

Lancashire Combined Fire Authority

Meeting to be held on 20 February 2023

Revenue Budget 2023/24-2027/28 (Incorporating Medium Term Financial Strategy)

(Appendix 1 – Detailed Council Tax Resolution)

(Appendix 2 – Budget Scenarios)

(Appendix 3 – Analysis of Budget by Service Area)

(Appendix 4 – Analysis of Budget by Type of Expenditure)

Contact for further information:

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Table 1 Executive Summary and Recommendations

Executive Summary

The report sets out the draft revenue budget for 2023/24-2027/28 and the resultant council tax implications.

Budget requirement has been re-assessed taking account of known/anticipated changes, incorporating current projections, and forecast vacancy factors based on anticipated recruitment resulting in a total requirement of £68.5m.

The Local Government Settlement was not the anticipated multi-year settlement, as it only covered next year. It did however allow for:-

- a 6.0% increase in funding, and we have assumed that this increases by a further 5.0% next year and 2.0% in subsequent years;
- a 'Service Grant' of £0.6m;
- a change to the council tax referendum principles for Fire and Rescue Authorities (FRAs) increasing this to 3.0% but with a one-off increase in 23/24 to £5 for all FRAs.

We therefore propose utilising this flexibility to increase council tax by £5 (10p per week), to £82.27. This will still leave a funding gap of £0.3m, which will be met from a combination of drawdown of reserves and unidentified savings delivered in year.

Looking longer term the key variables remain future funding levels, pay awards, pension costs and the successful implementation of the outcome of the Emergency Cover Review. At the present time we are forecasting funding gaps in future years and depending upon the extent of these we will look to deliver further efficiencies and/or utilise reserves to offset these.

Recommendation

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

Information

In line with the Authority's objective to deliver affordable, value for money services the Authority's Budget Strategy remains one of: -

- Delivering services as outlined in the Risk Management Plan and other plans;
- Continuing to invest in improvements in service delivery;
- Continuing to invest in improving facilities;
- Continuing to deliver efficiencies;
- Setting a robust budget;
- Maintaining an adequate level of reserves;
- Maintaining future council tax increases within the Governments referendum principles.

Draft Budget

In order to determine the future budget requirement, the Authority has used the approved 2022/23 budget as a starting point, and has uplifted this for inflation and other known changes and pressures, to arrive at a draft budgetary requirement, prior to utilising any reserves, as set out below: -

Table 2 Summary of Budget Changes

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Preceding Years Draft Net Budget Requirement	63.0	68.5	71.8	74.5	76.6
Add back previous years unidentified savings target	-	-	-	-	-
Add back previous years Vacancy Factors	1.6	1.8	1.4	0.6	0.7
Inflation	7.5	2.0	1.7	1.7	1.7
Other Pay Pressures	(0.7)	0.7	-	-	-
Committed Variations	0.5	0.3	0.3	0.3	0.3
Growth	0.2	-	-	-	-
Efficiency Savings	(1.9)	-	0.1	0.1	0.1
Gross Budget Requirement	70.3	73.2	75.1	77.3	79.6
Vacancy Factors	(1.8)	(1.4)	(0.6)	(0.7)	(0.7)
Net Budget Requirement	68.5	71.8	74.5	76.6	78.9

Inflation

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

Table 3 Details of Inflation

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
The impact of the unbudgeted pay awards in 2022/23: <ul style="list-style-type: none"> • Grey book (operational staff) based on the latest pay offer of 7% (there remains a great deal of uncertainty around the eventual level of the pay award) • Green book (support staff) £1,925 per person 	2.5	-	-	-	-
A 5% allowance has been built in for 2023/24 pay award and 2% thereafter	2.4	1.5	1.2	1.2	1.2
The budget allows for a general 10% inflationary increase next year in respect of non-pay, split across underfunded inflation in 22/23 and an assumed 5% inflation in 23/24. With on-going inflation of 2.5% thereafter. In addition, the on-going budget for energy and fuel has been increased to reflect current rates	2.6	0.5	0.5	0.5	0.5
	7.5	2.0	1.7	1.7	1.7

Each 1% pay award in excess of the above assumptions equates to an additional cost of £0.4m per year for grey book personnel, and £0.1m for green book personnel.

Other Pay Pressures

Table 4 Details of Other Pay Pressures

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Pay has been re-costed, taking account of changes to personnel, grades, public holidays, pension costs etc.	(0.3)	(0.1)	-	0.1	-
Removal of the Employers National Insurance increase of 1.25% in relation to the Health and Social Care levy	(0.4)	-	-	-	-

The 2020 valuation exercise on the Fire Fighters pension is ongoing, with any changes arising from this anticipated to impact the 2024/25. It is not clear what impact this will have but we are likely to see an increase in employer contribution rates, the scale of which is, as yet, unknown. Therefore, we have assumed a 3% increase in the 24/25 budget, pending further clarification.	-	0.8	-	-	-
	(0.7)	0.7	-	0.1	-

Committed Variations

Committed variations are those items which are unavoidable, or which arise from previously agreed policy decisions.

Table 5 Details of Committed Variations

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
The budget reflects the reduction in the drawdown against the apprentice levy, net of our 5% co-investment cost, due to the reduction in future FF recruit numbers.	-	0.2	0.1	0.1	-
The budget for pooled PPE has been adjusted in future years to reflect lifecycle replacement requirement, which see a significant increase in 25/26 and beyond reflecting the age profile of our existing stock.	-	-	0.2	(0.1)	0.2
The budget for operational equipment has been adjusted in future years to reflect lifecycle replacement requirement.	0.1	-	-	0.2	(0.2)
The following budgets have been increased to reflect a combination of cost pressures and increased demand:-	0.3	-	-	-	-
• Property					
• ICT					
• Digital					
• Fleet					

The budget for NWFC has been increased to reflect cost pressures within the function, which are passed on to the relevant Authorities, our share of these being 25%. NWFC are commencing a project to replace the mobilizing software, and whilst some project costs are included in the above pressures, this does not include any allowance for the eventual cost of the replacement software, which is likely to be a very significant cost. Hence the cost in future years is likely to increase further but, as yet, we have no details.	0.1	-	-	-	-
The increased capital financing charge in 27/28 reflects borrowing requirements associated with the capital programme (as referred to in the Capital budget report elsewhere on the agenda).	-	-	-	-	0.3
Other.	-	0.1	-	0.1	-
	0.5	0.3	0.3	0.3	0.3

Growth

Table 6 Details of Growth

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
There have been some increases in budget relating to specialist functions, such as the Drone Team and our Canine Teams.	0.2	-	-	-	-
	0.2	-	-	-	-

Efficiency Savings

The Authority has a good track record of delivering efficiency savings, with the following savings identified below: -

Table 7 Details of Efficiency Savings

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
The outcome of the ECR delivers total savings of £0.4m, with phasing as shown.	(0.5)	0.2	(0.1)	-	-
The budget allows for the following recruits/apprentice FFs each year:- <ul style="list-style-type: none"> • 23/24 – 60 apprentices • 24/25 – 24 apprentices • 25/26 – 24 apprentices • 26/27 – 24 apprentices • 27/28 – 24 apprentices These forecasts take account of the timing of changes to establishment, predominantly arising from the outcome of the ECR, as well as anticipated retirements/early leavers. However, it should be noted that the timing and number of retirements/early leavers has varied significantly in recent years.	(0.2)	(0.3)	-	-	-
A number of temporary posts will be removed in future years.	-	(0.3)	(0.1)	(0.1)	-
Interest receivable has increased in 23/24, reflecting the change in bank base rates, and the increased use of fixed term deposits. This gradually reduces over the life of the strategy, reflecting the reduction in cash balances and falling interest rates in future years	(1.0)	0.4	0.3	0.2	0.1
Other	(0.2)	-	-	-	-
	(1.9)	-	0.1	0.1	0.1

Gross Budget Requirement

As set out above the overall gross budget requirement for each year is as follows: -

Table 8 Gross Budget Requirement

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Draft Gross Budget Requirement	70.3	73.2	75.1	77.3	79.6

Vacancy Factors

The budget needs to take account of forecast vacancy factors arising from retirement and recruitment profiles: -

Table 9 Details of Vacancy Factors

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
<p>The vacancy/over establishment factor for whole-time has also been updated and is based on the following: -</p> <ul style="list-style-type: none"> • Each year a number of personnel who have reached full pension benefits delay their retirement. Whilst this varies each year it averages out at approx. 6 personnel at any point in time. As such we have assumed that all bar 6 personnel who can retire do so immediately. • An updated early leavers profile, i.e., personnel who retire before reaching forecast retirement date or who resign or are dismissed, of:- <ul style="list-style-type: none"> ➤ 18 in 23/24 ➤ 12 in 24/25 ➤ 9 in 25/26 ➤ 6 in subsequent years • Recruit numbers are as set out earlier and we assume that all recruits 	(0.3)	(0.2)	0.3	0.1	0.1

successfully complete the course. Overall, this results in a net under-establishment in 23/24, a broadly balanced position in 24/25 and a net over-establishment in 25/26 and beyond. It should be noted that any vacancies are partly offset by a potential increase in overtime costs.					
On Call vacancy factors have been increased from 21% to 25% reflecting the current level of staffing. However, we have assumed that this reduces in future years, reflecting our desire to improve our recruitment and retention of on call personnel, reducing to 15% by 27/28.	(0.8)	(0.7)	(0.7)	(0.6)	(0.5)
Support staff vacancy factor has been set at 7.5% in 23/24, lower than its current level; on the assumption that we are successful in our current recruitment campaigns. We have reduced this in subsequent years, down to 2.5% by 25/26.	(0.7)	(0.5)	(0.2)	(0.2)	(0.3)
	(1.8)	(1.4)	(0.6)	(0.7)	(0.7)

Net Budget Requirement

As set out above the overall net budget requirement for each year is as follows: -

Table 10 Net Budget Requirement

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Draft Budget Requirement	68.5	71.8	74.5	76.6	78.9
Budget Increase	8.7%	4.8%	3.9%	2.8%	2.9%

Grant Funding

The Government's Budget will set the overall total for public sector spending which will then be allocated out to departments as part of the Spending Review, and these are then allocated out to individual Authorities as part of the Local Government Finance Settlement, the final version being announced on 6 February.

Due to economic uncertainty the anticipated multi-year settlement has been postponed again, hence the draft settlement only covers 2023/24.

Similarly, the Fair Funding review, which looked to re-assess the methodology under which funding was allocated to individual authorities, and the implementation of a revised Business Rates Retention Scheme, have both been put on hold for at least a further 12 months.

The 2023/24 Local Government Finance Settlement showed an increase in the Government's Settlement Funding Assessment of 6.05%. The Settlement Funding Assessment comprises:-

Table 11 Details of Settlement Funding Assessment 2023/24

Revenue Support Grant (from the Government)	£9.7m
Business Rates (from local billing authorities)	£11.6m
Business Rates Top-Up (from the Government)	£4.7m
	£26.0m

Looking beyond 2023/24, the policy statement that accompanied the finance settlement stated "The core settlement will continue in a similar manner for 2024-25. The major grants will continue as set out for 2023-24: Revenue Support Grant will continue and be uplifted in line with Baseline Funding Levels". We have therefore assumed that the settlement funding assessment will grow in line with inflation in 24/25 (assumed to be 5.0%) and thereafter by 2.0% (the Governments inflation target). The table below sets out our assumed level of funding (Settlement Funding Assessment) over the next 5 years: -

Table 12 Forecast Settlement Funding Assessment 2023/24-2027/28

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Estimated Settlement Funding Assessment	26.0	27.3	27.8	28.4	29.0
Growth	6.0%	5.0%	2.0%	2.0%	2.0%

Service Grant

The Service Grant has been reduced to 0.6m, reflecting the removal of the elements relating to the increase in employer National Insurance Contributions identified last year, but which has now been reversed.

Table 13 Forecast Service Grant

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Service Grant	0.6	0.6	0.6	0.6	0.6

Business Rates Adjustments

We have received final details of Business Rates from billing authorities, confirming that our local retention of business rates at £4.3m, £0.4m than allowed for in the settlement above.

In addition to the above Business Rates the Authority receives Section 31 grant from the Government to compensate for specific reliefs it has agreed as part of policy decisions, i.e., small business relief etc. This year the anticipated grant has increased to £3.9m, reflecting the higher Government multiplier being applied this year. We have assumed these increases in line with inflation in future years.

Billing Authorities have conformed an overall surplus on the collection fund of £133k. Given the volatility of this we have assumed a breakeven position in future years.

Table 14 Forecast Business Rates Adjustments

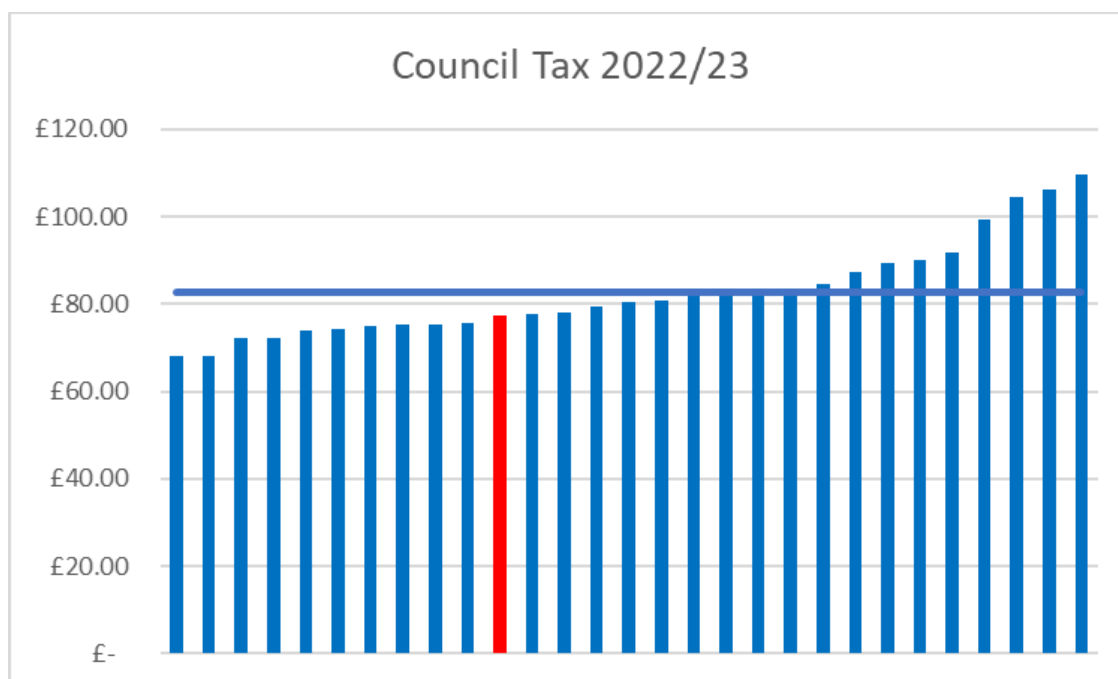
	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Local Business Rate adjustment, as per Billing Authorities	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Section 31 Grant – Business Rates Reliefs	3.9	4.0	4.1	4.2	4.3
Business Rates Collection Fund Surplus	0.1	-	-	-	-
Total Business Rates Adjustment	3.6	3.6	3.7	3.8	3.9

Council Tax

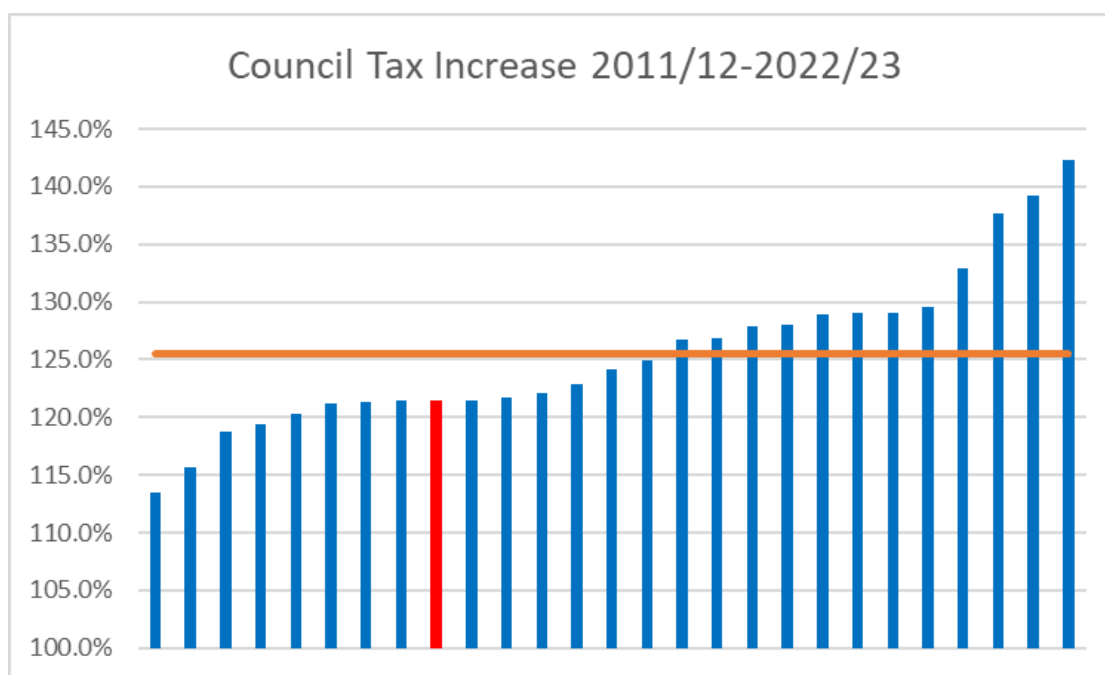
In setting the council tax, the Authority aims to balance the public's requirement for our services with the cost of providing this. As such the underlying principle of any increase in council tax is that this must be seen as reasonable within the context of service provision.

The Authority became a precepting authority on 1 April 2004. Since this our council tax increases have been limited by either capping or the current referendum thresholds set by the Government. As such our council tax increases and hence budget increases have been constrained by these and our desire to deliver value for money services. Last year the Government allowed the 8 FRAs with the lowest precept levels to increase council tax by £5, with Lancashire being one of the Authorities that took advantage of this flexibility. Despite this our council tax of £77.27 is still below the national average of £82.65, and our increase of just 21.4% since 2010/11 compares with an average increase of 25.5% over the same period.

Graph 1 Comparative Council Tax 2022/23



Graph 2 Comparative Council Tax Cumulative Increase 2011-2023



The Local Government Settlement confirmed that the Government setting a 3% core referendum threshold, whilst allowing all Fire Authorities to increase council tax by £5 for one year only in 2023/24. It is worth highlighting that prior to last year this flexibility had not been granted since 2013/14. Furthermore, the Government has confirmed that at the present time its intention is for the 3% referendum threshold to be applied in 24/25.

An increase of £5 would result in a council tax of £82.27 per band D property. Based on our estimated tax base this will generate £2.3m of funding compared with £1.1m from a 3% increase, an additional £1.2m. Furthermore, it should be emphasised that this additional funding will set a new council tax baseline and hence becomes a recurring increase.

Council Tax-Base

The Authority's council tax-base has increased by 1.8% in 2023/24. For the purpose of medium term forecasting we have assumed that the taxbase increases by 1.5% in subsequent years in line with historic averages.

Table 15 Forecast Council Tax-Base

	2023/24	2024/25	2025/26	2026/27	2027/28
Estimated Number of Band D equivalent properties	457,949	464,819	471,791	478,868	486,051

Billing Authorities have now confirmed on overall collection fund surplus is £275k. We have assumed a £400k surplus on the collection fund each, in line with historic averages in future years:-

Table 16 Forecast Council Tax Collection Fund

	£m	£m	£m	£m	£m
	£m	£m	£m	£m	£m
Council Tax Collection Surplus	0.3	0.4	0.4	0.4	0.4

Draft Council Tax Requirements

Table 17 Forecast Council Tax Requirements

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Draft Budget Requirement	68.5	71.8	74.5	76.6	78.9
Less Settlement Funding Assessment	(26.0)	(27.3)	(27.8)	(28.4)	(29.0)
Less Service Grant	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Less Business Rates Adjustment	(3.6)	(3.6)	(3.7)	(3.8)	(3.9)
Less Council Tax Collection Surplus	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)
Equals Precept	38.0	39.8	41.9	43.4	45.0
Estimated Number of Band D equivalent properties	457,949	464,819	471,791	478,868	486,051
Equates to Council Tax Band D Property	£82.95	£85.55	£88.87	£90.60	£92.51
Increase in Council Tax	7.3%	3.1%	3.9%	1.9%	2.1%

(For information, a 1% change to the council tax equates to £0.35m.)

As can be seen the increases in 23/24, 24/25 and 25/26 are all above the referendum thresholds. As such the Authority will need to reduce its budget requirement in these years in order to deliver a balanced budget within the referendum thresholds:-

Table 18 Budget Reductions Required

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Budget reduction required	0.3	0.4	0.8	0.3	-

The Authority can achieve this by either utilising reserves, identifying additional savings or a combination of both.

Reserves

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, 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.

As such 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 incorporates issues such as higher than anticipated inflation, including pay awards, increased pension costs, particularly those arising from McCloud Sergeant, successful implementation of the Emergency Cover Review, and costs associated with potential industrial action. given the latest pay offer and the Finance Settlement policy Statements indication about future funding, the treasurer recommends reducing the minimum requirement to £3.75m. As at 31 March 2023 we anticipate holding £4.0m, providing scope to utilise approx. £0.25m of reserves. (Note, it may be possible to reduce this minimum level further if the 2-year pay offer is accepted).

Therefore, the Treasurer considers this reserve is at an appropriate level.

Summary Council Tax 2022/23

We are recommending a £5.00 increase in council tax for an average band D property:-

Table 19 Detailed Council Tax Requirement 2023/24

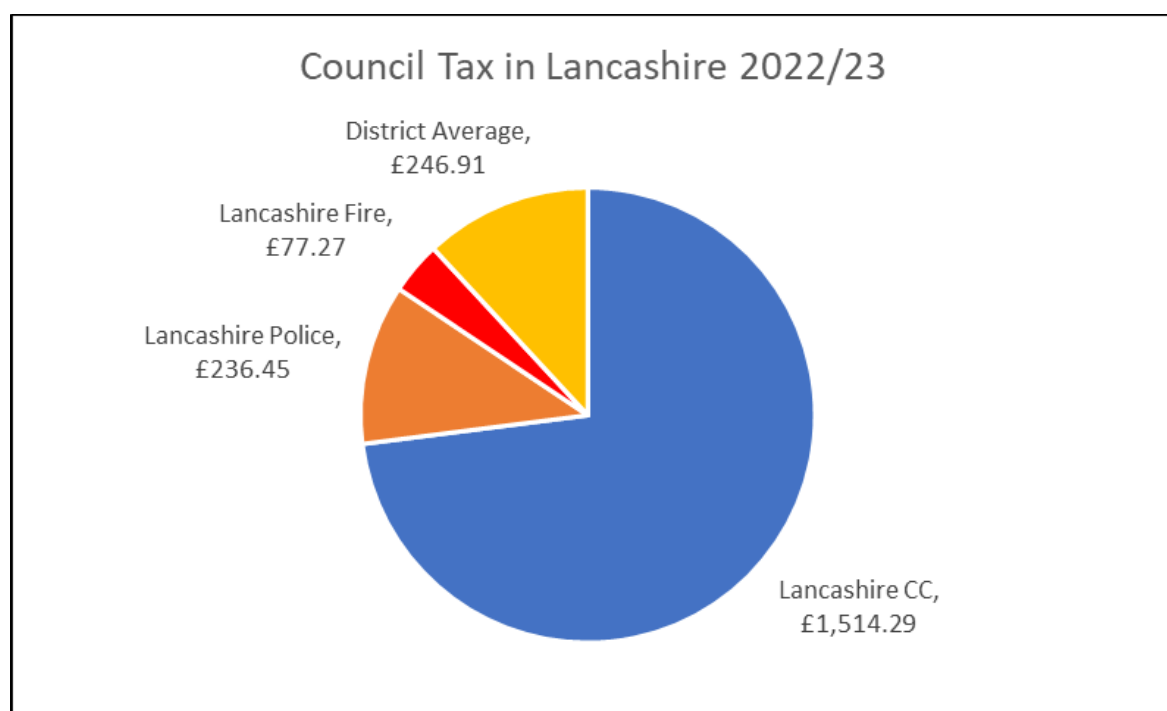
	£m
Gross Budget Requirement	68.5
Less Budget reduction required	(0.3)
Net Budget Requirement	68.2
Less Settlement Funding Assessment	(26.0)
Less Service Grant	(0.6)
Less Business Rates Adjustment	(3.6)
Less Council Tax Collection Surplus	(0.3)

Equals Precept	37.7
Estimated Number of Band D equivalent properties	457,949
Equates to Council Tax Band D Property	£82.27
Increase in Council Tax	£5.00

The increase of £5.00 per annum equating to 10p per week for an average band D property.

It is also worth highlighting that Fire accounts for a very small proportion of the total council tax bill, with the 2022/23 average band D bill in Lancashire being £2,075, of which 'Fire' accounts for £77, less than 4%.

Graph 3 Council Tax in Lancashire 2022/23



Robustness of the Revenue Budget 2023/24

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, as set out below:-

Table 20 Inflationary Allowance Included in Budget

	2023/24
Uniformed Pay Award (7% backdated pay award allowed for 22/23)	5.0%
Non-Uniformed Pay Award	5.0%
Non-Pay Inflation (In addition to the backdated adjustments to reflect inflation levels in 22/23)	5.0%

- 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 the outcome of next year's Local Government Finance Settlement and any subsequent Spending Review 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;
- 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 forecast;
 - Reduction in funding via Business Rates retention scheme;
 - Reduction in council tax funding due to changes in collection rates, localisation of council tax support, reducing tax base and/or council tax referendum limits;
 - Higher than anticipated inflation;
 - Larger increases in future pension costs/contributions;
 - Significant changes in retirement profiles;
 - Increase in costs arising from demand led pressures, i.e., increasing staff numbers, overtime due to spate conditions or major equipment replacement requirements;
 - Inadequacy of insurance arrangements.

A number of alternative budget scenarios are shown in appendix 2.

Summary and Conclusions

The lack of a multi-year settlement makes longer term planning more difficult as there can be no certainty around future funding forecasts. Offsetting this is the opportunity provided by the £5 council tax flexibility allowed this year.

Raising council tax by the maximum permissible still only increases the overall council tax bill by £5 but generates £2.3m of funding for the Authority. It is proposed to utilise a combination of drawdown from reserves and further savings to bridge funding gap in 23/24 and beyond, the extent of this requirement being dependent upon final pay award agreement and future funding settlements.

As proposed the council tax increase/budget gives greater long term funding certainty which will form the basis of our future investment requirements (as reflected in the Medium-Term Financial Strategy and the Capital Programme), which are essential if we are to hit our 'road to outstanding' ambition and be the best equipped, best trained and best accommodated Service.

Financial Implications

As outlined in the report.

Human Resource Implications

None

Equality & Diversity Resource Implications

The budget as set should enable the Authority to continue to make progress against its equality and diversity targets.

Environmental Implications

The budget as set takes account of the need to invest in environmental issues.

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 feels that the budget has been prepared in a robust manner and that the level of reserves held is sufficient to meet any potential risks.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper: Revenue and Capital Budget Reports

Date: 2023

Contact: Keith Mattinson

Reason for inclusion in Part 2 if appropriate: N/A

Appendix 1

Resolution based on a council tax increase of £5.00, resulting in a council tax of £82.27

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 budget requirement of £68.183m for 2023/24.
4. note the level of Revenue Support Grant Funding £9.727m.
5. note the level of Business Rates Retention Top Up Funding £11.563m.
6. note the level of Local Business Rates Retention Funding £4.311m.
7. note the section 31 grant of £3.863m due in respect of the business rate reliefs.
8. note the business rate tax collection fund surplus of £0.133m.
9. note the level of Service Grant Funding £0.634m.
10. note the net council tax collection fund surplus of £0.276m after allowing for the 3-year spread from 2021/22.
11. agree the council tax requirement, calculated in accordance with Section 42A (4) of the Localism Act of £37.675m.
12. note the council tax base of 457,949 determined for the purposes of Section 42B of the Local Government Finance Act 1992.
13. agree a council tax band D equivalent of £82.27, an increase of £5.00, 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:

Table 21 Council Tax by Band

Band A	£54.85
Band B	£63.99
Band C	£73.13
Band D	£82.27
Band E	£100.55
Band F	£118.83
Band G	£137.12
Band H	£164.54

14. agree, based on each district and unitary councils share of the total band D equivalent tax base of 457,949, the share of the total LCFA precept of £37.675m levied on each council as follows:

Table 22 Precept by Billing Authority

Blackburn With Darwen Borough Council	£2,985,812
Blackpool Borough Council	£3,112,275
Burnley Borough Council	£1,936,965
Chorley Borough Council	£3,154,440

Fylde Borough Council	£2,631,736
Hyndburn Borough Council	£1,805,416
Lancaster City Council	£3,502,975
Pendle Borough Council	£2,038,355
Preston City Council	£3,381,133
Ribble Valley Borough Council	£2,055,105
Rossendale Borough Council	£1,713,520
South Ribble Borough Council	£3,056,600
West Lancashire District Council	£3,134,139
Wyre Borough Council	£3,167,034
TOTAL	£37,675,505

Appendix 2

Budget Scenarios

Without a multi-year settlement is very hard to provide any meaningful funding forecast, however for the purpose of medium-term financial planning we have assumed that funding is increased by 5.0% in 24/25 and 2.0% thereafter. Allowing for a £5 increase in council tax in 23/24 and a 3% council tax increase in future years, in line with the likely referendum principles, the Authority is able to set a balanced budget in the majority of years with minimal use of reserves.

Looking at the medium-term plans it is clear that the key variables remain future funding levels, pay awards and pension costs.

As such additional scenarios are presented below showing the potential impact of:-

- pay awards in future years being 1% higher than allowed for each year;
- a funding freeze in 2025/26 and beyond;
- a 10% reduction in funding in 2025/26 and beyond;
- a potential 5% increase in employer pension contributions in 24/25, as a result of the McCloud pension judgement (the budget already allows for a 3% increase).

As can be seen all of these have a significant impact on the remainder of the medium-term strategy ranging up to a £5m loss of funding or a £3m increase in costs. Although it must be recognised that there may be opportunities to deliver future savings to offset some of these.

Table 23 Budget Scenarios

	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
Current Budget Gap	(0.3)	(0.4)	(0.8)	(0.3)	-
Revised Gap – Pay awards 1% higher each year	(0.7)	(1.4)	(2.4)	(2.6)	(2.9)
Revised Gap - Funding Freeze 2025/26-2027/28	(0.3)	(0.4)	(1.4)	(1.6)	(1.9)
Revised Gap - 10% Funding Reduction 2025/26-2027/28	(0.3)	(0.4)	(2.4)	(3.7)	(4.9)
Revised Gap – 5% increase in employer pension costs in 24/25	(0.3)	(1.0)	(1.3)	(0.9)	(0.6)

Appendix 3

Analysis of Budget by Service Area

Table 24 Budget by Service Area

	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
	£m	£m	£m	£m	£m
Service Delivery	39.223	41.090	42.520	43.404	44.402
Prevention and Protection	3.210	3.383	3.475	3.551	3.627
Control	1.610	1.671	1.734	1.799	1.866
Special Projects	0.036	0.037	0.037	0.038	0.038
Service Development	1.962	2.048	2.111	2.155	2.199
Training	4.571	4.456	4.673	4.882	5.066
Fleet Services	3.282	3.403	3.461	3.748	3.581
ICT	3.330	3.415	3.519	3.608	3.699
Digital Transformation	0.609	0.635	0.662	0.625	0.638
Human Resources	1.071	1.119	1.093	1.116	1.139
Occupational Health	0.318	0.330	0.342	0.350	0.357
Corporate Communications	0.386	0.403	0.420	0.429	0.438
Health & Safety	0.288	0.299	0.311	0.318	0.324
Executive Board	1.124	1.177	1.211	1.236	1.261
Central Admin Hub	0.955	0.999	1.045	1.067	1.088
Finance	0.221	0.231	0.242	0.247	0.252
Procurement	0.667	0.676	0.907	0.856	1.080
Property	4.012	4.120	4.232	4.338	4.448
Pensions Expenditure	1.399	1.475	1.480	1.547	1.619
Other Non-DFM Expenditure	0.219	0.791	1.073	1.331	1.754
Gross Budget Requirement	68.493	71.757	74.548	76.642	78.876
Unidentified Savings/Use of Reserves	(0.310)				
Net Budget Requirement	68.183	71.757	74.548	76.642	78.876

Appendix 4

Analysis of Budget by Type of Expenditure

Table 25 Budget by Type of Expenditure

	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
	£m	£m	£m	£m	£m
Employee					
Uniformed	43.871	45.877	47.228	48.158	49.234
Support staff	8.976	9.161	9.493	9.654	9.870
Pensions	1.392	1.468	1.473	1.540	1.612
Other Employee Related Exp	0.064	0.065	0.067	0.069	0.070
	54.303	56.571	58.261	59.421	60.786
Premises					
R&M	1.235	1.265	1.297	1.329	1.362
Utilities	1.821	1.866	1.913	1.960	2.009
Cleaning	0.070	0.071	0.073	0.074	0.076
PFI	0.743	0.761	0.780	0.800	0.820
Other	0.062	0.064	0.065	0.067	0.068
Rent/Rates	1.415	1.485	1.558	1.635	1.717
	5.344	5.512	5.686	5.866	6.052
Transport					
Repairs	0.950	0.974	0.998	1.023	1.048
Running Costs	0.590	0.605	0.620	0.635	0.651
Travel costs	0.486	0.498	0.511	0.523	0.536
insurance	0.244	0.250	0.256	0.263	0.269
Other	0.006	0.006	0.006	0.006	0.006
	2.276	2.333	2.390	2.450	2.511
Supplies & Services					
Hydrants	0.082	0.084	0.086	0.088	0.090
Operational equipment	0.785	0.825	0.805	1.030	0.799
Clothing & Uniform	0.488	0.483	0.700	0.645	0.865
Printing, stationery, postage	0.519	0.531	0.544	0.558	0.571
Comms-Network Costs	1.178	1.208	1.238	1.269	1.300
Telephony	0.221	0.227	0.233	0.238	0.244
Computers	1.684	1.726	1.769	1.814	1.859
Subsistence	0.105	0.108	0.110	0.113	0.115
Fire Safety Expenses	0.332	0.341	0.349	0.358	0.367
Training Expenses	0.505	0.517	0.530	0.543	0.557
insurance	0.280	0.285	0.291	0.297	0.303
Members Expenses	0.193	0.197	0.202	0.207	0.212
Misc. Equipment	0.099	0.101	0.104	0.106	0.109
Other	1.401	1.590	1.777	2.055	2.172
Catering	0.094	0.097	0.099	0.102	0.104
PTV Residential	0.108	0.110	0.113	0.116	0.119

	8.074	8.431	8.950	9.537	9.787
Other					
Contracted Services	1.274	1.357	1.380	1.311	1.344
Other	0.004	0.004	0.005	0.005	0.005
	1.278	1.362	1.384	1.316	1.348
Capital Financing Costs	4.100	4.100	4.100	4.100	4.400
Income	(6.882)	(6.552)	(6.223)	(6.046)	(6.007)
Gross Budget Requirement	68.493	71.757	74.548	76.642	78.876
Unidentified Savings/Use of Reserves	(0.310)	0.000	0.000	0.000	0.000
Net Budget Requirement	68.183	71.757	74.548	76.642	78.876