

<b>REPORT REFERENCE NO.</b>	<b>DSFRA/23/3</b>
<b>MEETING</b>	<b>DEVON &amp; SOMERSET FIRE &amp; RESCUE AUTHORITY (Budget Meeting)</b>
<b>DATE OF MEETING</b>	<b>15 FEBRUARY 2023</b>
<b>SUBJECT OF REPORT</b>	<b>2023-24 REVENUE BUDGET AND COUNCIL TAX LEVELS</b>
<b>LEAD OFFICER</b>	<b>Director of Finance, People and Estates (Treasurer) and Chief Fire Officer</b>
<b>RECOMMENDATIONS</b>	<p><b><i>(a). That, as recommended by the Resources Committee at its budget meeting held on 6 February 2023:</i></b></p> <p><b><i>(i). the level of council tax in 2023-24 for a Band D property be set at £96.79, as outlined in Option B in this report, representing a £5 increase over 2023-24, and that accordingly a Net Revenue Budget Requirement for 2023-24 of £85,412,600 be approved;</i></b></p> <p><b><i>(ii). that, as a consequence of the decisions at (i) above:</i></b></p> <p><b><i>(A). the tax base for payment purposes and the precept required from each billing authority for payment of a total precept of £60,798,019 (Option B), as detailed on Page 2 of the respective budget booklet, be approved;</i></b></p> <p><b><i>(B). the council tax for each property bands A to H associated with the total precept as detailed in the respective budget booklet, be approved; and</i></b></p> <p><b><i>(iii). that the Treasurer's 'Statement of the Robustness of the Budget Estimates and the Adequacy of the Authority Reserve Balances', as set out at Appendix B to this report, be endorsed.</i></b></p> <p><b><i>(b). That, as the budget is subject to variations in the pay for operational staff, negotiations for which are still on-going for the 2022-23 award:</i></b></p> <p><b><i>(i). the Treasurer be delegated authority to balance the budget from reserves in the event that the final pay award settlements for 2022-23 and 2023-24 exceed the budgeted amounts for those years (5% and 2% respectively);</i></b></p> <p><b><i>(ii). that any use of reserves so required be reported for information to the next appropriate meeting of the Resources Committee.</i></b></p>

<p><b>EXECUTIVE SUMMARY</b></p>	<p>It is a legislative requirement that the Authority sets a level of revenue budget and Council Tax for the forthcoming financial year by the 11 March each year.</p> <p>In the 2023-24 Local Government Finance Settlement the fire sector has, for the first time, been given the option to increase Council Tax, for 2023-24 only, by up to £5 to assist with the pressures seen from inflation and pay awards. If this increase is exceeded, it would trigger the need to hold a referendum.</p> <p>This report considers potential options A and B below for Council Tax in 2023-24:</p> <p style="padding-left: 40px;">OPTION A – Freeze Council Tax at 2021-22 level (<b>£91.79 for a Band D Property</b>).</p> <p style="padding-left: 40px;">OPTION B – Increase Council Tax by maximum permitted of £5 above 2022-23 (<b>increase of 5.45% pa to £96.79 for Band D Property</b>).</p> <p>These options were initially considered by the Resources Committee at its budget meeting on 6 February 2023. The Committee resolved to recommend that the Authority approve Option B.</p>
<p><b>RESOURCE IMPLICATIONS</b></p>	<p>As indicated in the report.</p>
<p><b>EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)</b></p>	<p>Not applicable.</p>
<p><b>APPENDICES</b></p>	<p>A. Core Net Revenue Budget Requirement 2023-24.</p> <p>B. Statement of the Robustness of the Budget Estimates and the Adequacy of the Authority Reserves and Balances.</p>
<p><b>LIST OF BACKGROUND PAPERS</b></p>	<p>Nil.</p>

## **1. FOREWORD AND INTRODUCTION**

- 1.1. The draft budget for 2023-24 provides an opportunity to support reform of Devon & Somerset Fire & Rescue Service (the Service) now and in the future. In January 2020 a number of significant changes to the Service Delivery Operating Model were approved by the Authority which better aligned resources to risk. To balance the budget, a number of professional staff posts have been removed from the establishment for 2023-24 coupled with a suspension for one year of the revenue contribution to capital.
- 1.2. It is a legislative requirement that the Devon & Somerset Fire & Rescue Authority (the Authority) sets a level of revenue budget and Council Tax for the forthcoming financial year, before 11 March, in order that it can inform each of the eleven Council Tax billing authorities within Devon and Somerset of the level of precept required from the Authority for 2023-24. The purpose of this report is to provide the necessary financial background for consideration to be given as to what would be appropriate levels of precept for the Authority.
- 1.3. The Localism Act 2011 includes provisions which require a local authority to hold a Council Tax referendum where an authority's Council Tax increase exceeds the Council Tax "excessiveness principles" applied for that year.
- 1.4. On 19 December 2022, the Department for Levelling Up, Housing and Communities (DLUCH) announced as part of the provisional Local Government Settlement the Council Tax limit to be applied in 2023-24. For the first time, the fire sector has been given the option to increase Council Tax, for 2023-24 only, by up to £5 to assist with the pressures seen from inflation and pay awards. If this increase is exceeded, it would trigger the need to hold a referendum. Given that the administration costs associated with holding a local referendum for the Service for one year are estimated to be in excess of £2.3m, this report does not include any proposals to go beyond the referendum limit.
- 1.5. A previous iteration of this report, setting out Options A and B in relation to Council Tax levels for 2023-24, was considered by the Resources Committee at its budget meeting on 6 February 2023. The Committee resolved to recommend that the Authority approve Option B. These options are set out at Section 3 of this report. It should be noted that this paper contains the updated information on National Non-Domestic Rates (NNDR) as reported to the Resources Committee meeting and which reduces the net budget requirement.
- 1.6. It should also be noted that the budget for the current financial year (2022-23) was set on the basis of a 5% pay award for operational staff. Similarly, an estimated pay award of 2% has been used in preparing the proposed budget for 2023-24. The pay settlement for 2022-23 is still subject to negotiation. Should the final settlement for this year and 2023-24 ultimately exceed the indicated amounts, then – to deliver a balanced budget for both financial years - it is recommended that the Treasurer be delegated authority to meet the amounts from reserves, subject to this being reported for information to the next appropriate meeting of the Resources Committee.

## 2. LOCAL GOVERNMENT FINANCE SETTLEMENT 2023-24

- 2.1. The provisional Local Government Finance Settlement for 2023-24 was announced on 19 December 2022, which provided local authorities with individual settlement funding assessment figures for one year only.
- 2.2. Table 1 below provides details of the Settlement Funding Assessment (SFA) for this Authority which results in an increase in 2023-24 of 5.62% over 2022-23 but an overall reduction of 19.67% since 2015-16:

	<b>SFA</b>	<b>SFA Reduction</b>	
	<b>£m</b>	<b>£m</b>	<b>%</b>
2015-16	29.413		
2016-17	26.873	-2.540	-8.64%
2017-18	23.883	-2.990	-11.13%
2018-19	22.618	-1.265	-5.30%
2019-20	21.961	-0.657	-2.91%
2020-21	22.319	0.358	1.63%
2021-22	22.354	0.035	0.16%
2022-23	22.551	0.197	0.88%
2023-24	23.819	1.268	5.62%
<b>Reduction over 2015-16</b>		<b>-5.594</b>	<b>-19.67%</b>

- 2.3. In addition to the settlement figures reported in Table 1 above, the Authority has been awarded a share of a Rural Services Delivery Grant which is only available to the most sparsely populated rural areas. The award is £0.445k for 2023-24.
- 2.4. There are other Section 31 grant funds, allocated to reduce the impact the impact of the increase in social costs of £0.7m which is included within the revenue budget as income.

## 3. COUNCIL TAX AND BUDGET REQUIREMENT 2023-24

### ***Council Tax***

- 3.1. It is, of course, an Authority decision to set a level of Council Tax that is appropriate to its funding position. For 2023-24, this report considers two options A and B as below:
- **OPTION A** – Freeze Council Tax at 2022-23 level (£91.79 for a Band D Property);
  - **OPTION B** – Increase Council Tax by £5.00 (5.45%) above 2022-23 - an increase of just under 42p a month, to £96.79 for a Band D Property.

- 3.2. The Authority could decide to set any alternative level below £5.00. Each 1% increase in Council Tax represents an 92p a year increase for a Band D property, and is equivalent to a £0.628m variation on the revenue budget. In relation to the referendum option, it is the Treasurer's view that given the costs of holding a referendum (circa £2.3m), it is not a viable option for the Authority to consider a Council Tax increase in excess of the £5.00 threshold.

**TABLE 2 – OPTIONS FOR COUNCIL TAX CHANGE – FUNDING 2023-24**

	OPTION A	OPTION B
	Council Tax Freeze at £91.79	Council Tax Increase of £5 to £96.79
	£m	£m
<b>TOTAL FUNDING 2022-23</b>	<b>77.289</b>	<b>77.289</b>
Increase in Formula Funding	0.987	0.987
Increase in Retained Business Rates from Business Rate Retention System*	2.522	2.522
<u>Changes in Council Tax Precept</u>		
- Increase in Council Tax Base	0.949	0.949
- resulting from an increase in Council Tax	-	3.141
- Increase in Share of Billing Authorities Council Tax Collection Funds	0.525	0.525
<b>TOTAL FUNDING AVAILABLE 2023-24</b>	<b>82.272</b>	<b>85.413</b>
<b>NET CHANGE IN FUNDING</b>	<b>4.983</b>	<b>8.124</b>

***Council Tax Base***

- 3.3. The total increase in government funding through the revenue support grant and of £0.987m is in line with inflation at 10.1% and comes after significant reductions amounting to 19.67% since 2015-16. The Service has seen an increase in the Council Tax base of just over 1.6%. The Authority's share of Council Tax collection fund surplus has increased to £1.062m from £0.537m the previous year.

***Retained Business Rates***

- 3.4. The Service considers that funding available from business rates has stabilised on the previous year.

### **Net Budget Requirement**

- 3.5. Table 3 below provides a summary of the Core Budget Requirement for 2023-24. A breakdown of the more detailed items included in this draft budget is included in Appendix A of this report.

**TABLE 3 – SUMMARY OF REVENUE BUDGET REQUIREMENT 2023-24**

	£m	£m
<b>Net Revenue Budget 2022-23</b>		<b>77.289</b>
PLUS Provision for pay and price increases (Pay award assumed 2%)	5.371	
PLUS funding adjustments	2.817	
PLUS Inescapable Commitments	0.151	
LESS Reduction in Professional staff posts and licence fees	(0.927)	
PLUS New Investment	2.104	
PLUS increase in income	(1.392)	
<b>INCREASE in budget requirement over 2022-23</b>		<b>8.124</b>
<b>Core spending requirement 2023-24</b>		<b>85.413</b>

- 3.6. As reduced funding will be available for the coming financial year and there will likely be further restrictions in coming years, officers have restricted requests for investment opportunities to only business critical initiatives.

### **Balancing the budget**

- 3.7. As is indicated in Table 3, the Revenue Budget Requirement for 2023-24 has been assessed as £85.413m. This is more than the amount of funding available under Option A and therefore cuts or additional funding needs to be identified in order that a balanced budget can be set.

**TABLE 4 – PROPOSALS TO BALANCE THE BUDGET 2023-24**

<b>PROPOSALS TO BALANCE THE REVENUE BUDGET</b>	<b>OPTION A £m</b>	<b>OPTION B £m</b>
Funding Available	82.272	85.413
LESS Net spending requirement 2023-24	85.413	85.413
<b>Shortfall</b>	<b>(3.141)</b>	<b>0.000</b>
Revenue Contribution to Capital – Reducing the budget for Revenue contribution to capital is considered within the context of the MTFP and Capital Affordability	0.000	0.000
Transfer from Reserves – in order to balance the budget.	3.142	0.000
<b>Total</b>	<b>0.000</b>	<b>0.000</b>

- 3.8. Whilst the Service is confident that the budget can be balanced if Council Tax is increased in line with Option B, there will be a budget shortfall of £3.142m in the coming year if it is frozen (i.e. Option A). Should Council Tax be frozen, the Authority would utilise its capital reserves to fund the gap in the short term while a plan to implement spending reductions across all areas of the Service is developed.

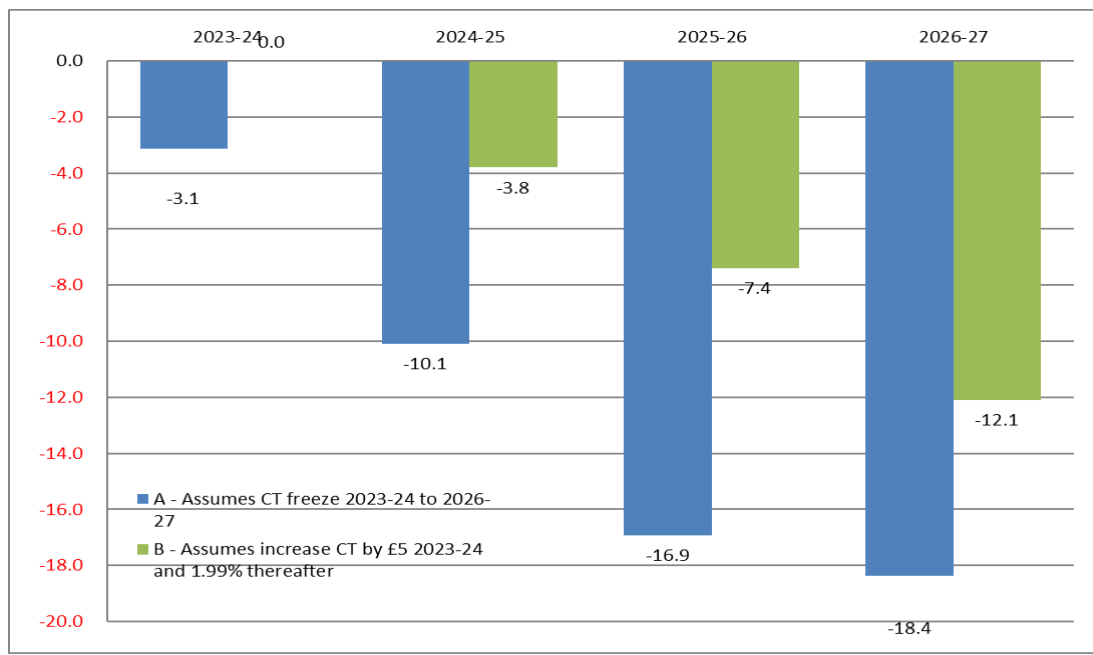
3.9. There is significant risk attached to Option A as this proposal will draw down against the capital funding reserve, meaning it will not be available to meet the future capital programme and the scale of efficiencies required would see reductions made to front line services.

**4. MEDIUM TERM FINANCIAL PLAN**

4.1. Given that the 2023-24 provisional Local Government Settlement is a one-year settlement, the future funding position is less certain. The approach taken to developing the plans and underlying assumptions are outlined in the MTFP document, which is elsewhere on the agenda.

4.2. The MTFP financial modelling tool has assessed a likely ‘base case’ scenario in terms of savings required over the period 2023-24 to 2025-26. Chart 1 provides an analysis of those forecast savings required in each year.

**CHART 1 – FORECAST BUDGET SAVINGS REQUIREMENT (CUMULATIVE) 2023 TO 2027 (BASE CASE) - £MILLIONS**



4.3. Chart 1 illustrates that further savings will be required beyond 2023-24 to plan for a balanced budget over the next three years to 2026-27. Should the Authority decide to freeze Council Tax in 2023-24 (Option A) and the following three years then the MTFP forecasts that total savings of up to £18.4m need to be planned for.

4.4. For year 2024-25, it is looking likely that most District & Unitary Councils in Devon and Somerset will enforce the option to charge a 100% council tax premium on second homes once the legislation allows. Officers are working with the Councils to get an understanding of the favourable impact this could have for the Authority.

### ***Authority Plan 2023 onwards***

- 4.5. This budget report proposes a balanced budget for the next financial year 2023-24 including proposals as to how budget savings can be achieved.
- 4.6. Looking beyond 2023-24 it is clear that the Authority needs to plan for the delivery of further recurring savings to ensure that balanced budgets can be set in each year of the Spending Review period.
- 4.7. The strategic approach to deliver the required savings is being developed following and an efficiency review has been initiated and will focus on the following priority areas:
  - How resources are being utilised; productivity of our staff and assets
  - Digitising and streamlining services to make them more efficient
  - Evidencing value for money of our services.

### **5. PRECEPT CONSULTATION 2023-24**

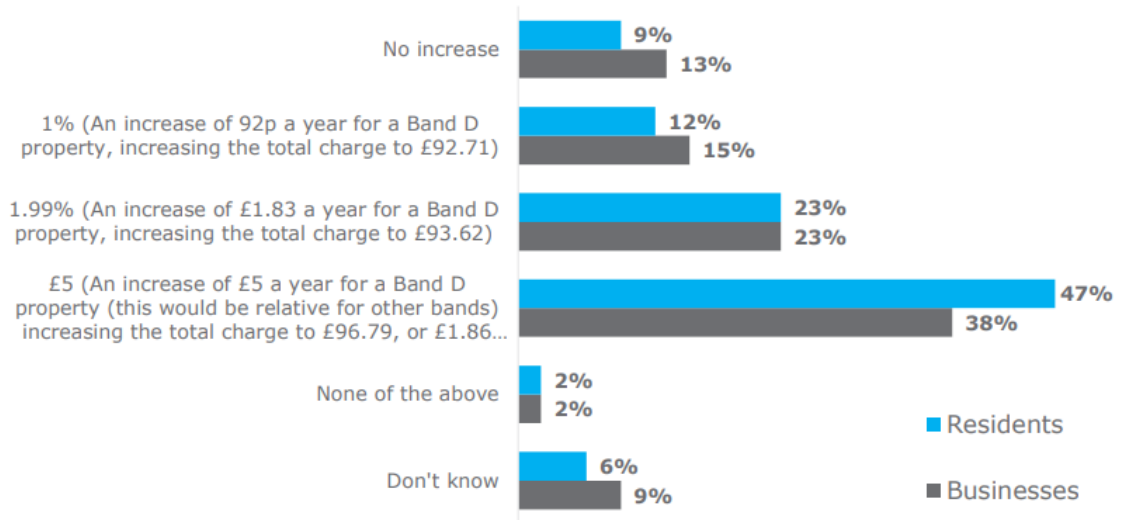
- 5.1. Section 65 of the Local Government Finance Act (1992) requires precepting authorities to consult non-domestic ratepayers on proposals for expenditure.
- 5.2. In addition to the statutory requirement, members of the public have in previous years also been consulted as it was deemed appropriate to include the public's views on the option of increasing Council Tax at a time of economic difficulty.
- 5.3. The consultation process ran throughout October and November 2022 and involved:
- 5.4. A telephone survey of 402 business and 400 residents.

#### ***Results from the Telephone Survey***

- 5.5. 67% of businesses agreed that it is reasonable for the Authority to consider increasing its Council Tax charge for 2023-24, while 15% disagreed that it is reasonable for them to do so, resulting in a net agreement of +52%.
- 5.6. 78% of residents agreed that it is reasonable for the Authority to consider increasing its Council Tax charge for 2023-24, while 11% disagreed, giving a net agreement of +67%.



**Chart 2: Level of increase that would be reasonable (Those respondents agreeing that it is reasonable for DSFRS to consider increasing its Council Tax charge for 2023-24)**

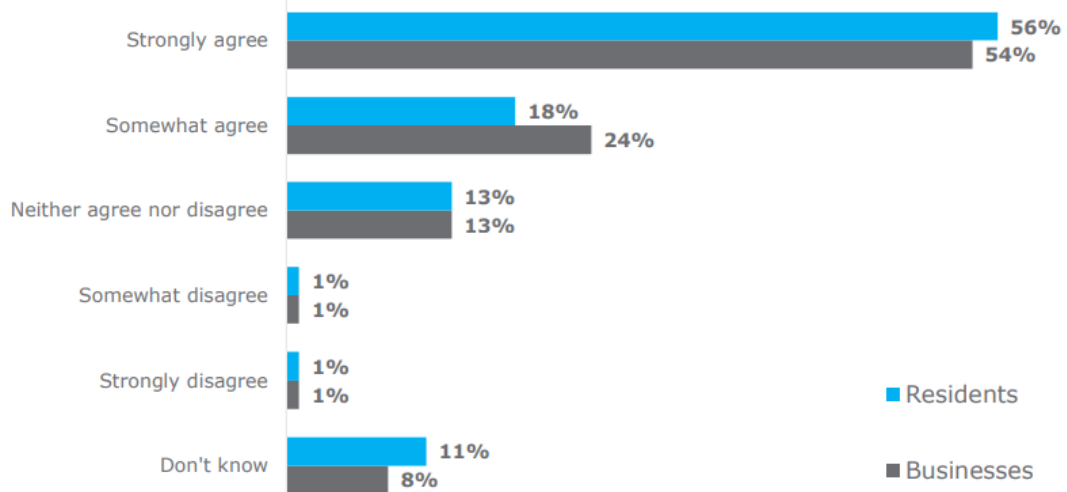


5.7. Of those respondents who agreed that a Council Tax increase would be reasonable 38% of businesses and 47% residents would support an increase of £5

***Providing Value for Money***

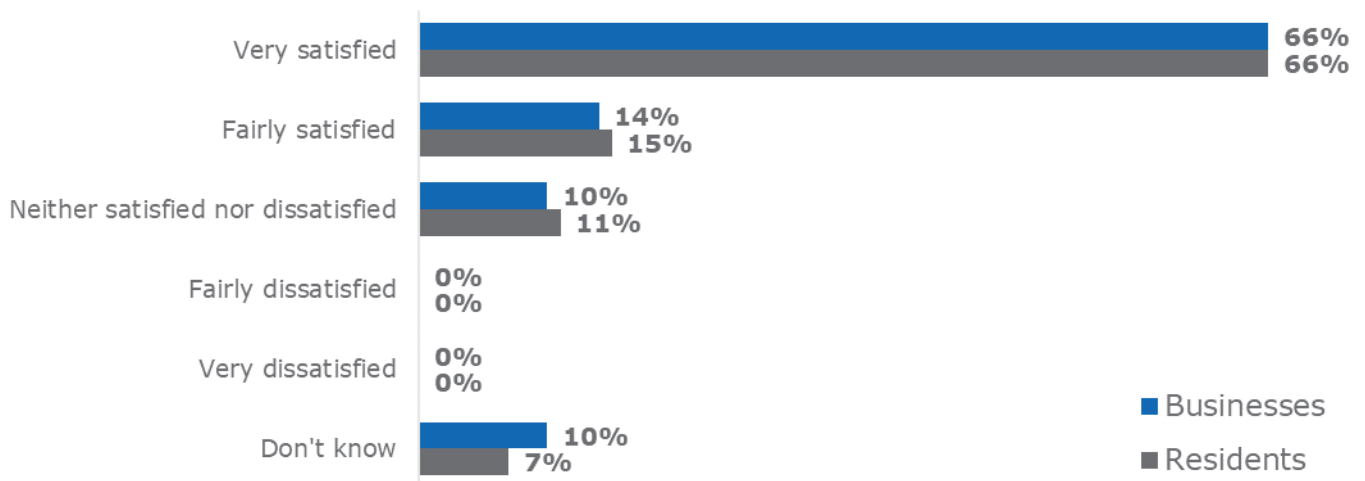
5.8. The consultation asked the responder if they felt the Fire Service provided value for money. The results in Chart 3 indicate 64% of businesses and 66% of residents strongly agreed.

**Chart 3: Question 1 Results of agreement to consider increasing the precept**



5.9. The responses indicate that the public are either very satisfied or fairly satisfied with the satisfaction on the service that is provided. 80% of businesses and 81% of residents felt this way.

Chart 4: Satisfaction with the service provided by DSFRS



**Survey Conclusion**

- 5.10. The results of the consultation indicate that the majority of respondents feel it would be reasonable for the Authority to consider increasing its precept for 2023-24. Those who agreed that it would be reasonable to consider an increase in the Council Tax precept were predominantly in favour of an increase of 1.99% or above.
- 5.11. Both businesses and residents agree that the Service provides value for money and were satisfied with the service provided.

**6. STATEMENT ON ROBUSTNESS OF BUDGET ESTIMATES AND THE ADEQUACY OF THE LEVELS OF RESERVES AND BALANCES**

6.1. It is a legal requirement under Section 25 of the Local Government Act 2003 that the person appointed as the ‘Chief Finance Officer’ to the Authority reports on the robustness of the budget estimates and the adequacy of the level of reserves. The Act requires the Authority to have regard to the report in making its decisions. This statement is included as Appendix B to this report.

**7. SUMMARY**

- 7.1. The Authority is required to set its level of revenue budget and Council Tax for 2023-24 by 11 March so that it can meet its statutory obligation to advise each of the eleven billing authorities in Devon and Somerset of the required level of precept. This report provides Members with the necessary background information to assist them in making decisions as to the appropriate levels for the Authority.
- 7.2. The report considers two potential options A and B and asks the Committee to consider the financial implications associated with each option with a view to recommending one of these options to the budget setting meeting of the Authority, to be held on the 15 February 2023.

**SHAYNE SCOTT**  
**Director of Finance, People and Estates (Treasurer)**

## APPENDIX A TO REPORT DSFRA/23/3

	£'000	2023/24 £000	%
<b>Approved Budget 2022-23</b>		<b>77,289.0</b>	
<b><u>Provision for pay and prices increase</u></b>			
Grey Book Pay Award (5 % July 22, assume 2% from July 2023)	2,508		
Green Book Pay Award (Assume approx. 4.5% April 22 and 2% April 23)	582		
Prices increases (assumed 5.0% CPI from April 2023)	2,175		
Pensions inflationary increase (tracks CPI - 3.2%)	106		
LGPS ER's increase of 1% (end of 3 year discount period)		5,371	6.9%
<b><u>Funding Adjustments</u></b>			
Revenue Contribution to Capital	-1,150		
Reduction in transfers from Reserves	3,967		
		2,817	
<b><u>Inescapable Commitments</u></b>			
Support Staff Increments	126		
Increase to pension charges for FFPS rate increase - McCloud/Sargent	0		
Pensions - anticipate reduced Ill Health/ Injury leavers	25		
		151	
<b><u>New Investment</u></b>			
On Call Pay for availability	1,344		
Operational staff including control	758		
		2,102	
<b><u>Income</u></b>			
Increase in investment interest	-425		
Reduction in Firelink grant	374		
Red One Income	283		
Section 31 grants	-864		
		-632	
<b><u>Anticipated savings</u></b>			
Cumulative budget savings	0		
Professional subscriptions	-17		
Reduction in Professional Staff establishment	-788		
ICT Service Delivery (Office 365 licence)	-139		
Unforeseen budget requirements (savings)	-713		
Decrease in minimum revenue provision	-30		
		-1,687	
<b>CORE BUDGET REQUIREMENT</b>		<b>85,413.0</b>	

**STATEMENT OF THE ROBUSTNESS OF THE BUDGET ESTIMATES AND THE ADEQUACY OF THE DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY LEVELS OF RESERVES**

It is a legal requirement under Section 25 of the Local Government Act 2003 that the person appointed as the 'Chief Finance Officer' to the Authority reports on the robustness of the budget estimates and the adequacy of the level of reserves. The Act requires the Authority to have regard to the report in making its decisions.

**THE ROBUSTNESS OF THE 2023-24 BUDGET**

The net revenue budget requirement for 2023-24 has been assessed as £85.413m (Option B in report). In arriving at this figure, a detailed assessment has been made of the risks associated with each of the budget headings and the adequacy in terms of supporting the goals and objectives of the authority as included in the Community Risk Management Plan and the Fire and Rescue Plan. It should be emphasised that these assessments are being made for a period up to the 31 March 2023, in which time external factors, which are outside of the control of the authority, may arise which will cause additional expenditure to be incurred. The most significant example of this is the pay award for operational staff which is yet to be agreed. The majority of On-Call pay costs are dependent on the number of call outs during the year, which can be subject to volatility dependent on spate weather conditions. Other budgets, such as fuel and energy are affected by market forces that often lead to fluctuations in price that are difficult to predict. Details of those budget heads that are most at risk from these uncertainties are included in Table 1 overleaf, along with details of the action taken to mitigate each of these identified risks.

Local government and the fire sector are entering a period of significant uncertainty over funding and cost pressures such as pay awards, going forward. Unfunded pension schemes and legal challenges over pension terms represent a significant risk to the Authority. It is therefore vitally important that resourcing and investment decisions are made which minimise risks going forward to enable the Authority to be as resilient as possible in future years.

Whilst there is only a legal requirement to set a budget requirement for the forthcoming financial year, the Medium Term Financial Plan (MTFP) provides forecasts to be made of indicative budget requirements over a five year period covering the years 2023-24 to 2026-27. These forecasts include only prudent assumptions in relation future pay awards and prices increases, which will need to be reviewed in light of pay settlements and movement in the Consumer Prices Index.

**TABLE 1 – BUDGET SETTING 2023-24 ASSESSMENT OF BUDGET HEADINGS MOST SUBJECT TO CHANGE**

Budget Head	Budget Provision 2023-24 £m	RISK AND IMPACT	MITIGATION
Service Delivery staff costs	61.1	There is a high level of uncertainty around pay increases, particularly whether pay awards will be linked to a change to the Firefighter role map to include emergency medical response. Each 1% pay award is equivalent to £0.590m of additional pressure on the revenue budget.	Funding decisions for this model will need to be considered for future years.
Fire-fighter's Pensions	2.5	Whilst net pension costs funded by the government through a top-up grant arrangement, the Authority is still required to fund the costs associated with ill-health retirements, and the potential costs of retained firefighters joining the scheme.	In establishing a Pensions Reserve an allowance has been made for a potential overspend on this budget
Insurance Costs	0.9	The Fire Authority's insurance arrangements require the authority to fund claims up to agreed insurance excesses. The costs of these claims are to be met from the revenue budget. The number of claims in any one-year can be very difficult to predict, and therefore there is a risk of the budget being insufficient. In addition some uninsured costs such as any compensation claims from Employment Tribunals carry a financial risk to the Authority.	General Reserve
Fuel Costs	0.7	This budget has increased to take into account the rising cost of fuel. The Service is investing in new ways of working associated with the environmental strategy so will be introducing electric vehicles during 2023-24	General Reserve
Treasury Management Income	(0.5)	As a result of the economic downturn, the increase in bank rates over the last 12 months has seen a resultant increase in investment returns. The ability to generate much higher levels of investment returns over previous years has been achieved. This has resulted in an increase in the budget of £0.5m. There is a risk that market conditions could reduce should bank rates start to come down quicker than currently predicted.	The target income has been set at a prudent level of achieving only a 0.3% return on investments. Budget monitoring processes will identify any potential shortfall and management informed so as any remedial action can be introduced as soon as possible.
Income	(0.7)	Whilst the authority has only limited ability to generate income, the budget has been set on the basis of delivering £1.4m of external income. Due to economic uncertainty this budget line may be at risk.	Budget monitoring processes will identify any potential shortfall and management informed so as any remedial action can be introduced as soon as possible. A modest provision for doubtful debts is available to protect the Authority from potential losses.
Capital Programme	7.0	Capital projects are subject to changes due to number of factors; these include unforeseen ground conditions, planning requirements, necessary but unforeseen changes in design, and market forces.	Capital projects are subject to risk management processes that quantify risks and identify appropriate management action. Any changes to the spending profile of any capital projects will be subject to Committee approval in line with the Authority Financial Regulations.
Revenue Contribution to Capital	0.1	This amount from the revenue budget has been temporarily suspended to support the revenue budget. However, £0.3m of the contribution is dependent on maintaining trading income levels, if these are not achieved the capital budget will need to be reduced by this amount	Capital programme and strategy, £13.5m Capital Reserve

## **THE ADEQUACY OF THE LEVEL OF RESERVES**

Total Reserve balances for the Authority as at April 2022 was £35.6m, made up of Earmarked Reserves (committed) of £31.6m, and General Reserve (uncommitted) of £4.1m. This will decrease by the end of the financial year as a result of planned expenditure against those reserves during the year. A General Reserve balance of £4.1m is equivalent to 5.5% of the total revenue budget for 2022-23 or 19 days of Authority spending, the figure is subject to a risk assessment annually.

The Authority has adopted an “in principle” strategy to maintain the level of reserves at a minimum of 5% of the revenue budget for any given year, with the absolute minimum level of reserves only being breached in exceptional circumstances, as determined by risk assessment. This does not mean that the Authority should not aspire to have more robust reserve balances based upon changing circumstances, but that if the balance drops below 5% (as a consequence of the need to utilise reserves) then it should immediately consider methods to replenish the balance back to a 5% level.

The Authority used an element of the general reserve during 2021-22 however, the pleasing note is there is no requirement to call on them for 2022-23 or 2023-24 to fund emergency spending. The plan being to increase the general reserve to ensure the 5% level is maintained as a minimum. The importance of holding adequate levels of general reserves has been highlighted on a number of occasions in recent times, the impact of the pandemic and the problems experienced by the global financial markets are just two examples of external risks which local authorities may need to take into account in setting levels of reserves and wider financial planning.

The Authority’s Reserves Strategy is reviewed annually and is available on the website [www.dsfire.gov.uk](http://www.dsfire.gov.uk).

## **CONCLUSION**

It is considered that the budget proposed for 2023-24 represents a sound and achievable financial plan, and will not increase the Authority’s risk exposure to an unacceptable level. The estimated level of reserves is judged to be adequate to meet all reasonable forecasts of future liabilities.

**SHAYNE SCOTT**

**Director of Finance, People and Estates (Treasurer)**