

LANCASHIRE COMBINED FIRE AUTHORITY

Meeting to be held on 19th February 2018

REVENUE BUDGET 2018/19-2022/23

(Appendices 1, 2, 3, and 4 refer)

Contact for further information:

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Executive Summary

The final proposed gross revenue budget for 2018/19 is £55.1m, an increase of 2.0%. This allows for the increase in pay costs arising from forecast pay awards of 2.0%, additional posts required to meet increased demands and further investment in apprentices, all of which is partly offset by the identification of £0.8m of efficiency savings.

The final Local Government Finance Settlement confirmed funding was in line with the draft figures presented in December, i.e. £24.3m a reduction of £1.0m (4.0%), and that the council tax referendum level was increased to 3.0%.

Based on the increased council tax referendum limit the Authority has a funding gap of £0.3m and will need to either identify additional savings or utilise reserves to set a balanced budget. Doing so will result in a net budget of £54.8m, and a council tax requirement of £67.46 per Band D property, an increase of 2.99% (£1.96 per annum, less than 4p per week). In order to deliver this it is proposed that an unidentified savings target of £0.3m is included in the budget.

If the grey book pay award is higher in either 2017/18 or 2018/19 then this will place additional pressure on the 2018/19 revenue budget. Each additional 1% equates to £0.3m, and any such in-year costs would need to be met from reserves.

The Authority is faced with a growing funding gap in future years, the extent of which is set out in the report, however it is worth noting that 2019/20 is the final year of the four year settlement, and hence funding in future years is uncertain.

Currently the Authority remains in a good financial position with reserves able to offset the financial challenges throughout the remainder of the four year settlement. The position becomes more challenging thereafter however by that time the Authority should have greater certainty on future funding, pay awards and future referendum limits.

Recommendation

The Combined Fire Authority is asked to agree the detailed resolutions set out in appendix 1.

Information

The draft budget was presented to the Authority in December, where the Authority:-

- Gave initial consideration to the draft revenue budget;
- Authorised consultation with representatives of non-domestic ratepayers and Trade Unions on the draft budget proposals;
- Agreed to give further consideration to the budget at their next meeting on 19 February 2018.

Budget Requirement

A draft budget of £54.5m was presented to the December meeting. Members will recall at the time the Treasurer spoke about the uncertainty on pay awards and the fact that since writing the report a 2% pay offer had been made to green book staff. Whilst discussions are still on-going in connection with this offer and the grey book pay award it now appears highly likely that the allowance included in the draft budget is insufficient. As such the draft budget has been amended to allow for a 2% pay award for green and grey book personnel for each year up to and including 2019/20. The pay awards for subsequent years were already included at a higher rate than this and hence have remained unchanged.

It is worth noting that a pay offer has been made to Fire-fighters in Scotland which equates to a 20% increase over the next 4 years, this includes a 6.5% increase in 2018/19, significantly higher than that allowed for in our budget. If this was to be implemented in England this would cost an additional £0.7m in next year's budget, and potentially add in excess of £2m of costs into the budget by 2022/23.

The forecast whole-time establishment position has also been updated reflecting the latest staffing numbers and recruitment/retirement projections.

These are the only changes made to the budget and result in an increased budget requirement in 2018/19 of £55.1m. As such the table showing the in-year changes has been updated as follows:-

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Preceding Years Draft Net Budget Requirement	53.9	55.1	56.8	58.7	60.9
Add back Previous Years Vacancy Factors	1.2	1.7	0.5	0.7	0.7
Inflation	1.4	1.2	1.4	1.9	2.0
Other Pay Pressures	(0.5)	0.3	0.7	0.3	-
Committed Variations	0.1	0.1	-	-	-
Growth	1.3	(1.0)	0.1	-	-
Efficiency Savings	(0.8)	(0.3)	(0.1)	-	-
Vacancy Factors	(1.7)	(0.5)	(0.7)	(0.7)	(0.8)
Net Budget Requirement	55.1	56.8	58.7	60.9	62.8

Appendix 2 sets out further details relating to the in-year changes shown in the above table, and appendices 3 and 4 provide further analysis of the budget split between Service area and type of expenditure.

Government Funding Settlement

At the time of presenting the draft budget the draft Local Government Finance Settlement had not been published. This was released on 19 December, with the final Settlement being announced on 6 February, which reaffirmed next year's funding as £24.3m:-

Revenue Support Grant, direct from the Government	£9.3m
Individual Authority Business Rates Baseline	£4.2m
Business Rates Top-Up, from the Government	£10.8m
	£24.3m

Next year's settlement will be the last of the current four year settlement and in line with this we anticipate a further funding reduction of £0.5m:-

		Reduction	
2015/16	£29.4m		
2016/17	£27.6m	£1.8m	6.1%
2017/18	£25.3m	£2.3m	8.3%
2018/19	£24.3m	£1.0m	4.0%
2019/20	£23.8m	£0.5m	2.0%
		£5.6m	

We still have no indication as to what the settlement will look like after 2019/20. However the Government's Autumn Budget published in November 2017 indicated that the economy was still struggling, that debt remained higher than anticipated and hence it appears likely that austerity will continue, albeit at a reduced pace. Furthermore the Government is currently consulting on a Fair Funding Review which will set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources, using the best available evidence, with the outcomes of this anticipated to impact on the settlement in 2020/21 and beyond. Running alongside this the Government has restated its intention to increase the level of business rates that are retained locally, increasing this to 75% by April 2020. The impact of these changes is unclear at the moment and hence we have assumed that funding is frozen in future years.

Business Rate Adjustments

The draft budget presented in December includes an estimate of Section 31 Grants in respect of business rate reliefs, and an estimate in respect of the business rate collection fund. These have now been updated to reflect the final position provided by billing Authorities at the end of January.

Section 31 grants has increased to £0.8m, significantly higher than the £0.5m forecast which was based on last year's figure, and the collection fund has moved to a forecast surplus of £0.1m, previously we had assumed a shortfall on this of £0.2m in line with previous years.

Future planning assumptions have been updated to reflect this.

Council Tax 18/19

Billing authorities have also provided final council tax base figures and the council tax collection fund figures. The tax base has increased by 1.7%, which is slightly lower than allowed for in the draft budget. Similarly the collection fund surplus stands at £0.4m compared with the draft budget figure of £0.5m.

Future planning assumptions have been updated to reflect this.

The Government has amended the council tax referendum limits throughout the remainder of the four year settlement period, recognising higher inflationary pressures, and hence the limit for all Fire Authorities has been set at 3% for 2018/19 and 2019/20. No indication of future limits has been given.

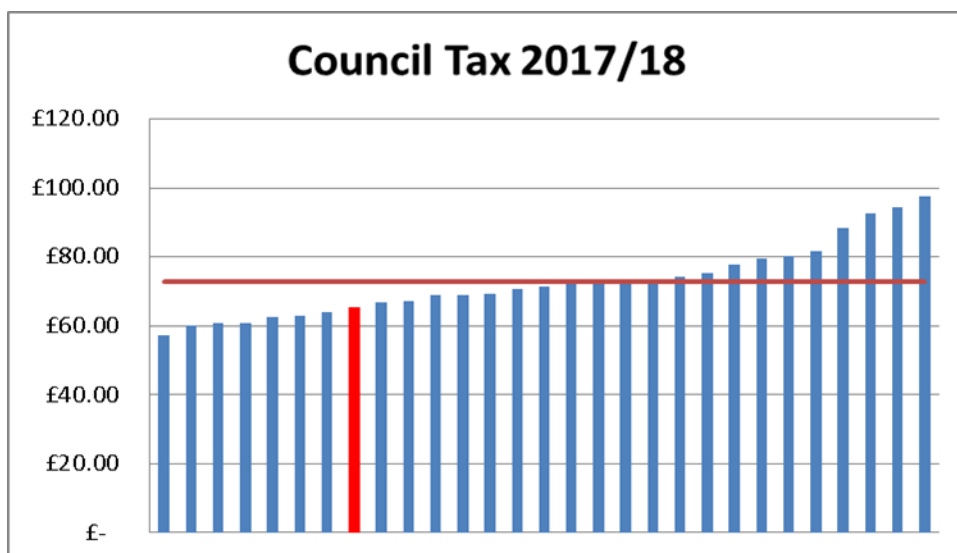
Based on the assumptions outlined the budget requirement would result in a council tax increase of 3.7%, exceeding the referendum limit, and as such the Authority will need to reduce the budget requirement by £0.2m.

	Raw Budget	Budget based on Referendum Limit	Budget based on Council Tax Freeze
	£m	£m	£m
Raw Budget Requirement	55.1	55.1	55.1
Budget Reduction	-	(0.3)	(1.2)
Net Budget Requirement	55.1	54.8	53.9
Less Funding Settlement	(24.3)	(24.3)	(24.3)
Less Section 31 Grant re Business Rates Capping	(0.8)	(0.8)	(0.8)
Less Business Rates Collection Surplus	(0.1)	(0.1)	(0.1)
Less Council Tax Collection Surplus	(0.4)	(0.4)	(0.4)
Equals Precept	29.5	29.2	28.3
Estimated Number of Band D equivalent properties	432,384	432,384	432,384
Equates to Council Tax Band D Property	£68.12	£67.46	£65.50
Increase in Council Tax	4.01%	2.99%	0.00%

Each 1% increase in council tax in 2018/19 generates an additional £0.3m of precept, and equates to a £0.65 increase in the annual council tax figure:-

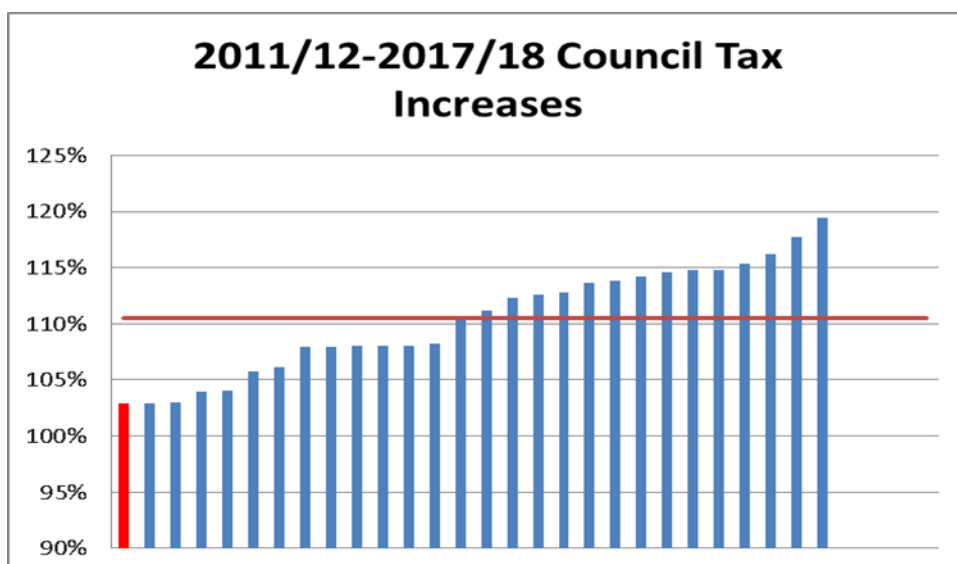
- a 3% increase equates to £1.96 per annum, less than 4p per week but generates approx. £0.9m of additional precept
- a 2% increase equates to £1.30 per annum, less than 3p per week, and generates approx. £0.6m of additional precept
- a 1% increase equates to £0.65 per annum, just over 1p per week, and generates approx. £0.3m of additional precept.

As reported in the draft budget our council tax of £65.50 is still below the national average of £72.80, and is the eighth lowest of any Fire Authority



Furthermore, our council tax increases of 2.9% over the last 6 years have been significantly lower than the sector average of 10.5% and is the joint lowest of any Fire Authority:-

	Lancashire CFA	Average fire Authority
2012/13	0.0%	1.1%
2013/14	0.0%	2.3%
2014/15	0.0%	1.3%
2015/16	1.9%	1.5%
2016/17	1.0%	2.0%
2017/18	0.0%	1.8%



It is also worth noting that Fire accounts for less than 5% of the overall council tax charged in Lancashire.

Further Savings Opportunities

As reported previously the Authority has been extremely successful at delivering efficiency savings, delivering £18.5m between April 2011 and March 2018. This budget has identified further savings of £0.8m in 18/19 and £0.3m in future years.

However it is clear that the scope to deliver further savings is extremely limited, with the majority of departments struggling to balance demands against capacity.

As such it may be possible to deliver further in year savings in the next two years by delaying expenditure and targeting an in-year underspend offsetting some of the funding shortfall, but the scope to utilise this to balance future budgets appears limited.

Reserves and Balances

As set out in the previous revenue budget report and the Reserves and Balances Policy reported elsewhere on this agenda, a reasonable level of reserves is needed to provide an overall safety net against unforeseen circumstances, such as levels of inflation/pay awards in excess of budget provision, unanticipated expenditure on major incidents, and other “demand led” pressures, such as increased pension costs, additional costs associated with national projects, industrial dispute etc. which cannot be contained within the base budget. In addition, they also enable the Authority to provide for expenditure, which was not planned at the time the budget was approved, but which the Authority now wishes to implement and to smooth out large fluctuations in spending requirements and/or funding available.

In line with guidance issued by CIPFA a review of the strategic, operational and financial risk facing the Authority is undertaken each year to identify an appropriate level of reserves to hold, this includes an assessment of the financial assumptions underpinning the budget, the adequacy of insurance arrangements and consideration of the Authority’s financial management arrangements. The assessment focuses on both medium and long-term requirements, taking account of the Medium Term Financial Strategy and the draft budgets.

This has identified:-

- A minimum target reserve level of £2.5m, 4.5% of the 2018/19 net revenue budget, reflecting the four year settlements but still maintained at a reasonable level due to on-going economic uncertainty, uncertainty on pay awards and the underlying risks within the budget;
- the maximum reserve limit is maintained at £10.0m.

At 31 March 2018 we anticipate holding £7.8m, providing scope to utilise approx. £5.3m of reserves. As such reserves could be used to deliver a balanced budget in 2018/19. It should be noted that utilising reserves in this way means they are being used to fund recurring expenditure and hence this can only be a short term solution, with recurring savings being required in the longer term to offset the shortfall. However having reviewed the level of general reserves required and the anticipated utilisation of these, the Treasurer considers these are at an appropriate level to meet future expenditure requirements in 2018/19. The level of these will be reviewed again as part of the year end outturn process and reported on to the Resources Committee.

In addition to the general reserves the Authority also holds earmarked reserves, created for specific purposes to meet known or anticipated future liabilities, capital reserves and receipts, to provide additional funding to support the capital programme in future years, and provisions for outstanding insurance claims and potential

business rate appeals. Further details relating to these are included in the reserves policy and based on the professional opinion of the Treasurer these are adequate to meet future requirements in the medium term.

Council Tax 19/20 and beyond

As highlighted earlier funding up to and including 2019/20 forms part of the multi-year settlement and hence all other things being equal is set. Funding beyond this period is unknown, but is assumed to be frozen at £23.8m.

Based on this the draft budget as presented delivers council tax increases in excess of 3% in future years, above the existing referendum limit:-

	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m
Gross Budget Requirement	56.8	58.7	60.9	62.8
Less Funding Settlement	(23.8)	(23.8)	(23.8)	(23.8)
Less Business Rates Adjustment	(0.9)	(0.9)	(0.9)	(0.9)
Less Business Rates Collection Surplus	-	-	-	-
Less Council Tax Collection Surplus	(0.4)	(0.4)	(0.4)	(0.4)
Equals Precept	31.7	33.7	35.8	37.7
Tax base - Band D equivalent properties	439,869	447,483	455,229	463,110
Equates to Council Tax Band D Property	£72.12	£75.29	£78.66	£81.48
Increase in Council tax	6.9%	4.4%	4.5%	3.6%

As previously advised holding a referendum is extremely expensive, costing in excess of £1m, and is unlikely to deliver an increase in excess of the 3% threshold. As such we will need to either deliver additional savings or utilise reserves in order to balance the budget in future years, the extent of which is dependent upon current and future council tax decisions, and the accuracy of expenditure and funding forecasts.

As such we have modelled the following council tax scenarios:-

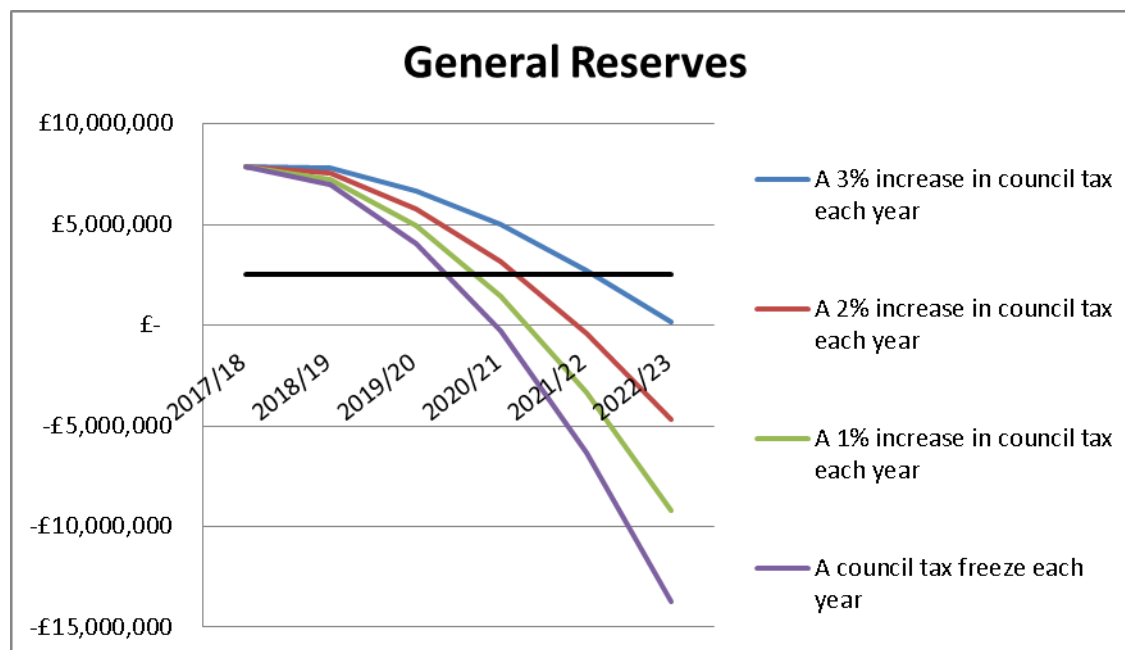
- A 3% increase in council tax each year, including 2018/19 (note there is no indication that the referendum limits will be maintained at 3% beyond 2019/20)
- A 2% increase in council tax each year, including 2018/19
- A 1% increase in council tax each year, including 2018/19
- A council tax freeze each year, including 2018/19

The following table sets out the funding shortfall anticipated each year under these scenarios:-

	2018/19	2019/20	2020/21	2021/22	2022/23
A 3% increase in council tax each year	(£0.3m)	(£1.2m)	(£1.7m)	(£2.2m)	(£2.6m)
A 2% increase in council tax each year	(£0.6m)	(£1.7m)	(£2.6m)	(£3.5m)	(£4.3m)
A 1% increase in council tax each year	(£0.9m)	(£2.3m)	(£3.5m)	(£4.8m)	(£5.9m)
A council tax freeze each year	(£1.2m)	(£2.9m)	(£4.4m)	(£6.0m)	(£7.4m)

It must be stressed that there are a whole host of assumptions underpinning these projections, particularly around vacancy profiles, pension costs, future inflation, pay awards and funding beyond March 2020.

Assuming general reserves were used to balance the overall position results in the following impact on general reserves:-



As can be seen general reserves are sufficient to balance the budget throughout the period of the four year settlement. However they are only a short term solution, and based on the current assumptions included in the budget, and allowing for a 3% council tax increase each year, they will fall to our minimum level by the end of 2021/22. Furthermore the utilisation of reserves will still leave a recurring funding gap that will need to be offset by savings at a future point in time, and as highlighted earlier the scope to do so is limited.

Summary Council Tax options 2018/19

In considering its council tax requirements for 2018/19 the Authority aims to balance the public's requirement for and expectations of our services with the cost of providing this. As such the revenue budget focuses on the need to:-

- deliver services as outlined in the Risk Management Plan and other plans;
- maintain future council tax increases at reasonable levels;
- continue to deliver efficiencies in line with targets;
- continue to invest in improvements in service delivery and facilities;
- set a robust budget that takes account of known and anticipated pressures;
- maintain an adequate level of reserves.

The draft budget as set out in this report achieves these objectives, but shows a budget reduction required of £0.2m in order to deliver a balanced budget based on a 3% increase in council tax. This can be achieved by including an unidentified savings target of £0.2m in 2018/19. This results in the following position, with the detailed resolution relating to this option shown in Appendix 1:-

	2018/19
	£m
Raw Budget Requirement	55.1
Unidentified Savings Target	(0.3)
Draw down of Reserves	-
Net Budget Requirement	54.8
Less Funding Settlement	(24.3)
Less Section 31 Grant re Business Rates Reliefs	(0.8)
Less Business Rates Collection Surplus	(0.1)
Less Council Tax Collection Surplus	(0.4)
Equals Precept	29.2
Estimated Number of Band D equivalent properties	432,384
Equates to Council Tax Band D Property	£67.46
Increase in Council Tax	2.99%

Comments on the Draft Budget

At the time of writing the report we had not received any responses to the budget consultation exercise, if any are received a verbal update will be given.

Robustness of the Revenue Budget 2018/19

Under Section 25 of the Local Government Act 2003, the Chief Finance Officer is required to make a statement about the robustness of the budget.

The professional opinion of the Treasurer is that the budget has been prepared on a robust basis for the following reasons:

- The budget is reflective of existing service plans;
- The budget takes account of the anticipated on-going revenue impact of current and future capital programmes;
- The allowances included for inflation and pay awards represent a best estimate of the likely cost of this, at

	2017/18	2018/19 & 2019/20	2020/21	2021/22 & 2022/23
Uniformed Pay Award	2.0%	2.0%	2.5%	3.6%
Non Uniformed Pay Award	N/A	2.0%	2.5%	3.6%
Non Pay Inflation	N/A	2.5%	2.5%	2.5%

- As part of the budget setting process all estimates, including savings and income forecast, are assessed for reasonableness;
- The situation in respect of future funding, and in particular any changes to future settlements arising from an economic slowdown or from changes to the Business Rates Retention Scheme will be kept under review and reported to the Authority in due course.
- The level of and appropriateness of reserves has been reviewed by the Treasurer, based on the potential risks faced by the Authority (note the real challenge in terms of the level of reserves comes in years 2021/22 and beyond, by which time we should have greater certainty in terms of funding, inflation and pay awards);

- The following significant financial risks have all been assessed and the Treasurer feels that these are adequately covered within the budget estimates presented or within the level of reserves currently held:-
 - Reductions in funding levels over and above those identified in the four year settlement;
 - Reduction in funding via Business Rates retention scheme;
 - Reduction in council tax funding due to changes in localisation of council tax support, reducing tax base and/or council tax referendum limits;
 - Higher than anticipated inflation;
 - Larger increases in future pensions costs/contributions;
 - Increase in costs arising from demand led pressures, i.e. increasing staff numbers, overtime due to spate conditions or major equipment replacement requirements;
 - Increased cost of partnership arrangements;
 - Inadequacy of insurance arrangements.

Summary and Conclusions

The multi-year settlement provides greater financial certainty and enhances planning arrangements. However there is still a great deal of uncertainty surrounding the overall economy, and particularly the impact of Brexit. As well as this the Government is currently consulting on a Fair Funding Review, as well as the introduction of 75% business rates retention, both of which they anticipate introducing by April 2020. Hence, the combination of uncertainty on funding beyond the current four year settlement and uncertainty surrounding current and future pay awards is still a concern. As highlighted earlier if pay awards prove to be higher than the 2% allowed for in the budget this will place additional pressure on the revenue budget, which will need to be met from a drawdown of reserves. Despite the Authority delivering over £18m of savings it will still need to deliver more in future years if it is to maintain a balanced budget position in the long term.

Financial Implications

As outlined in the report

Human Resource Implications

None

Equality & Diversity Resource Implications

None.

Environmental Implications

None

Business Risk

The final approved budget forms a key element of the Authority's risk management process, as it is designed to minimise any financial risks, which the Authority may

face. The Treasurer is required to make a formal statement, as part of the final budget report, on the adequacy of reserves and the robustness of the budget.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact
Local Government Finance settlement	December 2017 & February 2018	K Mattinson, Director of Corporate Services
Capital Budget	February 2018	
Reserves Policy	February 2018	
Treasury Management Strategy	February 2018	

Resolution based on a council tax increase of 2.99%, £1.96, resulting in a council tax of £67.46

The Combined Fire Authority is requested to: -

1. note the Treasurer's advice on the robustness of the budget
2. note the Treasurer's advice on the appropriate level of reserves/balances
3. agree the revised gross budget requirement of £54.770m for 2018/19
4. note the section 31 grant of £0.764m due in respect of the business rate reliefs
5. agree the final budget requirement, net of the section 31 grant of £54.006m for 2018/19
6. note the level of Revenue Support Grant £9.262m
7. note the level of Business Rates Retention Top Up Funding £10.865m
8. note the level of Local Business Rates Retention Funding £4.200m
9. note the business rate tax collection fund surplus of £0.112m
10. note the council tax collection fund surplus of £0.398m
11. agree the council tax requirement, calculated in accordance with Section 42A(4) of the Localism Act of £29.169m
12. note the council tax base of 432,384 determined for the purposes of Section 42B of the Local Government Finance Act 1992
13. agree a council tax band D equivalent of £67.46, an increase of £1.96 (2.99%), calculated by the Authority under Section 42B of the Local Government Finance Act 1992 agree, on the basis of the fixed ratios between valuation bands set by the Government, council tax for each band as follows:

Band A	£44.97
Band B	£52.47
Band C	£59.96
Band D	£67.46
Band E	£82.45
Band F	£97.44
Band G	£112.43
Band H	£134.92

14. agree, based on each district and unitary councils share of the total band D equivalent tax base of 432,384, the share of the total LCFA precept of £29.169m levied on each council as follows:

Blackburn With Darwen Borough Council	£2,316,706
Blackpool Borough Council	£2,443,334
Burnley Borough Council	£1,559,540
Chorley Borough Council	£2,469,993
Fylde Borough Council	£2,007,002
Hyndburn Borough Council	£1,383,335
Lancaster City Council	£2,779,352
Pendle Borough Council	£1,596,205
Preston City Council	£2,509,647
Ribble Valley Borough Council	£1,544,969
Rosendale Borough Council	£1,364,648
South Ribble Borough Council	£2,397,582
West Lancashire District Council	£2,349,488
Wyre Borough Council	£2,446,794
TOTAL	£29,168,595

Appendix 2

Inflation

The following amounts have been added to the budget in respect of inflationary pressures, in line with current estimates:-

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
A 2% allowance has been built in for all pay-awards for 2017/18-2019/20. The 2020/21 budget allows for a 2.5% pay award in 2021/22 and 3.6% in 2022/23. (These are in line with the estimates provided by the Home Office as part of its pension forecasting exercise in July.)	1.0	0.8	1.0	1.5	1.6
Non-pay inflation, average of 2.5% each year	0.4	0.4	0.4	0.4	0.4
	1.4	1.2	1.4	1.9	2.0

Other Pay Pressure

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Pay has been re-costed based on an updated recruit's profile, taking account of the impact of this on numbers of personnel in development rates of pay, the number of personnel in receipt of Continuing Professional Development payments, and the mix of personnel in the old and new FF pension scheme.	(0.5)	(0.4)	0.4	0.3	-
The Chancellor of the Exchequer in the 2016 Budget announced that "The Government had reviewed the discount rate used to set employer contribution to unfunded public service pension schemes. The discount rate is being set at 2.8% and the employers will pay higher contributions to the schemes from 2019/20 as a result." This will add a further £2bn of costs to these schemes. The next tri-annual valuation of the FF Pension Scheme will include the impact of this when it sets the contribution rate payable from 1 April 2019. Whilst no details of the specific impact on any unfunded scheme are available at the present time, an allowance for a 3% increase has been built into the budget in 2019/20.	-	0.7	-	-	-
The saving in respect of the drawdown on the Local Government Pension Scheme surplus will continue in 2018/19 and 2019/20. We have assumed this ceases in 2020/21 when a new actuarial valuation will take effect.	-	-	0.3	-	-
	(0.5)	0.3	0.7	0.3	-

Committed Variations

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Increase in rates payable, following the recent revaluation exercise	0.1	-	-	-	-
Reduction in interest receivable based on reducing cash balances	-	0.1	-	-	-
	0.1	0.1	-	-	-

Growth

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Creation of additional posts to meet new demands placed on the Service in areas such as:- <ul style="list-style-type: none"> • Audit and inspection requirements • Implementation of National Operational Guidance and Learning • Increased training demands associated with both Whole-time and RDS recruits courses 	0.6	(0.3)	-	-	-
Costs associated with the roll out of apprentices within the Service	0.2	0.1	-	-	-
Additional budget in respect of the cost of recruits in training, reflecting the timing and number of new Whole-time recruits each year	0.3	(0.6)	0.1	-	-
Additional PPE costs to enable the full swap out of gloves, boots and helmets (which was commenced in the current financial year but with the balance to be completed in 18/19)	0.2	(0.2)			
	1.3	(1.0)	0.1	-	-

Efficiency Savings

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
Removal of temporary posts created in previous years	(0.1)	-	(0.1)-	-	-
Reduction in Interest Payable as a result of paying off a proportion of debt	(0.2)	-	-	-	-
Reduction in operational equipment replacement budget reflecting asset management plans	(0.1)	-	-	-	-
Savings identified from reviewing various non-pay budgets	(0.4)	-	-	-	-
Rental Income re Site Sharing of Preston Fire Station	-	(0.1)	-	-	-
Savings relating to transfer from Airwave to ESMCP	-	(0.2)	-	-	-
	(0.8)	(0.3)	(0.1)	-	-

In-year Vacancy Factors

	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m
The vacancy factor for whole-time has been updated. This shows an increase in the vacancy forecast for 2018/19, reflecting the shortfall in recruit numbers in the current year. But with a higher over-provision in 2019/20 and beyond, based on the current profile of recruits.	(0.6)	0.7	0.5	0.5	0.4
RDS vacancy factors has been left at 20% reflecting the current level of staffing, and assuming this remains constant.	(0.9)	(1.0)	(1.0)	(1.0)	(1.0)
Support staff vacancy factor has been left at 2.5%	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
	(1.7)	(0.5)	(0.7)	(0.7)	(0.8)

Appendix 3

Analysis of Budget by Service Area

	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget
	£m	£m	£m	£m	£m	£m
Central Admin Hub	0.378	0.798	0.814	0.834	0.864	0.894
Control	1.148	1.183	1.242	1.304	1.369	1.438
Corporate Communications	0.294	0.299	0.306	0.313	0.324	0.335
Executive Board	0.970	1.014	1.074	1.097	1.133	1.172
Finance	0.142	0.143	0.145	0.149	0.154	0.160
Fleet Services	2.257	2.216	2.277	2.374	2.440	2.508
Health & Safety	0.176	0.219	0.224	0.229	0.237	0.244
Human Resources	0.480	0.694	0.708	0.681	0.703	0.727
ICT	2.371	2.511	2.385	2.311	2.375	2.441
Occupational Health	0.249	0.257	0.263	0.270	0.278	0.286
Procurement	0.790	0.796	0.815	0.835	0.859	0.883
Property	1.271	1.304	1.338	1.374	1.412	1.452
Areas	31.126	30.750	32.538	33.668	35.168	36.412
Service Development	3.558	3.887	4.043	4.124	4.263	4.409
Special Projects	0.034	0.041	0.043	0.044	0.047	0.049
Training	3.641	4.069	3.453	3.644	3.756	3.820
Pensions Expenditure	1.172	1.188	1.204	1.229	1.255	1.282
Other Non-DFM Expenditure	3.877	3.688	3.911	4.272	4.234	4.283
Gross Budget Requirement	53.933	55.057	56.783	58.752	60.870	62.792

Analysis of Budget by Type of Expenditure

	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget
	£m	£m	£m	£m	£m	£m
Employee						
Uniformed	33.469	34.193	35.741	36.970	38.475	39.748
Support staff	6.323	6.748	6.838	7.175	7.433	7.701
Pensions	1.172	1.188	1.204	1.229	1.255	1.282
Other Employee Related Exp	0.066	0.088	0.090	0.093	0.095	0.097
	41.030	42.217	43.874	45.467	47.258	48.827
Premises						
R&M	0.834	0.855	0.876	0.898	0.920	0.943
Utilities	0.562	0.576	0.590	0.605	0.620	0.636
Cleaning	0.285	0.292	0.299	0.306	0.314	0.322
PFI	0.650	0.666	0.683	0.699	0.707	0.707
Other	0.051	0.052	0.053	0.054	0.056	0.057
Rent/Rates	1.108	1.230	1.291	1.355	1.422	1.492
	3.490	3.670	3.792	3.918	4.038	4.156
Transport						
Repairs	0.643	0.849	0.871	0.892	0.915	0.938
Running Costs	0.373	0.383	0.392	0.402	0.412	0.423
Travel costs	0.641	0.657	0.673	0.690	0.707	0.724
insurance	0.160	0.193	0.198	0.203	0.208	0.213
Other	0.004	0.004	0.005	0.005	0.005	0.005
	1.822	2.087	2.139	2.192	2.247	2.303
Supplies & Services						
Hydrants	0.106	0.109	0.111	0.114	0.117	0.120
Operational equipment	0.546	0.406	0.416	0.467	0.478	0.490
Clothing & Uniform	0.474	0.702	0.501	0.513	0.525	0.537
Printing, stationery, postage	0.228	0.221	0.226	0.231	0.237	0.243
Comms-Network Costs	1.040	1.066	0.680	0.697	0.714	0.732
Telephony	0.169	0.174	0.178	0.183	0.187	0.192
Computers	0.865	0.876	0.898	0.921	0.944	0.967
Subsistence	0.069	0.071	0.072	0.074	0.076	0.077
Fire Safet Expenses	0.260	0.212	0.218	0.223	0.229	0.234
Training Expenses	0.656	0.446	0.457	0.468	0.480	0.492
insurance	0.318	0.276	0.282	0.288	0.293	0.300
Members Expenses	0.156	0.160	0.164	0.168	0.172	0.176
Misc Equipment	0.092	0.094	0.096	0.099	0.101	0.103
Other	1.629	1.814	1.907	1.984	2.065	2.149
Catering	0.102	0.105	0.107	0.110	0.113	0.116
PTV Residential	0.089	0.091	0.093	0.095	0.098	0.100
	6.798	6.821	6.406	6.634	6.827	7.027
Other						
Contracted Services	0.792	0.744	0.762	0.781	0.801	0.821
Other	0.004	0.004	0.004	0.004	0.004	0.004
	0.796	0.747	0.766	0.785	0.805	0.825
Capital Financing Costs						
Capital Financing Costs	2.303	2.100	2.100	2.100	2.100	2.100
	2.303	2.100	2.100	2.100	2.100	2.100
Income						
Income	(2.305)	(2.586)	(2.294)	(2.344)	(2.404)	(2.445)
	(2.305)	(2.586)	(2.294)	(2.344)	(2.404)	(2.445)
Grand Total	53.933	55.057	56.783	58.752	60.870	62.792