

<b>REPORT REFERENCE NO.</b>	RC/22/1
<b>MEETING</b>	RESOURCES COMMITTEE
<b>DATE OF MEETING</b>	8 FEBRUARY 2022
<b>SUBJECT OF REPORT</b>	2022-23 REVENUE BUDGET AND COUNCIL TAX LEVELS
<b>LEAD OFFICER</b>	Director of Finance, People and Estates (Treasurer) and Chief Fire Officer
<b>RECOMMENDATIONS</b>	<p><b>(a). That the Committee consider the contents of this report in order to make a recommendation to the Fire Authority budget meeting that either:</b></p> <p><b>(i) that the level of council tax in 2022-23 for a Band D property be set at £90.00, as outlined in Option A in this report, representing no increase over 2021-22, and that accordingly a Net Revenue Budget Requirement for 2022-23 of £75,995,900 be approved;</b></p> <p><b>OR</b></p> <p><b>(ii) that the level of council tax in 2022-23 for a Band D property be set at £91.79, as outlined in Option B in this report, representing a 1.99% increase over 2021-22, and that accordingly a Net Revenue Budget Requirement for 2022-23 of £77,151,300 be approved;</b></p> <p><b>(b). that, as a consequence of the decisions at (a) above:</b></p> <p><b>(i) the tax base for payment purposes and the precept required from each billing authority for payment of total precept of £55,602,858 (Option A) OR £56,708,737 (Option B), as detailed on Page 2 of the respective budget booklets (to follow), be approved;</b></p> <p><b>(ii) 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</b></p> <p><b>(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.</b></p>

<b>EXECUTIVE SUMMARY</b>	<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. The Secretary of State has announced that the Council Tax threshold to be applied in 2022-23 that would trigger a requirement to hold a Council Tax referendum is to be 2.0%. This report considers potential options A and B below for Council Tax in 2022-23:</p> <p style="padding-left: 40px;"><b>OPTION A – Freeze Council Tax at 2021-22 level (£90.00 for a Band D Property).</b></p> <p style="padding-left: 40px;"><b>OPTION B – Increase Council Tax by 1.99% above 2021-22 (increase of £1.79 pa to £91.79 for Band D Property).</b></p> <p>The Committee is asked to consider the implications associated with each option, with a view to making a recommendation of one option to the full Authority budget meeting on 18 February 2022.</p>
<b>RESOURCE IMPLICATIONS</b>	As indicated in the report.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS</b>	Not applicable.
<b>APPENDICES</b>	<p>A. Core Net Revenue Budget Requirement 2022-23.</p> <p>B. Statement of the Robustness of the Budget Estimates and the Adequacy of the Authority Reserves and Balances.</p>
<b>BACKGROUND PAPERS</b>	Nil.

## **1. FOREWORD AND INTRODUCTION**

- 1.1. The draft budget for 2022-23 provides an opportunity to support reform of Devon and Somerset Fire and 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 Devon & Somerset Fire & Rescue Authority (hereinafter referred to as “the Authority”) which better aligned resources to risk. Underpinning the Safer Together programme is the new On Call payment system (Pay for Availability) which is expected to improve recruitment, retention and ultimately the safety of our communities by improving availability of fire engines. The system is more expensive and therefore savings released from the Service Delivery Operating Model have been re-invested in the On Call duty system.
- 1.2. Due to the economic impact of the Coronavirus pandemic on our communities and an increase in our operating costs, overall funding will not be sufficient to present a balanced budget for 2022-23 without the requirement to use reserves.
- 1.3. It is a legislative requirement that the Authority sets a level of revenue budget and Council Tax for the forthcoming financial year, before 1 March, in order that it can inform each of the fourteen Council Tax billing authorities within Devon and Somerset of the level of precept required from the Authority for 2022-23. 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.
- 1.4. 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.
- 1.5. On 17 December 2020, the Ministry of Housing, Communities and Local Government (MHCLG) announced as part of the provisional Local Government Settlement the Council Tax limit to be applied in 2022-23. This is to be 2.0% which, if exceeded, 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.

## **2. LOCAL GOVERNMENT FINANCE SETTLEMENT 2022-23**

- 2.1. The provisional Local Government Finance Settlement for 2022-23 was announced on 17 December 2021, which provided local authorities with individual settlement funding assessment figures for one year only.
- 2.2. Table 1 overleaf provides details of the Settlement Funding Assessment (SFA) for this Authority which results in an increase in 2022-23 of 0.88% over 2021-22 and an overall reduction of 23.33% since 2015-16:

<b>TABLE 1 – SETTLEMENT FUNDING ASSESSMENT (SFA)</b>			
	<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%
<b>Reduction over 2015-16</b>		<b>-6.862</b>	<b>-23.33%</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 £445k for 2022-23.

2.4. There are other Section 31 grant funds, allocated to reduce the impact of the increase in social costs (National Insurance increases for employers) of £1.1m which is included within the revenue budget as income.

### **COUNCIL TAX AND BUDGET REQUIREMENT 2022-23**

#### ***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 2022-23, this report considers two options A and B as below:

- **OPTION A** – Freeze Council Tax at 2021-22 level (£90.00 for a Band D Property);
- **OPTION B** – Increase Council Tax by 1.99% above 2021-22 - an increase of £1.79 pa (15p a month) to £91.79 for a Band D Property.

3.2. The Authority could decide to set any alternative level below 2%. Each 1% increase in Council Tax represents an 90p a year increase for a Band D property, and is equivalent to a £0.553m 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 2% threshold.

3.3. Due to the economic impacts of Coronavirus on the Council Tax base, surplus and Business Rate income, both council tax options would represent a decrease to the overall budget available.

**TABLE 2 – OPTIONS FOR COUNCIL TAX CHANGE – FUNDING 2022-23**

	OPTION A	OPTION B
	Council Tax Freeze at £90.00	Council Tax Increase of 1.99% to £91.79
	£m	£m
<b>TOTAL FUNDING 2021-22</b>	<b>74.222</b>	<b>74.222</b>
Increase in Formula Funding	0.197	0.197
Increase in Retained Business Rates from Business Rate Retention System*	0.284	0.284
<u>Changes in Council Tax Precept</u>		
- Increase in Council Tax Base	0.753	0.753
- resulting from an increase in Council Tax	-	1.106
- Increase in Share of Billing Authorities Council Tax Collection Funds	0.589	0.589
<b>TOTAL FUNDING AVAILABLE 2022-23</b>	<b>76.045</b>	<b>77.151</b>
<b>NET CHANGE IN FUNDING</b>	<b>1.823</b>	<b>2.929</b>

\*at time of producing the paper not all information is available from local authorities, therefore this funding has been estimated

### ***Council Tax Base***

- 3.4. The total increase in government funding of £0.197m represents a 0.88% increase over the prior year and comes after significant reductions amounting to 23.0% since 2015-16. The Service had forecast a decrease in Council Tax receipts of 1.00% arising from the impact Covid has had on households. However, there has been an increase of just over 1.00%. The Authority's share of Council Tax collection fund surplus has increased by £0.589m (now in surplus and this figure reflects a three-year spread) which reflects a return to the pre-covid level of Council Tax collection by districts.

### ***Retained Business Rates***

- 3.5. The funding available from business rates has fallen significantly due to the pandemic. It is assumed that a grant will cover the shortfall, although this figure is yet to be confirmed by Central Government.

### ***Net Budget Requirement***

- 3.6. Table 3 provides a summary of the Core Budget Requirement for 2022-23. 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 2022-23**

	£m	£m
<b>Net Revenue Budget 2021-22</b>		<b>74.222</b>
PLUS Provision for pay and price increases (Pay award assumed 2%)	3.020	
PLUS funding adjustments	(3.269)	
PLUS Inescapable Commitments	0.138	
PLUS New Investment	3.948	
PLUS Reduction in Section 31 grant	(0.267)	
<b>INCREASE in budget requirement over 2021-22</b>		<b>3.570</b>
<b>Core spending requirement 2022-23</b>		<b>77.792</b>
Budget Management Savings – As in previous years the budget setting process has included the requirement for budget managers to scrutinise non-operational budget heads with a view to the identification of recurring savings. This includes cashable savings from the Safer Together programme	(0.641)	
<b>Savings identified (£m)</b>		<b>(0.641)</b>
<b>Net spending requirement 2022-23</b>		<b>77.151</b>

- 3.7. As outlined in the foreword to this paper, this budget is designed to support reform of the Service by increasing the total investment in the Pay for Availability system at £2.774m. To date, 90% of on-call Stations have transitioned over to the new payment model with on-going discussions with the remaining 10%
- 3.8. 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***

- 3.9. As is indicated in Table 3, the Revenue Budget Requirement for 2022-23 has been assessed as £77.151m. This is more than the amount of funding available under Option A and therefore cuts or additional funding need to be identified in order that a balanced budget can be set.

**TABLE 4 – PROPOSALS TO BALANCE THE BUDGET 2022-23**

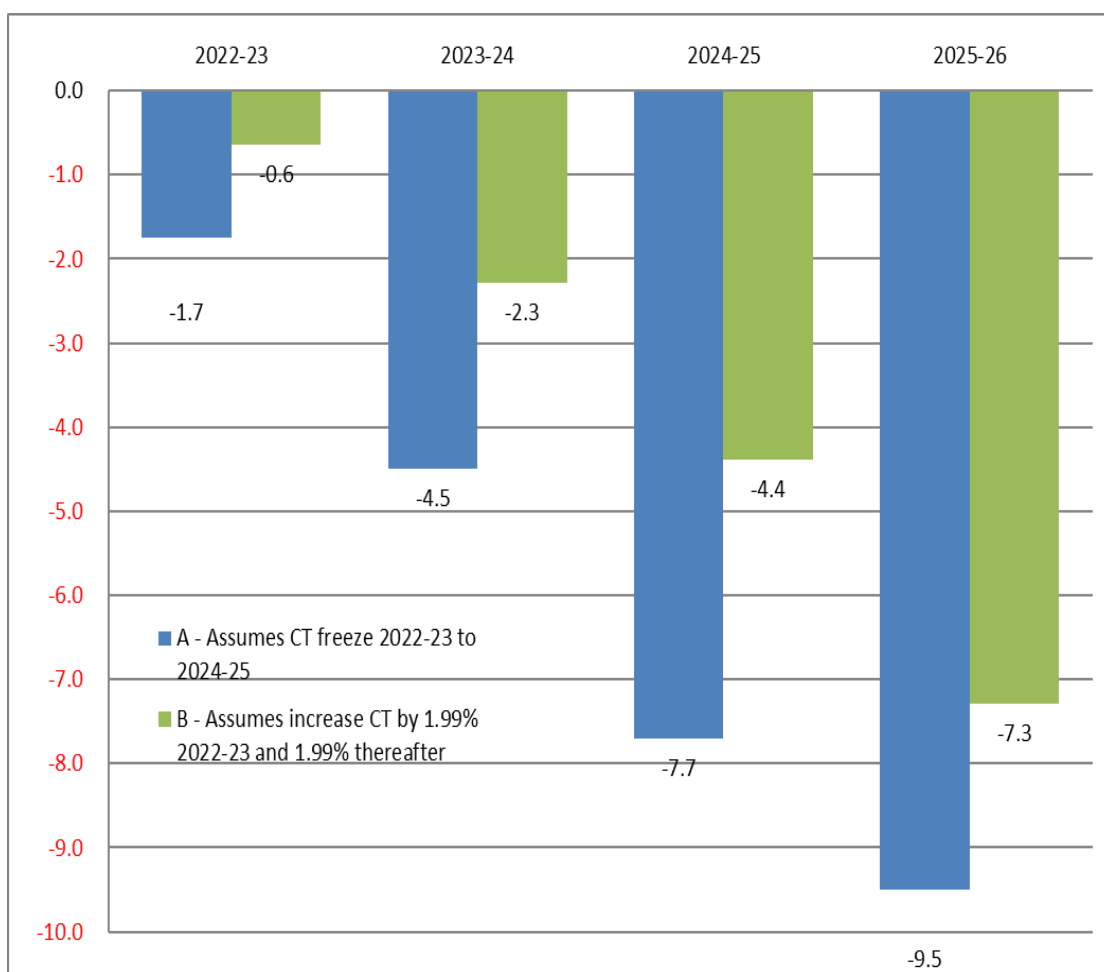
<b>PROPOSALS TO BALANCE THE REVENUE BUDGET</b>	<b>OPTION A £m</b>	<b>OPTION B £m</b>
Funding Available	76.045	77.151
LESS Net spending requirement 2022-23	77.151	77.151
<b>Shortfall</b>	<b>(1.106)</b>	<b>(0.000)</b>
Revenue Contribution to Capital – Reducing the budget for Revenue contribution to capital is considered within the context of the MTFP and Capital Affordability	0.000	0.000
Transfer from Reserves – in order to balance the budget, the budget smoothing/ General reserve will be used	(1.011)	0.000
<b>Total</b>	<b>(1.011)</b>	<b>0.000</b>

- 3.10. Whilst the Service is confident that the budget can be balanced if Council Tax is increased, there will be a budget shortfall of £1.011m in the coming year if it is frozen. The recommendation is to utilise reserves to fund the gap in the short term until a budget efficiency plan is developed.
- 3.11. There is some risk attached to this strategy, as this proposal will full exhausted the budget smoothing reserve, meaning it will not be available to meet future budget pressures.

**4. MEDIUM TERM FINANCIAL PLAN (MTFP)**

- 4.1. Given that the 2022-23 provisional Local Government Settlement is a one-year settlement, the future funding position is less certain. The impacts of the Coronavirus pandemic have been significant both in terms of costs and economic impact and therefore a considerable funding gap is likely. 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 2022-23 to 2025-26. Chart 1 provides an analysis of those forecast savings required in each year.

**CHART 1 – FORECAST BUDGET SAVINGS REQUIREMENT (CUMULATIVE) 2022 TO 2026 (BASE CASE) - £MILLIONS**



- 4.3. Chart 1 overleaf illustrates that further savings will be required beyond 2022-23 to plan for a balanced budget over the next three years to 2025-26. Should the Authority decide to freeze Council Tax in 2022-23 (Option A) and the following three years then the MTFP forecasts that total savings of up to £9.5m need to be planned for.

#### ***Authority Plan 2022 onwards***

- 4.4. This budget report proposes a balanced budget for the next financial year 2022-23 including proposals as to how budget savings can be achieved.
- 4.5. Looking beyond 2022-23, 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.
- 4.6. The strategic approach to deliver the required savings is being developed following 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; and
  - Evidencing value for money of our services.

### **5. PRECEPT CONSULTATION 2022-23**

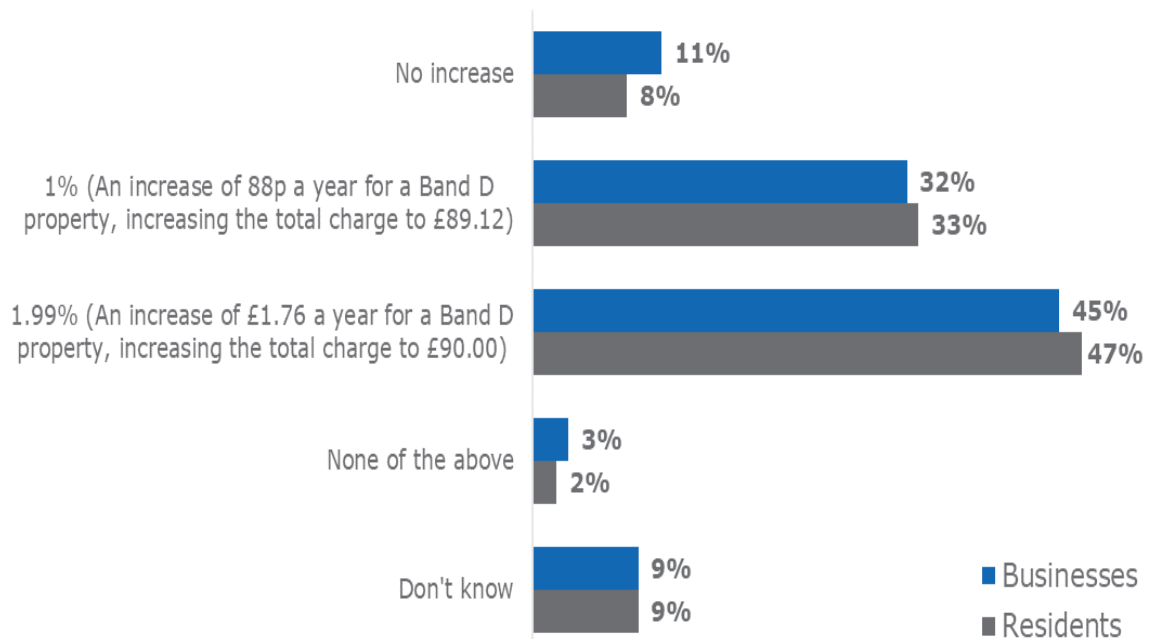
- 5.1. Section 65 of the Local Government Finance Act (1992) requires precepting authorities to consult non-domestic ratepayers on proposals for expenditure.
- 5.2. In addition to the statutory requirement, members of the public have in previous years also been consulted as it was deemed appropriate 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 November and December 2021 and involved a telephone survey of 400 business and 401 residents.
- 5.4. Due to the fact the Service were consulting on the Community Risk Management Plan for 2022-2027, it was not possible to also conduct an on-line survey regarding the 2022/23 Council Tax position.

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

- 5.5. 68% of businesses agreed that it is reasonable for the Authority to consider increasing its Council Tax charge for 2022-23, while 10% disagreed that it is reasonable for them to do so, resulting in a net agreement of +58%.
- 5.6. 70% of residents agreed that it is reasonable for the Authority to consider increasing its Council Tax charge for 2022-23, while 8% disagreed, giving a net agreement of +62%.



**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 2022-23)**

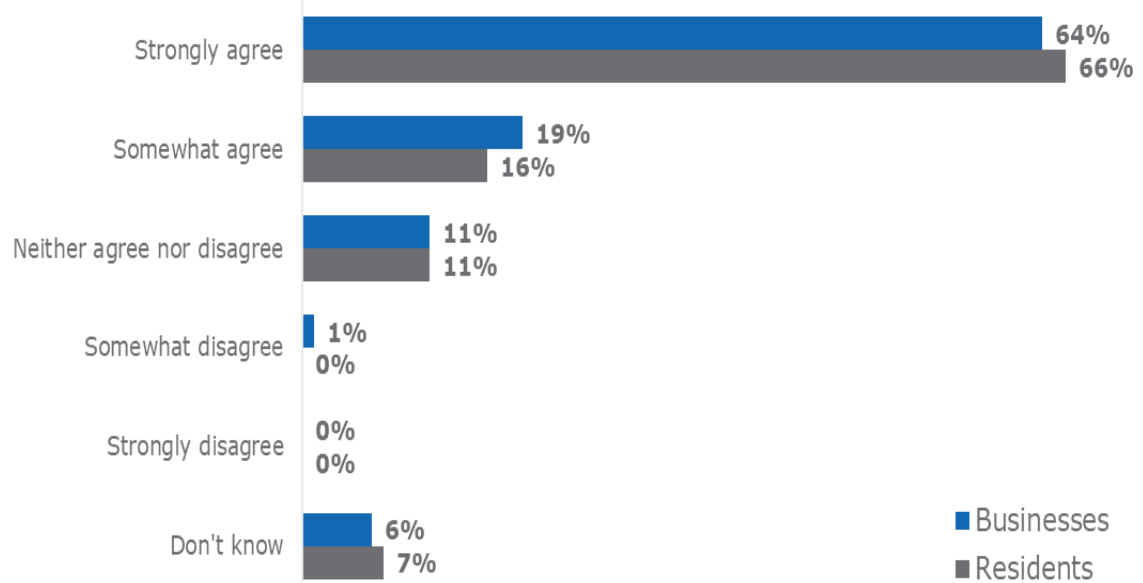


5.7. Of those respondents who agreed that a Council Tax increase would be reasonable 45% of businesses and 47% residents would support an increase of 1.99% or above.

**Providing Value for Money**

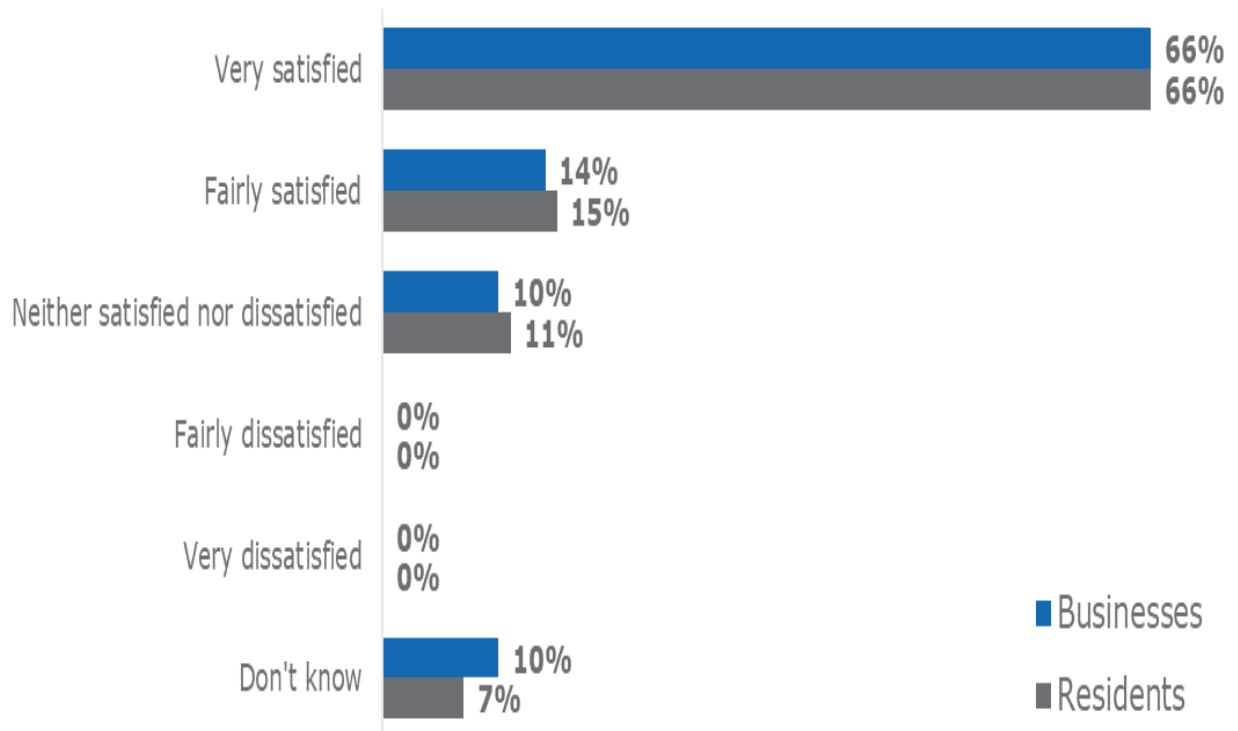
5.8. The consultation asked the responder if they felt the Fire Service provided value for money. The results in Chart 3 indicate 64% of businesses and 66% of residents strongly agreed.

**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 2022-23. 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 2022-23 by 1 March so that it can meet its statutory obligation to advise each of the fifteen billing authorities in Devon and Somerset of the required level of precept. This report provides the Committee 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 the Committee is asked 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 18 February 2022.

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

**LEE HOWELL**  
**Chief Fire Officer**

## APPENDIX A TO REPORT RC/22/1

### DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY SUMMARY MEDIUM TERM FINANCIAL STRATEGY PROJECTIONS 2022-2027

	2022/23		
	£'000	£000	%
Prices increases (assumed 3.2% CPI from August 2021)	625		
Increases in ER NI Contributions of 1.25%	375		
Pensions inflationary increase (tracks CPI - 3.2%)	73		
LGPS ER's increase of 1% (end of 3 year discount period)			
		3,020.0	4.1%
<b><u>Funding Adjustments</u></b>			
Revenue Contribution to Capital	-837		
Transfers from Reserves	-2,432		
		-3,269.0	
<b><u>Inescapable Commitments</u></b>			
Support Staff Increments	138		
		138.0	
<b><u>New Investment</u></b>			
On Call Pay for availability	2,138		
12 x Development Fire Fighters	-415		
Operational staff including control	452		
Professional and Technical Staff (ICT agency/ contractors to deliver IT Health Check remediations)	1,475		
ICT Service Delivery (Office 365 licence)	280		
Professional subscriptions	16		
		3,946	
<b><u>Income</u></b>			
Section 31 grants	-267		
		-267	
<b><u>Anticipated savings</u></b>			
Pensions - anticipate reduced Ill Health/ Injury leavers	-67		
Cumulative budget savings	285		
£600k saving	-600		
Decrease in minimum revenue provision emanating from capital/leases programme	-259		
		-641	
<b>CORE BUDGET REQUIREMENT</b>		<b>77,151.0</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 2022-23 BUDGET**

The net revenue budget requirement for 2022-23 has been assessed as £77.151 (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 Integrated 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<sup>st</sup> March 2022, 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 Coronavirus pandemic. For example, 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 are affected by market forces and lockdowns 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 going forward. It is possible that further cuts of 5% in real terms may be made to fire funding which when combined with changes to the Business Rates Retention scheme and the Relative Needs Assessment Reviews could result in significant changes to available resources. Unfunded pension schemes and legal challenges over pension terms represent a significant risk to the Authority going forward. 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 2022-23 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 2022-23 ASSESSMENT OF BUDGET HEADINGS MOST SUBJECT TO CHANGE**

Budget Head	Budget Provision 2022-23 £m	RISK AND IMPACT	MITIGATION
Service Delivery staff costs	56.1	There is a high level of uncertainty around future 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 £0.470m of additional pressure on the revenue budget.	The payment for availability reserve will support those stations which transition to the new pay model in year, funding decisions for this model will need to be considered for future years.
Fire-fighter's Pensions	2.4	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 been reducing year-on-year since 2020-21 in recognition of new ways of working and the green agenda	General Reserve
Treasury Management Income	(0.1)	As a result of the economic downturn in recent years, and the resultant low investment returns, the ability to achieve the same levels of income returns as in previous years is diminishing. However, the recent increase in the bank base rate has seen some recovery in the investment returns on offer. The uncertainty over future market conditions means that target investment returns included in the base budget could be at risk.	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	(1.5)	Whilst the authority has only limited ability to generate income, the budget has been set on the basis of delivering £1.5m of external income whilst setting the reliance on the Service budget for Red One Income at £0.3m. Due to economic uncertainty this budget line may be at risk and is dependent on the ability of Red One Ltd to generate income.	Budget monitoring processes will identify any potential shortfall and management informed so as any remedial action can be introduced as soon as possible. A 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	1.2	This amount has been reduced considerably when compared to 2020/21 due to affordability. £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, £17.5m Capital Reserve

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

Total Reserve balances for the Authority as at April 2021 was £45.7m made up of Earmarked Reserves (committed) of £40.4m, and General Reserve (uncommitted) of £5.3m. 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 £5.3m is equivalent to 7.1% of the total revenue budget, or 25 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.

It is pleasing that the Authority has not experienced the need to call on general reserve balances in the last five years to fund emergency spending, which has enabled the balance, through budget underspends, to be increased to a level in excess of 5%. 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 2022-23 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)

**LEE HOWELL**  
Chief Fire Officer