

## EAST SUSSEX FIRE AND RESCUE SERVICE

<b>Meeting</b>	Fire Authority
<b>Date</b>	7 December 2023
<b>Title of Report</b>	2024/25 to 2028/29 Strategic Service Planning and Medium Term Financial Plan
<b>By</b>	Duncan Savage, Assistant Director Resources/Treasurer
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<b>Background Papers</b>	Revenue and Capital Budget 2023/24 and Capital Programme 2023/24 to 2027/28 Monitoring at Month 6 (end September)
	Bank of England Quarterly Monetary Policy Report November 2023
	Fire Authority Service Planning processes for 2023/24 and beyond – Revenue Budget 2023/24 and Capital Asset Strategy 2023/24 to 2027/28

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<b>Appendices</b>	1. Medium Term Financial Plan 2023/24 to 2027/28
	2. Illustrative update for 2024/25 Revenue Budget planning
	3. 2024/25 Budget Gap following Flexibilities

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### Implications

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	✓
<b>FINANCIAL</b>	✓	<b>POLITICAL</b>	✓
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	

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<b>PURPOSE OF REPORT</b>	To provide an update on the Authority's financial planning position in advance of the receipt of the Provisional Local Government Finance Settlement (LGFS) for 2024/25 and the submission of budget proposals and a refreshed Medium Term Finance Plan (MTFP) to the Fire Authority in February 2024.
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## **EXECUTIVE SUMMARY**

Whilst the main purpose of this report is to set the financial context for the service planning process, the fundamental aim of the process is to determine how best to deliver the Authority's Purpose and Commitments, the Integrated Risk Management Plan (IRMP) and the targets and priorities that underpin them, within the context of the current estimate of available financial resources for the period 2024/25 to 2028/29.

Close alignment of business and resource (including finance) planning is necessary to ensure that the Authority can continue to deliver its corporate strategy and IRMP outcomes more effectively. A review of Strategies and their action plans (in terms of priority, deliverability and affordability) will feed into the Star Chamber process.

This report would normally set out a full review of the Authority's existing five year Medium Term Finance Plan (MTFP). However given the continued level of uncertainty not just regarding the future of local government funding but also inflationary pressures on costs (both pay and prices) we have set out an assessment of the 2024/25 revenue budget only. A full review of the MTFP will be presented to the Authority in February 2024.

The Government carried out a comprehensive spending review (CSR) covering a three year period from 2022/23 but only provided a one year settlement in both 2022/23 and 2023/24. Whilst the Government's Finance Policy Statement sets out the principles it will adopt for the 2024/25 settlement this can only be regarded as indicative at this stage.

The fire sector has made a strong submission to settlement process with a particular focus on the impacts of inflation and the need for council tax flexibility. Given next year is the last year of the current CSR period and the likelihood of national elections then we expect a further one year settlement which will not aid planning over the medium term.

Nationally the sector remains reliant on significant one-off funding for investment in protection services and payment of employer's pension contributions. This makes planning for the 2024/25 budget and beyond extremely difficult.

In this uncertain context this report seeks to identify the potential scale of the financial challenge facing the Authority primarily in setting its budget for the next financial year. It updates a number of the assumptions that underpin the current MTFP where that is possible, highlighting emerging pressures and potential risks.

This paper provides an update on that submitted to the Authority's September meeting. It reflects agreed changes to pay and price inflation within the budget, the outcomes of the Star Chamber process, ongoing work to review the Capital Programme, the identification of additional savings and flexibilities that may provide opportunities to balance the 2024/25 budget, updates to funding information and a summary of the recent Autumn Statement.

The revised financial planning assessment indicates a potential funding gap of up to £3.419m in 2024/25, including the net pressure from the Star Chamber process. It assumes that pressures on the 2023/24 budget will be managed out.

The latest position on savings options and flexibilities is set out in section 4.9 and Appendix 3. Whilst good progress has been made with the total identified now standing at £2.551m (of which £1.423m is one off) that still leaves a gap of £0.869m for which further options must be identified in order to balance the budget for 2024/25. Further work will be carried out at the SLT Away Day on 28 November with a view to presenting pre-settlement budget proposals to SLT on 13 December. In addition the significant reliance on one off savings will increase the financial challenge in 2025/26 onwards as those savings drop out. This will be set out clearly in the January and February reports to the Authority.

The Authority and the wider fire sector continue to lobby for additional council tax flexibility of up to £5 which would provide additional income of £0.568m over the 2.99% currently modelled. The Authority has written to local MPs and ministers at HO, HM Treasury and DLUHC setting out very clearly the need for a sustainable settlement that enables us to continue to meet the risks in our local community. Officers have also met with NFCC and HO officials to make our case for a fairer allocation of grant funding for Protection activity.

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**RECOMMENDATION**

The Fire Authority is asked to:

- i. note the report and its assessment of the potential funding gap for 2024/25;
  - ii. consider and comment upon the risks set out in section 4.6 and the assumptions set out in the report; and
  - iii. comment upon the savings proposals set out in the report and identify any further analysis required prior to formal proposals being submitted for decision in February 2024
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## **1. MEDIUM TERM SERVICE PLANNING**

- 1.1 Whilst the main purpose of this report is to set the financial context for the service planning process, through an update of the MTFP, the fundamental aim of the process is to determine how best to deliver the Authority's Purpose "to make our communities safer", its supporting commitments, its IRMP 2020-25, and the targets and priorities that underpin them, within the available resources. This process has become even more important in recent years in the light of the sustained pressure on public sector funding and the consequent need to deliver significant savings over the period of the MTFP.
- 1.2 Members and officers will need to ensure that the service planning process, which is driven through our purpose and commitments and the IRMP, delivers sustainability in the medium term for both the revenue and capital budgets, and the Service as a whole. Officers continue to develop the service planning process to ensure that strategic planning and resource allocation processes (including financial planning / budget setting) are better aligned, ensuring that agreed policy priorities and key outcomes are properly resourced and can be delivered more efficiently and effectively. This report now includes the outcomes from the Star Chamber process which has identified and assessed pressures, bids and savings across the service alongside consideration of any flexibilities within the budget and MTFP and various other updates since the last report to the Authority in September 2023, including the key points from the Chancellor's Autumn Statement.

## **2. ECONOMIC OUTLOOK**

- 2.1 Global growth continues to be subdued. CPI remains elevated in advanced economies, but has been falling. UK GDP growth is expected to have been flat in Q3 2023 with indicators of growth in Q4 being mixed. The unemployment rate is expected to be 4.25% during the second half of 2023 and is forecast to rise to just over 5% by the end of 2026.
- 2.2 CPI inflation fell to 6.7% in September and Q3 2023, remaining significantly above the Monetary Policy Committee's (MPC) 2% target. CPI is expected to continue to fall sharply to 4.5% by Q1 2024 and reach the 2% target by the end of 2025. CPI actually fell sharply in October dropping to 4.6%. Interest rates are expected to remain at their current rate of 5.25% until Q3 2024 and then decline gradually to 4.25% by the end of 2026.

## **3. NATIONAL FUNDING ISSUES**

- 3.1 There is considerable uncertainty in the national funding arena. Following the end of the previous four year funding settlement in 2019/20 the Government has approved four one year settlements (for 2020/21, 2021/22, 2022/23 and 2023/24). Whilst these have been more positive for the fire sector nationally than had been anticipated with small real terms increases in the settlement funding assessment (SFA) they have not enabled effective planning over the medium term. In 2023/24 this Authority received the equal lowest increase in Comprehensive Spending Power (CSP) of any English fire authority (6.6%) and was only one of three CFAs that needed to receive CSP Minimum Guarantee grant.

- 3.2 Whilst the Government's Finance Policy Statement indicates the principles it will adopt for the 2024/25 settlement this can only be regarded as indicative and there is no commitment to continue to offer £5 council tax flexibility to fire and rescue services. The Provisional Local Government Finance Settlement is not expected to be announced until 19 December (the last day before the Parliamentary recess) when budget plans are close to being finalised ready for Authority consideration in early February. At this stage we have assumed a slightly better outcome than in the MTFP i.e. an increase in the Settlement Funding Assessment (revenue support grant and business rate income) of 6.7% in cash terms, based on actual CPI as at September 2023. This is slightly lower than previously reported when a forecast of 6.9% was applied.
- 3.3 Ministers have previously indicated that local government should not expect to see additional funding to address inflationary pressures nor any pay award above the 2% provided for in most fire authority budgets. Given the split of fire funding across both the Home Office (HO) and Department for Levelling Up, Housing & Communities, the sector continues to compete against other policy commitments e.g. for policing and the Border Force and local government more generally.
- 3.4 The fire fighters pension grant was provided in 2019/20 in order to mitigate most of the increase in the employer contribution rate following the most recent valuation process. This one-off grant was extended into 2020/21, 2021/22, 2022/23 and 2023/24. It is again expected that the grant will roll into the base budget from 2024/25 at current funding levels, which is welcome as it provides more certainty but it does subject the funding to annual settlement fluctuations. The current MTFP assumes that funding continues at the current level of £1.734m.
- 3.5 It is expected that the latest actuarial review of the Firefighters Pension Scheme (FPS) will take into account the impact of proposed remedies for both McCloud/Sargeant and Matthews/O'Brien and result in new and increased employer contribution rates for 2024/25 onwards. At the time of writing the increased rates have not been announced but we understand that the Government will fund the financial impact through a new one off grant for 2024/25 only. Once the new rates are announced we will include an estimate of the cost and the offsetting grant in the budget proposals. If the increase is not offset by grant funding this would present a significant financial risk to the Authority. A Pension Administration reserve is held to fund costs resulting from remedy implementation. It is expected the balance of this reserve as at 31 March 2024 will be £134,000. To date this reserve has been used to provide additional resources to support the administration of remedy.
- 3.6 The Authority has received a fourth tranche of one-off grant of £0.358m to fund continued investment in Protection capacity in 2023/24. The Protection grant has been included in the MTFP at cash flat on a permanent basis as previously agreed. We expect that the Home Office will seek to roll the Protection Surge grant into the baseline from 2024/25. The Authority continues to lobby for a fairer distribution of the grant so that it reflects the risk and workload from the very high levels of both high and medium risk buildings within East Sussex. The current grant is insufficient to meet the costs of meeting the Authority's new

statutory and regulatory responsibilities which we estimate at around £0.5m and has required additional investment of £0.3m from the Authority's own resources.

3.7 There has been no provision for capital or transformation grants within the fire sector since 2015/16. The fire sector CSR submission highlighted the need for new capital funding to replace end of life national resilience assets for which there is no local provision. The cost of replacing those assets current allocated to this Authority is estimated at approximately £1m.

### 3.8 **Autumn Statement**

3.8.1 The Chancellor made his Autumn Statement on 22 November and the key headlines are set out below. We have not made any amendments to this paper as a result of the Statement, as there were no specific references to fire or fire funding. We understand that DLUHC may publish a revised Finance Policy Statement prior to the publication of the Provisional LGFS and if this is released, we will provide an update at this meeting.

- CPI inflation is expected to fall back to BoE 2% target by 2025 (3.8% in 2024 calendar year);
- Some discounts and changes will be made to Business Rates that will benefit small businesses and retail / hospitality / leisure sectors – local authorities (incl. FRS) will be compensated for the resultant losses through further S31 grants;
- Reductions in employee's National Insurance Contributions – but no change to employers rates;
- No increase in local government (and therefore FRS) funding – increases in DLUHC departmental expenditure limit (DEL) are explained by business rates changes / additional S31 grant rather than new funding;
- No reference to council tax thresholds (this may follow in expected DLUHC Finance Policy Statement);
- Reference to expected 0.5% pa improvements in local government productivity (Public Sector Productivity Programme highlights AI, prevention and reducing admin as main opportunities) – it is not clear how this may impact on fire which already has productivity targets agreed as part of the current CSR;
- Expectation from OBR (Office for Budget Responsibility) that unprotected budgets (including HO and DLUHC) will fall in real terms over next CSR period (i.e. 2025/26 onwards);
- OBR also expects increased drawdown of reserves (£2.3bn) by local authorities to balance their 2023/24 and 2024/25 budgets;
- National Living Wage will rise to £11.44 per hour but this still looks to be below our lowest pay grade.

## 4. **LOCAL POSITION**

### 4.1 **Medium Term Finance Plan**

4.1.1 The MTFP was previously updated when the 2023/24 Budget was set in February 2023, as shown in Appendix 1. At that stage there was a requirement to find savings of £721,000 to provide a balanced budget for 2024/25. Given the level of uncertainty about future funding we modelled two scenarios from 2025/26 which highlighted the potential need to make further savings of between £0.323m (higher range funding scenario) and £0.947m (lower range funding scenario) by 2027/28.

4.1.2 Given the level of uncertainty (as noted earlier) we have not yet updated the MTFP but provided an illustration of the potential scale of the financial challenge in achieving a balanced budget for 2024/25. A full MTFP will be presented in February 2024. The Authority must also consider the risks set out in paragraph 4.6 below when considering its financial planning.

## 4.2 Expenditure

4.2.1 The level of pay award for the Fire & Rescue Service will be determined nationally through the National Joint Council (NJC). Since the 2023/24 budget was approved the Grey Book pay award was agreed at 12% over two years, 3% higher than provided for in the MTFP and Green Book pay award was agreed at a flat rate increase of £1,925 to each employee, above the 4% included for 2023/24. Given the forecast that CPI will reduce but remain above the 2% target rate for 2024/25 we have modelled a 4% pay award for all staff as agreed by the Authority in September.

The final green book pay award for 2023/24 was lower than the 6% provided for in the previous budget update and reduces the budget gap by £66,000.

4.2.2 The MTFP currently provides 3.00% price inflation on goods and services in 2024/25 and 2% onwards in line with the Bank of England's target. Each 1% increase in prices is equivalent to £126,000. We are working with budget managers and with the procurement team to assess the level of indexation on our major contracts and understand the likely impact of inflation on our costs for 2023/24 and 2024/25.

4.2.3 To provide Senior Leadership Team (SLT) with flexibility in managing budget in-year there is a Corporate Contingency included in the Revenue Budget and MTFP. This is set at £857,000 for 2024/25 and includes £489,000 relating to the centrally held inflation provision for 2023/24 and 2024/25. This balance has been reviewed as part of the budget setting process and we propose that it is reduced to £500,000 in 2024/25.

## 4.3 Star Chamber Outcomes

4.3.1 During September 2023 a series of Star Chamber meetings were held with Assistant Directors asked to present their pressures, bids and savings for 2024/25. The outcome adds an additional net pressure of £1,555,130, the breakdown of which is shown in the table:

	£'000
Pressures	1,068
Bids	1,008
Savings	(521)
	<b>1,555</b>

#### 4.4 **Emerging Pressures**

4.4.1 Emerging pressures have been identified through the financial position reported to Policy & Resources Panel in September and subsequent budget monitoring. However for the purposes of this report we have assumed that these will be resolved and will not place additional pressure on the 2024/25 budget. If these pressures, primarily in Safer Communities and Training cannot be managed out during the current year they will present a risk to the financial position in 2024/25.

#### 4.5 **Capital Strategy**

4.5.1 The 5 year Capital programme is being reviewed and this will be presented for approval in February 2024. This work has been progressed since the September update and the main proposals agreed by SLT include:

- Deferral of light fleet replacement programme with resulting savings in 2024/25 and 2025/26 but some additional pressures in succeeding years.
- Estates capital scheme priorities for the period to 31 March 2025:
  - Preston Circus
  - Fort Rd Engineering Workshop
  - Design Guide Refurbishments at Bohemia Rd, Eastbourne & Roedean
  - Maintenance of Live Fire Training Units (LFTU) at Service Training Centre (STC)
  - Provision of wet training capabilities at 3 station based BA Chambers.
- Deferral of planned major schemes to deliver new LFTU and Multi Purpose Training Hubs until after the completion of the Strategic Review of Training with work not starting until 2025/26 at the earliest. This will now include the development of a masterplan for STC.
- Deferral of all other planned Design Guide Refurbishments (at Day Crew and Retained Stations) until after a full review of the Estates Strategy, Design Guide and Estates Capital Programme in 2024/25 with the expectation that on grounds of affordability and deliverability the programme will be re-profiled for delivery over a longer period and will consider alternative approaches to achieving improved management of contaminants.



- That the Business Rate Pool Reserve will be used to fund the Capital Programme, noting that the timing of this is dependent on the resolution of the backlog in public audit.

We are continuing to see pressures on scheme budgets especially within Estates alongside increased borrowing costs. The proposals set out above are intended to improve the affordability and deliverability of the programme in the short term whilst further review of the Estates Strategy and Programme is carried out. We have carried out an initial review of the revenue implications of the proposed Capital Programme, particularly for 2024/25 and this result in a reduction of £171,000.

4.5.2 The draft programme and revenue implications reflect the agreement by Policy & Resources Panel in November to increase the budget for Preston Circus by £1.6m (to £4.9m) and also the proposals for the redevelopment of Fort Rd, Newhaven as an Engineering Workshop set out elsewhere on this Agenda.

#### 4.6 **Reserves and Balances**

4.6.1 Reserves and balances are held in accordance with the Authority's agreed policy. The planned use of reserves and balances will be reviewed as part of the service planning process in light of the savings requirement, any changes to the Capital Strategy, the outcome of grant funding bids to Government and the need to fund the costs of up-front investment to support the delivery of savings proposals.

4.6.2 The level of reserves held is expected to reduce significantly over the next five years from £14.6m at the beginning of 2023/24 to £4.6m by 2027/28 comprising primarily an unallocated risk provision of £2.4m and other reserve balances of £2.2m. This position will be affected if it is necessary for the Authority to use its balances to fund spending pressures in 2023/24 or to balance its budget in 2024/25. The continued use of reserves to fund in year pressures or to balance its revenue budget is not sustainable.

4.6.3 The General Reserve balance is forecast to be £2.019m at the end of 2023/24, which is 4.48% of the 2023/24 revenue budget. This is below the Authority's policy minimum of 5%. The current MTFP includes provision to return it to its policy minimum level by 2025/26. It is proposed that the top up planned for 2024/25 is reduced by £452,000 and that the return to the 5% policy minimum is phased over 4 years to 2027/28.

#### 4.7 **Risks**

There is a range of risks that have the potential to impact on the Authority's ability to deliver its budget plans over the medium term to which Members must give consideration, primarily:

- Our ability to identify and deliver the savings required to balance the budget over the medium term;
- The provision of grant funding by Government to offset the expected significant increase in costs of employers contributions to the FPS from 2024/25 onwards;

- The Service's ability to manage out current revenue pressures in Safer Communities and Training;
- Increased reliance on borrowing to fund future capital investment from 2024/25 onwards and the resulting impact on the revenue budget;
- Lack of clarity about the financial impact of the national Emergency Service's Mobile Communication Programme;
- The potential for pay awards to exceed the provision in the budget;
- The potential for non-pay inflation to exceed the provision made in the revenue budget and the capital programme;
- Uncertainty about future governance and funding including:
  - the last year of the current three-year Comprehensive Spending Review and the period from 2025/26 onwards
  - the impact of any changes to the funding formula
  - for the impact of any changes to the business rates system;
- The outcome of national elections expected in 2024 and any change to policy or funding for the fire service;
- The impact of local growth and additional housing, road and commercial risks;
- Any further development of local devolution proposals;
- the outcomes of the White Paper, including the potential role of Police & Crime Commissioners and any impacts locally to fire service governance in Sussex;
- Outcomes for the fire service nationally and locally from the HMICFRS inspection process including the ongoing process of cultural change and strengthening of inclusion and diversity;
- The impact of the Building and Fire Safety Acts on fire service responsibilities and the resultant cost of compliance/delivery;
- The financial implications of climate change both through service delivery (response to extreme weather events) and the need to meet the national target for net zero carbon emissions by 2050.

## 4.8 **Financing**

### **Council Tax Increase**

4.8.1 It is assumed the Authority will increase council tax by 2.99% in 2024/25.

4.8.2 There is no commitment to extend the flexibility to increase council tax by the higher of 2.99% or £5, as granted in 2023/24. An increase of £5 equates to 4.79% and this would result in an additional £568,520 in 2024/25.

### **Council Tax Base**

4.8.3 In the MTFP the council tax base has been updated in line with information provided by billing authorities. This indicates growth of 0.97% for 2024/25, slightly lower than our previous assumption of 1.00% growth. Future years growth forecasts from billing authorities also fall below the 1.00% which had been forecast in future years.

### **Council Tax and Business Rates Collection Funds**

4.8.4 Information from billing authorities indicates a surplus of £67,000 across council tax and business rates collection funds for 2024/25 compared with a previous forecast of a deficit of £200,000. We continue to work with the billing authorities and other major preceptors in East Sussex to improve financial monitoring and forecasting.

### **Business Rates**

4.8.5 Business rates income is updated to reflect the latest assessment of 2023/24 income and the planning assumption that Settlement Funding Assessment will increase by 6.7%, in line with September CPI. We have assumed that S31 Business Rate grant will continue into 2024/25 with an increase of 6.7%.

### **4.9 Savings Plans and Efficiency Strategy**

4.9.1 Between 2010/11 and 2022/23 the Authority has made savings of approximately £11.2m. In 2017 the Authority determined to take a more holistic and strategic approach to delivering efficiencies that moved beyond previous approaches that had focussed on delivering savings necessary to balance the revenue budget. Officers remain committed to delivering on this approach, but it is clear that the enabling activities, for example CRM, Firewatch and Business Intelligence projects, as well as partnership projects such as ITF have required increased investment and longer delivery times to put in place. Alongside delivery activity SLT and project boards continue work to identify and deliver improved return on investment and increased cashable efficiencies.

The MTFP presented in February 2023 indicated the need to make savings of £721,000 to balance the budget for 2024/25. Tranches 1-3 were identified and targeted to deliver savings of £923,000 as follows:

Tranche 1	£185,000	Remove 3 RDSO posts
Tranche 2	£108,000	Remove on-call at Lewes & Crowborough and increase wholetime crewing from 9 to 10
Tranche 3	£630,000	Structural review & related ways of working, Reduction of Estate and Departmental savings (non-staff related)

There is a high degree of confidence that Tranches 1 & 2 will deliver the target savings of £293,000. However, at this stage it is too early to say with confidence the £630,000 targeted savings from Tranche 3, now known as “Future Foundations” will be fully delivered by April 2024. We are forecasting that a combination of Future Foundations savings and vacancy management will deliver savings of £415,000 in 2024/25 with the full target of £630,000 met for 2025/26.

4.9.2 The 2024/25 savings requirement now stands at £3,420,000, as shown in Appendix 2.

At the Fire Authority meeting in February 2023, it was agreed that any residual shortfall in the MTFP would be reconciled through a refreshed set of Tranche 4 proposals. This refreshed set of proposals builds on those reported to the Fire Authority June 2023.

The list of potential savings options for 2024/25 now includes:

- Deferral of planned WT FF trainee course (£200,000 one-off);
- A review of planned revenue investments in IT and People Strategies – through Star Chamber and Strategic Change Board it has been agreed that any flexibilities within these areas will be recycled to mitigate funding pressures in priority projects and will not therefore deliver any savings;
- Reduction in Workforce Transition budget – to date less than £100,000 in ongoing spend has been committed and therefore a one-off reduction of up to £200,000 may be possible (ongoing), but this is dependent on the progress of the work on culture and the impact of one-off costs from Tranche 3 proposals;
- Tranche 3/Vacancy management (now known as Future Foundations) (c£415,000 one-off) based on an initial assessment of posts currently vacant that could be held vacant pending the outcome/full implementation for 2025/26;
- I&E reserve removal of planned top-up in 2024/25 (£200,000 one-off);
- Reduction of contingency budget (c£357,000 ongoing);
- Reduction in top up of general reserve (c£452,000 one-off);
- Reduction in capital financing (c£171,000 one-off);
- East option 1: Bohemia Road and The Ridge run as a single watch on 2/2/4 (-4 Watch Managers) (c£263,000 ongoing) or East Option 2: Self-rostering at The Ridge only (-4 Firefighters) (c£212,000 ongoing).

The total potential savings all tranches equals up to £1.113m on-going and up to £1.438m one-off.

In the context of the 5 year MTFP any one off savings will need to be replaced with ongoing savings in future years in order to ensure the budget can be balanced over the medium term.

4.9.3 The application of Tranche 1 and 2 savings and budget flexibilities reduces the budget gap to £869,000 as shown in Appendix 3.

Further review is required of the following to ensure a balanced budget for 2024/25:

- Further prioritisation of all Star Chamber pressures/bids to identify those which must be included within the 2024/25 budget;
- Confirmation of the 2024/25 Project Portfolio and funding requirement by SCB;
- Assurance on the progress of the Safer Communities Action Plan and any further measures necessary to bring spend back within budget for 2024/25;
- Identification of further savings measures;
- Consideration of contingency budget level;
- Consideration of deferring the top up of general reserve to future financial years;
- Update of capital programme to confirm 2024/25 revenue costs;
- Review of reserves to identify any remaining flexibility.

Officers are also considering the removal of top up funding for protection (c£300,000 over 3 years), this removes local subsidy for Protection Surge Grant and will increase the amount of uncommitted funding in the Business Rates Pool Reserve to fund the Capital Programme (see 4.4).

## Medium Term Financial Plan 2023/24 to 2027/28

MEDIUM TERM FINANCIAL PLAN 2023/24 - 2027/28					
<i>INCREASE COUNCIL TAX BY £5 IN 2023/24</i>					
	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
<b>Gross Revenue Service Budget</b>	<b>45,881</b>	<b>45,358</b>	<b>45,831</b>	<b>46,804</b>	<b>47,689</b>
<b>Less</b>					
Specific grants	(2,236)	(2,205)	(2,157)	(2,109)	(2,109)
Other income	(236)	(244)	(249)	(253)	(257)
<b>Total income</b>	<b>(2,472)</b>	<b>(2,449)</b>	<b>(2,406)</b>	<b>(2,362)</b>	<b>(2,366)</b>
<b>Net Service Budget</b>	<b>43,408</b>	<b>42,908</b>	<b>43,426</b>	<b>44,441</b>	<b>45,323</b>
Capital financing costs less interest receivable	751	1,026	1,337	1,670	1,727
Capital expenditure from the Revenue Account	0	0	0	0	0
Transferred from reserves	(1,062)	(211)	(5)	(5)	(5)
Transferred to reserves	1,961	2,944	3,192	3,592	3,842
<b>Total Net Expenditure</b>	<b>45,058</b>	<b>46,667</b>	<b>47,950</b>	<b>49,699</b>	<b>50,887</b>
<b>Net Budget brought forward</b>	<b>41,766</b>	<b>45,058</b>	<b>46,667</b>	<b>47,950</b>	<b>49,699</b>
Unavoidable cost pressures					
Pay inflation	605	647	649	657	670
Price inflation	246	255	259	264	270
<b>Total inflation</b>	<b>852</b>	<b>903</b>	<b>908</b>	<b>921</b>	<b>940</b>
Changes in Capital Financing	15	225	261	293	57
Budget commitments	4,124	941	21	532	191
Savings approved	(1,295)	(1,095)	92	3	0
Reserve Funding	(404)	636	0	0	0
<b>Total Net Expenditure</b>	<b>45,058</b>	<b>46,667</b>	<b>47,950</b>	<b>49,699</b>	<b>50,887</b>
<b>Sources of Funding</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	£'000	£'000	£'000	£'000	£'000
Locally Retained Business Rates	2,397	2,529	2,580	2,631	2,684
Business Rate Top Up	5,379	5,670	5,783	5,899	6,017
<b>Business Rates Baseline</b>	<b>7,776</b>	<b>8,199</b>	<b>8,363</b>	<b>8,530</b>	<b>8,701</b>
Revenue Support Grant	3,662	3,863	3,940	4,019	4,099
Service Grant Allocation	408	301	307	313	319
<b>Settlement Funding Assessment</b>	<b>11,846</b>	<b>12,363</b>	<b>12,610</b>	<b>12,862</b>	<b>13,120</b>
Section 31 Grant Business Rates adjustment	2,063	2,165	2,208	2,252	2,298
Collection Fund (Deficit) / Surplus	0	(200)	(200)	(200)	(200)
Release of S31 Reserve					
Covid-19 Collection Fund Deficit 75% compensation CT & BR	56	0	0	0	0
<b>Collection Fund (Deficit) / Surplus (Adjusted)</b>	<b>56</b>	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>
local council tax support grant					
<b>Council Tax Requirement</b>	<b>31,093</b>	<b>32,339</b>	<b>33,313</b>	<b>34,315</b>	<b>35,347</b>
<b>Total Resources Available</b>	<b>45,058</b>	<b>46,667</b>	<b>47,932</b>	<b>49,230</b>	<b>50,564</b>
<b>Additional Savings Required / (surplus)</b>	<b>(0)</b>	<b>0</b>	<b>18</b>	<b>468</b>	<b>323</b>
<b>Additional Savings Required - Lower Range</b>			222	880	947

The MTFP position for 2024/25 assumes £721,000 savings will be delivered through Tranches 1-4

## Illustrative update for 2024/25 Revenue Budget planning

	2024/25 £'000		2024/25 £'000
	Sept CFA	Changes	Revised - November SLT
<b>Net Existing Budget Requirement (February 2023 MTFP)</b>	<b>46,667</b>		<b>46,667</b>
<b>New Pressures:</b>			
Wholetime	962		962
Control Room	12		12
Principal Officers	27		27
Support Staff	388	(66)	322
On-call	289		289
Non-pay inflation	126		126
Star Chamber pressures		1,068	1,068
Star Chamber bids		1,008	1,008
<b>Net Additional Pressures</b>	<b>1,805</b>	<b>2,010</b>	<b>3,815</b>
<b>New Savings</b>			
IRMP	(106)		(106)
Star Chamber savings		(520)	(520)
<b>Net Additional Savings</b>	<b>(106)</b>	<b>(520)</b>	<b>(626)</b>
<b>Refreshed MTFP Net Budget Requirement</b>	<b>48,366</b>		<b>49,856</b>
<b>Sources of Funding (February 2023 MTFP)</b>	<b>46,667</b>		<b>46,667</b>
<b>Additional funding:</b>			
Business Rates Baseline	161	(15)	146
Revenue Support Grant	51	(7)	44
Service Grant	13		13
S31 Grant Business Rates Adjustment	50	(1)	49
Council tax		(9)	(9)
Collection fund		247	247
<b>Additional Funding</b>	<b>275</b>	<b>215</b>	<b>490</b>
<b>Refreshed MTFP Net Budget Requirement</b>	<b>46,942</b>		<b>47,157</b>
Additional Savings required	1,424	1,275	2,699
Existing February 2023 MTFP Savings Requirement	721		721
<b>Refreshed MTFP Forecast Savings Requirement</b>	<b>2,145</b>		<b>3,420</b>

## 2024/25 Budget Gap following Flexibilities

	2024/25
	£'000
<b>Revised budget gap</b>	3,420
<b>Savings and flexibilities:</b>	
Tranche 1	(185)
Tranche 2	(108)
Deferral of WT FF Training	(200)
Reduction in workforce transition	(200)
Tranche 3 / vacancy management	(415)
I&E top up	(200)
East Option	(263)
Reduction of contingency budget	(357)
General reserve top up	(452)
Reduction in capital financing costs	(171)
<b>Budget gap following flexibilities</b>	<b>869</b>