

DEVON & SOMERSET FIRE & RESCUE AUTHORITY
(Budget Meeting)

15 February 2023

Present:

Councillors Randall-Johnson (Chair), Aspinall, Best, Biederman, Brazil, Chesterton, Clayton, Coles, Cook-Woodman (Vice-Chair), Drear, Hannaford, Hendy, Kendall, Long, Peart, Power, Radford, Sellis, Shayer, Sully, Thomas and Trail BEM.

Apologies:

Councillors Kerley, McGeough, Prowse and Roome.

DSFRA/22/27 Minutes

RESOLVED that the Minutes of the meeting held on 12 December 2022 be signed as a correct record.

DSFRA/22/28 Minutes of Committees

a Audit & Governance Committee

The Chair of the Committee, Councillor Brazil, **MOVED** the Minutes of the meeting held on 18 January 2023 which had considered, among other things:

- The Authority's financial statements for the year ended 31 March 2022, together with the external audit findings on the financial statements;
- The final Annual Statement of Assurance 2021-22;
- A report on the Internal Audit Charter and Strategy 2022-23 and internal audit planning 2023-24; and
- A follow-up report to the internal audit of Home Fire Safety Visits.

RESOLVED that the Minutes be adopted in accordance with Standing Orders.

b People Committee

The Chair of the Committee, Councillor Hannaford, **MOVED** the Minutes of the meeting held on 25 January 2023 which had considered, among other things:

- A report as at Quarter 3 of the current (2022-23) financial year against those strategic priorities within the remit of the Committee; and
- A report on progress against the Action Plans to address both the Cause for Concern and Areas for Improvement within the remit of the Committee and as identified by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) following its last inspection of the Service;

RESOLVED that the Minutes be adopted in accordance with Standing Orders.

c Community Safety Committee

The Chair of the Committee, Councillor Chesterton, **MOVED** the Minutes of the meeting held on 31 January 2023 which had considered, among other things:

- A report on performance as at Quarter 3 of the current (2022-23) financial year against those strategic priorities within the remit of the Committee;
- A report on a change to the Key Performance Indicator (KPI) for risk-priority pumps;
- A report on progress against those Areas of Improvement within the remit of the Committee as identified by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) following its last inspection of the Service;
- A report on National Resilience exercising requirements; and
- A report on protection enforcement by the Service.

RESOLVED that the Minutes be adopted in accordance with Standing Orders.

d Resources Committee

The Chair of the Committee, Councillor Peart, **MOVED** the Minutes of the Budget meeting held on 6 February 2023 which had considered, among other things:

- A report on the proposed 2023-24 Revenue Budget and Council Tax levels;
- A report on the Capital Strategy;
- A report on the proposed Capital Programme 2023-24 to 2025-26;
- A report on the Treasury Management Strategy (including Prudential and Treasury Indicators) 2023-24 to 2025-26;
- A report on Treasury Management Performance as at Quarter 3 of the current (2022-23) financial year;
- A report on financial performance as at Quarter 3 against the approved budget for the current (2022-23) financial year; and
- A report on the financial performance of Red One Ltd. as at Quarter 3 against the approved budget for the current (2022-23) financial year.

RESOLVED

- (i). That the recommendations in the Minutes relating to:
 - a. The Capital Strategy;
 - b. The proposed 2023-24 Revenue Budget and Council Tax levels;
 - c. The proposed Capital Programme 2023-24 to 2025-26; and
 - d. The Treasury Management Strategy (including Prudential and Treasury Indicators) 2023-24 to 2025-26

be considered in conjunction with Minutes DSFRA//22/30 and DSFRA/22/31(a) to (c) inclusive, and respectively, below;

- (ii). That, subject to (i) above, the Minutes be adopted in accordance with Standing Orders.

(See also Minutes DSFRA/22/30 and DSFRA/22/31(a) to (c) inclusive below)

DSFRA/22/29 Medium-Term Financial Plan

The Authority considered a report of the Director of Finance, People & Estates (Treasurer) (DSFRA/23/1) setting out the Medium-Term Financial Plan for Authority funding, income and expenditure forecasts for the next five years, as required by the Fire & Rescue National Framework for England.

RESOLVED that the Medium-Term Financial Plan as detailed in report DSFRA/23/1, be endorsed.

(See also Minutes DSFRA/22/31(a) to (c), inclusive and DSFRA/22/34, below)

DSFRA/22/30 Capital Strategy

The Authority considered a report of the Director of Finance, People & Estates (Treasurer) (DSFRA/22/3) setting out a proposed capital strategy for the Authority, as required by the Chartered Institute of Public Finance and Accountancy Prudential Code (as revised).

The Strategy provided a high-level overview of how capital expenditure (and the way it is financed) contributes to the provision of services together with an overview of how associated risk would be managed and the implications for future financial sustainability. The Strategy also set out the governance processes for approval and monitoring of capital expenditure.

The Strategy was a key document for the Authority and formed part of the financial planning arrangements, reflecting the priorities of the Medium-Term Financial Plan.

The Resources Committee, at its budget meeting on 6 February 2023, had considered the strategy and resolved to commend it to the Authority for endorsement (Minute RC/22/15 refers).

RESOLVED that, as recommended by the Resources Committee budget meeting on 6 February 2023, the Capital Strategy as set out in report DSFRA/23/2 be approved.

(See also Minutes DSFRA/22/28(d) above and Minutes DSFRA/22/31(a) to (c) (inclusive) and DSFRA/22/34 below)

DSFRA/22/31 REVENUE AND CAPITAL BUDGETS

a 2023-24 Revenue Budget and Council Tax Levels

The Authority considered a joint report of the Director of Finance, People & Estates (Treasurer) and the Chief Fire Officer (DSFRA/23/3) on the draft 2023-24 revenue budget and associated Council Tax levels.

Two options were presented together with an accompanying budget book for each option:

Option A: that the level of council tax in 2023-24 for a Band D property be set at £91.79, as outlined in Option A, representing no increase over 2022-23 and representing a Net Revenue Budget Requirement for 2023-24 of £82.272m; or

Option B: that the level of council tax in 2023-24 for a Band D property be set at £96.79, as outlined in Option B, representing a £5 increase over 2022-23 and representing a Net Revenue Budget Requirement for 2023-24 of £85.413m.

A one-year Local Government Finance Settlement had been announced on 19 December 2022. This indicated a Settlement Funding Assessment for the Authority of £23.819m for 2023-24, a 1.268% increase on the settlement for 2022-23 but representing a 19.67% decrease on the settlement for 2015-16.

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 was 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. The Authority had also received a £0.445m share of the Rural Services Delivery Grant for 2023-24 together with £0.7m Section 31 grant funding to reduce the impact of the increase in social costs. These sums were included as income in the proposed revenue budget.

The Authority was advised that, should budget option A be selected, then the net spending requirement exceeded available funding by £3.141m. This shortfall could be met by a transfer from reserves in the short-term while a plan to implement spending reductions across all Service areas was developed. Option B, however, would not require any contribution from reserves.

The Medium-Term Financial Plan identified a requirement for further savings beyond 2023-24 to ensure that balanced budgets could be set in each year of the Spending Review period.

The strategic approach to deliver the required savings in future years was being developed following an efficiency review which had been initiated and would focus on the following priority areas:

- How resources were being utilised; productivity of Service staff and assets;
- Digitising and streamlining services to make them more efficient; and
- Evidencing value for money in the delivery of services.

As required by Section 65 of the Local Government Finance Act 1992, non-domestic ratepayers had been consulted on proposals for expenditure. Members of the public had also been consulted. The consultation results indicated that:

- 67% of businesses agreed that it was 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%.
- 78% of residents agreed that it was reasonable for the Authority to consider increasing its Council Tax charge for 2023-24, while 11% disagreed, giving a net agreement of +67%.

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

Additionally, the consultation results indicated that:

- 54% of businesses and 56% of residents agreed strongly that the Service provided good value for money; and
- 80% of businesses and 81% of residents were either very or fairly satisfied with the service provided.

The report also indicated that the budget for the current (2022-23) financial year 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 was, however, still subject to negotiation and 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 was proposed 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.

Appended to the report was a statement on the robustness of the budget estimates and the adequacy of the levels of reserves and balances, as required by Section 25 of the Local Government Act 2003.

The Resources Committee, at its budget meeting on 6 February 2023, had considered an earlier version of the report alongside revised figures (subsequently incorporated into this report) reflecting the updated position on National Non-Domestic Rates. The Committee had resolved to recommend that the Authority approve Option B (Minute RC/22/14 refers).

Councillor Hannaford **MOVED** (with Councillor Peart seconding) that the recommendations as set out in report DSFRA/23/3 be approved, subject to recommendation (b)(i) being amended to read:

“that the Treasurer be delegated authority to draw on reserves to a maximum of £2.8m to balance the budget 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).

The Motion was put to the vote and declared **CARRIED**, whereupon it was

RESOLVED

- (i). That, as recommended by the Resources Committee at its budget meeting on 6 February 2023, the level of council tax in 2023-24 for a Band D property be set at £96.79, as outlined in Option B of report DSFRA/22/3, and that accordingly a Net Revenue Budget Requirement for 2023-24 of £85,412,600 be approved;
- (ii). That, as a consequence of (i) above:
- a. The tax base for payment purposes required from each billing authority for payment of a total precept of £60,798,019 (Option B), as detailed on page 3 of the respective budget booklet (circulated separately with the agenda for the meeting) and reproduced in the following table, be approved

Billing Authority	Tax Base used for Collection	Surplus/ (Deficit) for 2022-23	Precepts due in 2023-24	Total due in 2023-24
East Devon	61,653.00	140,335	5,967,394	6,107,729
Exeter	38,247.00	52,667	3,701,927	3,754,594
Mid Devon	29,832.98	7,255	2,887,534	2,894,789
North Devon	35,085.94	59,389	3,395,968	3,455,357
Plymouth City	74,891.00	84,453	7,248,700	7,333,153
Somerset Council	205,674.09	364,212	19,907,195	20,271,407
South Hams	39,949.00	117,000	3,866,664	3,983,664
Teignbridge	50,215.00	42,361	4,860,310	4,902,671
Torbay	46,620.10	54,934	4,512,359	4,567,293
Torridge	24,749.62	36,671	2,395,516	2,432,187
West Devon	21,225.87	103,000	2,054,452	2,157,452
	628,143.60	1,062,277	60,798,019	61,860,296

- b. The council tax for each of the property bands A to H associated with a total precept of £60,798,019 (Option B), as detailed on page 3 of the respective budget booklet and reproduced in the following table, be approved

Valuation Band	Ratio	Government Multiplier %	Council Tax £ p
A	6/9	0.667	64.53
B	7/9	0.778	75.28
C	8/9	0.889	86.04
D	1	1.000	96.79
E	11/9	1.222	118.30
F	13/9	1.444	139.81
G	15/9	1.667	161.32
H	18/9	2.000	193.58

- (iii). That the Treasurer's Statement on the Robustness of the Budget Estimates and the Adequacy of the Authority Reserves Balances, as set out in Appendix B to report DSFRA/22/3 and attached at Appendix A to these Minutes, be endorsed; and
- (iv). That, as the budget is subject to variations in the pay for operational staff:
 - a. The Treasurer be delegated authority to draw on reserves to a maximum of £2.8m to balance the budget 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); and
 - b. That any use of reserves so required be reported for information to the next appropriate meeting of the Resources Committee.

(See also Minutes DSFRA/22/28(d) and DSFRA/22/29 above and Minute DSFRA/22/34 below)

b Capital Programme 2023-24 to 2025-26

The Authority considered a report of the Director of Finance, People & Estates (Treasurer) (DSFRA/23/4) on the proposed Authority Capital Programme 2023-24 to 2025-26 and associated Prudential Indicators.

While the proposed programme and funding would increase the external borrowing requirement from the current level of £24.3million to £25.8million by 2025-26, the debt ratio of financing costs to the net revenue scheme, a key Prudential Indicator, would remain below the 5% maximum limit previously approved by the Authority throughout the period of the programme.

The report identified proposed expenditure on both estate and fleet capital projects over the period of the programme, with indicative expenditure (and associated Prudential Indicators) for a further two years (2025-26 and 2026-27).

There remained considerable difficulties in meeting the full capital expenditure needs for the Service and in maintaining the 5% debt ratio limit. The proposed capital programme had been constructed on the basis that revenue budget contribution to capital would be maintained in future years but this may not be possible. Unless capital assets were further rationalised, however, there would be a need for external borrowing in 2024-25. Decisions on further spending would be subject to annual review based on the financial position of the Authority.

The Resources Committee, at its budget meeting on 6 February 2023, had previously considered a version of this report and resolved to recommend that the Authority approval the Capital Programme 2023-24 to 2025-26 and associated Prudential Indicators (Minute RC/22/16 refers).

RESOLVED

- (a). that, as recommended by the Resources Committee, the Capital Programme 2023-24 to 2025-26 and associated Prudential Indicators, as summarised in Appendices A and B respectively of report DSFRA/23/4 and set out at Appendices B and C of these Minute, be approved;
- (b). that, subject to (a) above, the forecast impact on the proposed Capital Programme (from 2026-27 onwards) on the 5% debt ratio Prudential Indicator, as indicated in the report, be noted.

(See also Minutes DSFRA/22/28(d) and DSFR/22/30 above and Minutes DSFRA/22/31(c) and DSFRA/22/34 below)

c Treasury Management Strategy (Including Prudential and Treasury Indicators) 2023-24 to 2025-26

The Authority considered a report of the Director of Finance, People & Estates (Treasurer) (DSFRA/23/5) detailing:

- the proposed Treasury Management Strategy (including Prudential Indicators) and investment strategy for 2023-24;
- Prudential Indicators associated with the proposed Capital Programme 2023-24 to 2025-26;
- a Minimum Revenue Provision Statement 2023-24; and
- certification that none of the Authority's spending plans would include the acquisition of assets primarily for yield.

The proposed Strategy had been prepared in accordance with the requirements of the Local Government Act 2003 and the Treasury Management Code of Practice produced by the Chartered Institute of Public Finance and Accountancy.

The Resources Committee, at its budget meeting on 6 February 2023, had considered a version of this report and resolved to recommend that the Authority approve the Treasury Management and Annual Investment Strategy together with the Minimum Revenue Provision Statement (Minute RC/22/17 refers).

RESOLVED that, as recommended by the Resources Committee:

- (a). the Treasury Management Strategy and Annual Investment Strategy 2023-24 (including the Capital Financing Requirement and Estimated Authorised Borrowing Limit) as set out in report DSFRA/23/5 be approved;
- (b). the Prudential Indicators and Treasury Management Indicators as appended to the report and attached as Appendix C to these Minutes be approved; and
- (c). the Minimum Revenue Provision Statement 2023-24 as appended to the report and attached as Appendix D to these Minutes be approved.

(See also Minutes DSFRA/22/28(d), DSFR/22/30 and DSFRA/22/31(b) above and Minute DSFRA/22/34 below)

DSFRA/22/32 Localism Act 2011 - Pay Policy Statement 2023-24

The Authority considered a report of the Deputy Monitoring Officer (DSFRA/23/6) to which was attached the proposed Pay Policy Statement to operate for the Authority for the forthcoming (2023-24) financial year. The Localism Act 2011 required such a statement, setting out the Authority's policy towards a range of issues relating to the pay of its workforce (particularly senior staff and the lowest paid employees), to be approved prior to the commencement of each financial year and published, as a minimum, on the Authority's website.

The proposed Pay Policy Statement for 2023-24 had been updated to reflect current pay levels of senior officers and other staff but other than that was unchanged from the previous year.

RESOLVED

- (a). that the Pay Policy Statement for the 2023-24 financial year, as appended to report DSFRA/23/6, be approved and published on the Authority's website;
- (b). that the Director of Finance, People and Estates be delegated authority to make any consequential amendments to the Pay Policy Statement as may be necessitated by the resolution of any outstanding pay awards for 2022-23 and to publish a revised Statement, as necessary, on the Authority's website.

(In accordance with Standing Order 26(3), Councillor Biederman requested that his abstention from voting on this item be recorded)

DSFRA/22/33 Exclusion of the Press and Public

RESOLVED that, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to the financial and business affairs of any particular person – including the authority holding that information.

DSFRA/22/34 Proposed Realisation of Capital Receipt

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972 during which the press and public were excluded from the meeting).

The Authority considered a report of the Director of Finance, People & Estates (DSFRA/23/7) on the proposed disposal of a property asset considered surplus to requirements.

The report identified:

- the legal considerations associated with the disposal;
- the Authority's current policy for disposal of property assets in accordance with these considerations;
- the indicative receipt from the asset; and
- the proposed method of disposal.

The Authority had been advised earlier in the meeting of the budgetary pressures both in the short and longer-term. Disposal of this property asset would realise a much-needed capital receipt for use in addressing these pressures.

RESOLVED

- (a). That disposal of the asset identified in report DSFRA/23/7 be approved; and
- (b). That the Director of Finance, People & Estates be authorised to dispose of the property asset for the best consideration that can reasonably be obtained.

(See also Minutes DSFRA/22/29 to DSFRA/22/31(c), inclusive, above)

APPENDIX A TO THE MINUTES OF THE AUTHORITY BUDGET MEETING 15 FEBRUARY 2023

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.

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)

**APPENDIX B TO THE MINUTES OF THE AUTHORITY BUDGET
MEETING 15 FEBRUARY 2023**

Capital Programme 2023/24 to 2027/28									
2022/23 £000 Budget	2022/23 £000 Forecast Outturn	Item	PROJECT	2023/24 £000 Budget	2024/25 £000 Budget	2025/26 £000 Budget	2026/27 £000 Indicative Budget	2027/28 £000 Indicative Budget	
			Estate Development						
693	607	1	Site re/new build	1,880	3,000	0	0	0	
3,957	1,876	2	Improvements & structural maintenance	4,109	800	100	100	100	
4,650	2,483		Estates Sub Total	5,989	3,800	100	100	100	
			Fleet & Equipment						
4,593	3,524	3	Appliance replacement	4,413	0	1,800	2,100	2,000	
820	420	4	Specialist Operational Vehicles	2,979	2,300	2,000	0	0	
317	37	5	ICT Department	570	400	700	0	0	
5,730	3,981		Fleet & Equipment Sub Total	7,962	2,700	4,500	2,100	2,000	
(1,800)	0	6	Optimism bias Sub Total	(1,200)	400	800	0	0	
8,580	6,464		Overall Capital Totals	12,751	6,900	5,400	2,200	2,100	
			Programme funding						
5,715	4,296	7	Earmarked Reserves:	11,418	1,405	846	0	0	
1,200	140	8	Revenue funds:	50	2,050	2,050	2,050	2,050	
300	663	9	Capital receipts:	0	0	0	0	0	
1,365	1,365	10	Borrowing - internal	1,283	1,370	1,962	150	50	
		11	Borrowing - external	0	2,075	542			
8,580	6,464		Total Funding	12,751	6,900	5,400	2,200	2,100	

APPENDIX C TO THE MINUTES OF THE AUTHORITY BUDGET MEETING 15 FEBRUARY 2023

PRUDENTIAL INDICATORS					
	2023/24	2024/25	2025/26	INDICATIVE INDICATORS	
	£m	£m	£m	2026/27	2027/28
	Estimate	Estimate	Estimate	Estimate	Estimate
Capital Expenditure					
Non - HRA	12.751	6.900	5.400	2.200	2.100
HRA (applies only to housing authorities)					
Total	12.751	6.900	5.400	2.200	2.100
Ratio of financing costs to net revenue stream					
Non - HRA	2.91%	2.97%	3.15%	2.67%	2.59%
HRA (applies only to housing authorities)	0.00%	0.00%	0.00%	0.00%	0.00%
Capital Financing Requirement as at 31 March					
	£000	£000	£000	£000	£000
Non - HRA	23,771	25,388	25,836	24,291	22,637
HRA (applies only to housing authorities)	0	0	0	0	0
Other long term liabilities	656	509	349	182	0
Total	24,426	25,897	26,186	24,473	22,637
Annual change in Capital Financing Requirement					
	£000	£000	£000	£000	£000
Non - HRA	(628)	1,471	289	(1,713)	(1,836)
HRA (applies only to housing authorities)	0	0	0	0	0
Total	(628)	1,471	289	(1,713)	(1,836)
PRUDENTIAL INDICATORS - TREASURY MANAGEMENT					
Authorised Limit for external debt					
	£000	£000	£000	£000	£000
Borrowing	25,553	27,215	27,321	27,151	26,475
Other long term liabilities	823	681	527	359	182
Total	26,376	27,897	27,848	27,509	26,657
Operational Boundary for external debt					
	£000	£000	£000	£000	£000
Borrowing	24,364	25,946	26,030	25,936	25,343
Other long term liabilities	791	656	509	349	182
Total	25,155	26,602	26,539	26,286	25,525
Maximum Principal Sums Invested over 364 Days					
Principal Sums invested > 364 Days	5,000	5,000	5,000	5,000	5,000

TREASURY MANAGEMENT INDICATOR	Upper Limit %	Lower Limit %
Limits on borrowing at fixed interest rates	100%	70%
Limits on borrowing at variable interest rates	30%	0%
Maturity structure of fixed rate borrowing during 2023/24		
Under 12 months	30%	2%
12 months and within 24 months	30%	2%
24 months and within 5 years	50%	14%
5 years and within 10 years	75%	1%
10 years and above	100%	81%

**APPENDIX D TO THE MINUTES OF THE AUTHORITY BUDGET
MEETING 15 FEBRUARY 2023**

MINIMUM REVENUE PROVISION STATEMENT 2023-24

Supported Borrowing

The Minimum Revenue Provision will be calculated using the regulatory method (option 1). Minimum Revenue Provision will therefore be calculated using the formulae in the old regulations, since future entitlement to RSG in support of this borrowing will continue to be calculated on this basis.

Un-Supported Borrowing (including un-supported borrowing prior to 1 April 2008)

The Minimum Revenue Provision in respect of unsupported borrowing under the prudential system will be calculated using the asset life method (option 3). The Minimum Revenue Provision will therefore be calculated to repay the borrowing in equal annual instalments over the life of the class of assets which it is funding. The repayment period of all such borrowing will be calculated when it takes place and will be based on the finite life of the class of asset at that time and will not be changed.

Finance Lease and PFI

In the case of Finance Leases and on balance sheet PFI schemes, the Minimum Revenue Provision requirement is regarded as met by a charge equal to the element of the annual charge that goes to write down the balance sheet liability. Where a lease of PFI scheme is brought, having previously been accounted for off-balance sheet, the Minimum Revenue Provision requirement is regarded as having been met by the inclusion of the charge, for the year in which the restatement occurs, of an amount equal to the write-down for the year plus retrospective writing down of the balance sheet liability that arises from the restatement. This approach produces a Minimum Revenue Provision charge that is comparable to that of the Option 3 approach in that it will run over the life of the lease or PFI scheme and will have a profile similar to that of the annuity method.

Minimum Revenue Provision will normally commence in the financial year following the one in which the expenditure was incurred. However, when borrowing to construct an asset, the authority may treat the asset life as commencing in the year in which the asset first becomes operational. It may accordingly postpone the beginning to make Minimum Revenue Provision until that year. Investment properties will be regarded as becoming operational when they begin to generate revenues.

Minimum Revenue Provision Overpayments

A change introduced by the revised MHCLG Minimum Revenue Provision Guidance was the allowance that any charges made over the statutory Minimum Revenue Provision, Voluntary Revenue Provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2020 the total Voluntary Revenue Provision overpayments were £nil.