Advisory Framework (NCAF) arrangements. Specifically, this is facilitated through the NFCC Chair, National Strategic Advisors (NSAT) and the National Resilience Assurance Team (NRAT). NRAT works to ensure the effective coordination of resilience during major national incidents such as the emergency response to serious flooding or a large scale structural building collapse. It is important to understand that NRAT has no influence over charging for Mutual Aid, which is detailed nationally by the Operations coordination committee and approved by the NFCC.

Categories of Mutual Aid

There are a range of response and specialist roles that FRS may provide under mutual aid and the circumstances under which they are provided, can be as varied as the services supplied.

Four main types of mutual aid are identified. The characteristics of each are outlined below

Emergency Response/Spontaneous Deployment: For example, an unforeseen demand such as an incident that necessitates reinforcing in the maintenance of fire cover or to supplement operational response where responding assets geographically provide a more timely response. Definition of time scales for such spontaneous support is expected to be for periods of no more than 24 hours.

Response to a Significant Serious or Catastrophic Emergency: For example, a demand that results from protracted operational activity and impinges on an affected Services ability to provide business as usual response as well as continuing to support the ongoing emergency. This prolonged deployment will last from 24 hours up to 90 days, but may in certain circumstances be extended beyond this.

Pre-Planned Deployment/Planned Event: For example, the predicted East Coast Flood inundation in 2012 which would have necessitated evacuations by boat beyond the capacity of the affected Services. Here the event has a capacity requirement beyond a single Service or where a Service cannot resource the event and provide appropriate resilience in the rest of its area.

Specialist Staff Deployments: For example, the independent investigation of an incident where a host Service cannot carry out the function impartially.

Recent experience has shown there are circumstances where the provision of mutual aid will have a significant impact on the host Service to fund the associated costs. In such instances Bellwin scheme may be activated where defined circumstances are applicable.

Mutual Aid Cost Recovery

Predominantly FRS mutual aid requests consist the deployment of fire appliances and crews however there is no standard request for mutual aid. There are an increasing range of services that FRS may provide under mutual aid beyond fire appliances and crews. The circumstances under which they are provided are as varied as the actual services supplied.

Appendix F lists a typical range of services that may be provided, although this will not be a definitive list.

Where specialist equipment is required for the provision of mutual aid this will be reflected in the appendix outlining asset recharge costs. For example the provision of a type B flood rescue team will come with the appropriate equipment for the task, including a rescue boat with engine and a range of specialist PPE.

As a guide, a competent firefighter's pay scale will form the baseline of a banding model.

During continuous deployments it will be assumed that staff payments will be made by payment of flat rate recharge for the duration of a deployment inclusive of rest periods.

For the purpose of calculating the appropriate level of charge, resources supplied must be considered. (Examples of resource types are outlined in Appendix G).

CFRS support staff may be used as a mutual aid resource. This will usually be staff with specific skills. In the event of a deployment of this nature the providing FRS will be recompensed at the employable cost for that spinal column point plus any overtime worked.

An administrative charge will also be levied at the rate of 5% of the total actual cost incurred. This is charged by the FRS deploying the assistance. The administration charge is set at a figure of 5% to reflect variations in the actual cost of supplying mutual aid depending on the resource deployed. (The administrative charge covers some basic on-costs for the provision of suitable uniform/equipment / insurance, together with compensation for the cost of organising mutual aid, often at short notice).

Other legitimate costs relating to the deployment of mutual aid personnel should be agreed and charged to the host FRS on an actual cost basis. Examples of this include damage to equipment as a result of deployment and legitimate accommodation and subsistence charges when an affected FRS has been unable to provide this. In the event that expenses of this nature are recharged, the authority presenting the recharge must provide full receipted invoices which detail costs involved.

All non-consumable equipment acquired and fully charged for under a mutual aid agreement will become the property of the host FRS unless otherwise agreed.

Vehicle usage costs on mutual aid should be calculated according to an agreed rate per day as per Appendix E. This includes elements for wear and tear and running costs. In the case of the provision of a vehicle only without staff, vehicles should be supplied fully fuelled and returned likewise. This practice will negate the administrative burden of recovering low levels of expense.

Capital costs and depreciation, servicing, tyres, insurance etc. will be covered by that cost. For vehicles transporting staff on mutual aid, such as fire appliances then fuel is not covered by the stated cost and is an additional factor. A table outlining vehicle costs is included at Appendix E.

The recharging framework makes no provision for the making of enhanced charges for mutual aid deployments that occur on public holidays.

Periodic Review of Arrangements

This guidance will be subject to periodic review and updating. Variable cost elements provided in the guidance for cost recovery purposes will be updated annually by the NFCC Finance coordinating committee under its national co-ordinating role. This can be found in the NR Document Library at:

Documents > NR Documents > NCAF Documents > NCAF Incident Supporting Documents

Appendices

- Appendix A Example Costs for a Fire Appliance and Crew Deployment
- Appendix B Example Costs of Specialist Resources
- Appendix C Secondment Hourly Rates of Pay using FPS 1992 pension rates (inclusive of 5% admin levy)
- Appendix D Deployment to Mutual Aid Hourly Rates of Pay
- Appendix E Vehicle/Equipment Cost Recovery Scales.
- Appendix F Examples of Typical Types of Mutual Aid Deployments
- Appendix G Examples of Current Deployable Resource Types (Available via NCAF ESS)

Appendix A - Example Costs for Deployment

** Taken from NPCC rates for similar vehicle type. In this example vehicle has travelled 100 miles from home station to incident and returned at a cost of £1.40 per litre of fuel.

Example Costs for a Fire Appliance and Crew Deployment

For the purposes of this example costs assume a competent Watch Manager B (WMB) and crew of four firefighters (FF) all paid at the competent rate. The example also assumes the provision of 1 fire appliance assumed to be equipped for generic firefighting activity for a period of 12 hours and a total mileage of 200 miles

Resource	Costs (£)	Calculation
1 x WMB x 12 Hrs		1*12*WMB Hrly Rate
4 x FF x 12 Hrs		4*12*FF Hrly Rate
Fire Appliance per Day (running cost)	100.00	1*100
Mileage Charge (based on 4 miles per litre @ £1.40 per litre)	70.00	200/4*1.40
Total Cost		
Administration Charge @ 5%		
TOTAL RECHARGE		

APPENDIX B

Appendix B – Example Costs of Specialist Resources

Example Costs for Type B Flood Rescue Boat and Crew Deployment

Type B rescue Boat team assumes a total 7 in a team including a Team Leader (WMB and a welfare officer (SMB flexi) and 5 competent FFs (as per DEFRA Flood Rescue Concept of Operations) The example also assumes a fully equipped team able to deploy a powered rescue boat with associated support equipment to the specification detailed in the DEFRA Flood Rescue Concept of Operations. The example also assumes a 12-hour working period of deployment costs per hour thereafter can be calculated by a division factor of 24 hours and a total mileage of 200 miles per vehicle

Resource	Costs (£)	Calculation
1 x SMB x 12 Hrs		1*12*SMB Hrly Rate
1 x WMB x 12 Hrs		1*12*WMB Hrly Rate
5 x FF x 12 Hrs		5*12*FF Hrly Rate
Type B Boat per Day (running cost)	100.00	1*100
Staff Car per Day (running cost)	50.00	1*50
Mileage Charge (based on 5 miles per litre @ £1.40 per litre)		200/5*1.40
Mileage Charge (based on 10 miles per litre @ £1.40 per litre)		200/10*1.40
Total Cost		
Administration Charge @ 5%		
TOTAL RECHARGE		

Example Costs for a High-Volume Pump & Double Hose Box (set) and Crew Deployment

For the purposes of this example costs assume a competent Watch Manager B (WMB) and crew of four firefighters (FF) and a welfare officer (SMB flexi) all paid at the competent rate. The example also assumes the provision of 1 HVP & Double hose box for pumping activity for a period of 12 hours and a total mileage of 200 miles per vehicle

Resource	Costs (£)	Calculation
1 x SMB x 12 Hrs		1*12*SMB Hrly Rate
1 x WMB x 12 Hrs		1*12*WMB Hrly Rate
4 x FF x 12 Hrs		4*12*FF Hrly Rate
HVP & DHB per Day (running cost)	200.00	2*100
Staff Car per Day (running cost)	50.00	1*50
Mileage Charge (based on 4 miles per litre @ £1.40 per litre)		200/4*1.40*2
Mileage Charge (based on 10 miles per litre @ £1.40 per litre)		200/10*1.40
Total Cost		
Administration Charge @ 5%		
TOTAL RECHARGE		

Example Costs for an Enhanced Logistics Support and Crew Deployment

For the purposes of this example costs assume a competent Watch Manager B (WMB) and crew of five firefighters (FF) and a welfare officer (SMB flexi) all paid at the competent rate. The example also assumes the provision of 1 ELS Vehicle logistics management activity for a period of 12 hours and a total mileage of 200 miles

Resource	Costs (£)	Calculation
1 x SMB x 12 Hrs		1*12*SMB Hrly Rate
1 x WMB x 12 Hrs		1*12*WMB Hrly Rate
5 x FF x 12 Hrs		5*12*FF Hrly Rate
ELS Vehicle per Day (running cost)	100.00	1*100
Staff Car per Day (running cost)	50.00	1*50
Mileage Charge (based on 4 miles per litre @ £1.40 per litre)		200/4*1.40
Mileage Charge (based on 10 miles per litre @ £1.40 per litre)		200/10*1.40
Total Cost		
Administration Charge @ 5%		
TOTAL RECHARGE		

Example Costs for a Tactical Advisor Deployment

For the purposes of this example costs assume a competent Station Manager B (SMB) paid at the competent rate. The example also assumes the provision of 1 staff car for a period of 12 hours and a total mileage of 200 miles

Resource	Costs (£)	Calculation
1 x SMB x 12 Hrs		1*12*SMB Hrly Rate
Staff Car per Day (running cost)	50.00	1*50
Mileage Charge (based on 10 miles per litre @ £1.40 per litre)	28.00	200/10*1.40
Total Cost		
Administration Charge @ 5%		
TOTAL RECHARGE		

Appendix C Secondment Hourly Rates of Pay using FPS 1992 pension rates (inclusive of 5% admin levy)

Secondment rates should be calculated using the figures in Appendix D and include the relevant pension rates.

Appendix D Deployment to Mutual Aid Hourly Rates of Pay

Rank	Annual Salary £	National Insurance £	Total inc. on costs £	Hourly Rate £
Firefighter Competent	36,226	4,082	40,308	18.46
Crew Manager Competent	40,161	4,675	44,836	20.53
Watch Manager A Competent	42,170	4,977	47,147	21.59
Watch Manager B Competent	44,911	5,390	50,301	23.03
Station Manager A Competent	48,116	7,320	55,436	25.38
Station Manager B Competent	51,525	7,936	59,461	27.26
Group Manager B Competent	59,642	9,402	69,044	31.61
Area Manager B Competent	69,283	11,769	81,052	37.11

Appendix E Vehicle/Equipment Cost Recovery Scales.

Provision of FRS Asset Only	Daily Rate £	Miles per Litre	Cost per Day (Ex Fuel) £

Fire Appliance	100	4	100
Type B/C Rescue Boat	100	5	100
Aerial Appliance	200	4	200
Search Dog Unit	100	10	100
Response Car / PCV	50	10	50
Prime Mover – HVP / USAR / MD / EBF	100	4	100
ELS Vehicle	100	4	100
DIM Vehicle	100	4	100

Appendix F Examples of Typical Types of Mutual Aid Assistance

13 & 16 over the border mutual assistance

Provision of specialist technical skills

Provision of specialist assets not hosted by an affected FRA

Response in support of significant serious and catastrophic incidents (as detailed in NCAF April 2019)

Appendix G Examples of Current Deployable Resource Types (Available via NCAF ESS)

CBRN(e) Mass Decontamination (MD)

CBRN(e) Detection, Identification & Monitoring (DIM)

Urban Search & Rescue (USAR)

High Volume Pump (HVP)

Flood Rescue Type B & C teams

Enhanced Logistics Support (ELS)

Enhanced Briefing Facility (EBF)

Tactical Advisors (Flood, USAR, CBRN(e), HVP, Wildfire, Waste fire, Communications - Airwave)

Drones

Fire Fighting Appliances (sourced from English FRS)

Section 2

Special Service Report

NAME OF RESPONSIBLE PERSON ADDRESS

.....

.....

TEL No. Email

SERVICE REQUESTED

I request you to undertake the service above, in accordance with such charges which I agree to pay. The arrangements may be terminated by the Fire & Rescue Service without cause assigned and without liability for compensation.

I agree to indemnify the Cumbria Commissioner Fire & Rescue Authority its servants and agents all costs, charges, claims and demands that may arise in connection with the service.

SIGNED DATE

APPLIANCE TOTAL TIME ENGAGED

APPLIANCE TOTAL TIME ENGAGED

SIGNATURE ATTENDING MANAGER

RECOMMENDATION ATTENDING MANAGER

SIGNATURE AM HEAD OF SERVICE DELIVERY

Head of Service Delivery	Action (Please delete)	CHARGE / DO NOT CHARGE
Finance Department	Action	

Scale of Charges as from 1 April 2023

The scale of Special Service Charges is amended with effect from 1 April 2023 as follows:

APPLIANCES

Turntable Ladder / Aerial Ladder Platform	£556.00	per hour or part hour
All other Appliances and Vehicles	£375.00	per hour or part hour
Light Portable Pump	£150.00	per hour or part hour

(These charges include the cost of personnel employed in the normal operation of the appliance/equipment. Any additional staff or supervisory officers will be charged at the rates below).

PERSONNEL

Firefighter	£49.63	per hour or part hour
Crew Manager	£55.42	per hour or part hour
Watch Manager	£61.20	per hour or part hour
Station Manager	£84.35	per hour or part hour
Group Manager	£99.26	per hour or part hour
Area Manager	£113.17	per hour or part hour

MISCELLANEOUS

Salvage Sheets	£36.40	per sheet per week
Collection and delivery	£1.42	per mile
Standard Fire Reports	£175.49	minimum charge
Fire Investigation Reports	£175.49	based on hourly rate
Professional Consultation	£175.49	minimum charge
Plan Examination	£175.49	minimum charge
Inspection of Premises	£175.49	minimum charge
Personnel Interview	£175.49	minimum charge
Report preparation re the above	£97.03	per hour
Admin Charge		10% of total

VAT to be added at standard rate where applicable.

Minimum charge 1 hour on Special Services thereafter per $\frac{1}{4}$ hour.