

**Status of Report:** Public

**Meeting:** Combined Fire Authority

**Date:** 8 February 2023

**Subject:** Budget Strategy 2023/24 to 2025/26

**Report by:** The Chief Fire and Rescue Officer and the Treasurer

**Author:** Manjora Bisla (Finance Manager)

**For:** Decision

### **Purpose**

1. The purpose of this report is to seek the Authority's approval of the budget for 2023/24, and the proposed budget strategy and capital programme for the period to 2025/26.

### **Summary**

2. The CFA is funded through government grant, business rates and council tax.
3. A balanced revenue budget is proposed for 2023/24, which provides for new and existing pressures (pay awards, energy and inflation). Looking further ahead, funding is earmarked for the transition away from Day Crewing Plus, with a balanced budget again envisaged for 2024/25 and a potential small deficit in 2025/26.
4. Future risks to the forecasts include pay awards exceeding the applied provisions, pension costs not being funded to the same extent by Government, the impact of any industrial action following the strike ballot due to close on 30 January 2023, and inflation costs being higher than expected. An inflation provision and a planning provision are included by way of mitigation.
5. A three-year capital programme is proposed. This will be funded from revenue without recourse to borrowing or leasing, which avoids the repayment costs falling on future years' budgets. An integrated property investment and maintenance programme is proposed, continuing to improve the estate, making it fit for contemporary service and staffing requirements and boosting efficiency
6. The Authority's Council Tax remains amongst the lowest of all combined fire authorities, even after the £5 increase in Council Tax Band D taxes in 2022/23. This limits the CFA (and similar authorities) into a relatively low level of spending due to the Government's rules regarding referenda on council tax increases above the set threshold. Following the provisional local government finance settlement in December 2022, all fire authorities are expected to be able to increase Band D taxes by no more than £5 in 2023/24, without a referendum. This report proposes to utilise this flexibility to make the financial position more sustainable and protect services. The Authority's Band D tax would be £79.29, before any individual discounts.

7. The CFA has a number of earmarked reserves. These include reserves to fund the future capital programme of £10.1m and the budget strategy reserve of £1.5m (forecast balances at March 2023). Earmarked reserves are described in the section of the report titled Reserves.
8. More detailed risks to delivery of the budget are identified in the section entitled Risk Assessment and Adequacy of Estimates.
9. Members are asked to note that at the time of writing, the final local government finance settlement had not been confirmed by the Government. Any changes that may arise will be reported at the CFA meeting.

## **Recommendations**

10. The Authority is asked to:
  - (a) Approve the budget strategy described in this report, and the formal (technical) budget resolution for 2023/24 which will be circulated separately;
  - (b) Approve the capital programme described in paragraphs 26-33 of the report, and authorise the Chief Fire and Rescue Officer to commit expenditure on schemes;
  - (c) Note any comments received from stakeholders, to be reported to the meeting;
  - (d) Note the Treasurer's view that reserves are adequate during 2023/24, and that estimates used to prepare the budget are robust;
  - (e) Note the medium-term financial outlook and forecasts presented at Appendix Six, and the financial challenges ahead;
  - (f) Approve the treasury strategy and prudential indicators described in paragraphs 63-65 and Appendices Three and Four, including that the new upper threshold for locally held bank accounts shall take immediate effect;
  - (g) Approve the capital strategy described in paragraphs 66-68 and Appendix Four, and confirm that the CFA would not wish to undertake commercial investment;
  - (h) Note the equality implications arising from the budget, as described in paragraphs 69-76;
  - (i) Approve the scheme of virement described at Appendix Five to this report; and
  - (j) Note that the vacant post of Area Manager for Tri-Service Control is to be deleted and removed from the revenue budget.

## **Budget Overview**

11. The table below summarises the proposed budget for 2023/24, and the forecast position for 2024/25. Risks and caveats are described in the section below entitled Risk Assessment and Adequacy of Estimates.

<b><u>Spending</u></b>	<b><u>23/24</u></b> <b><u>£m</u></b>	<b><u>24/25</u></b> <b><u>£m</u></b>	<b><u>25/26</u></b> <b><u>£m</u></b>
Approved budget 22/23	39.8	39.8	39.8
Technical changes:-			
• Inflation	3.1	4.5	5.7
• Other	(0.4)	(0.5)	(0.5)
Proposed growth	0.1	1.8	1.8
Savings	(0.1)	(0.1)	(0.1)
Contribution to Capital	4.5	2.5	2.4
Contribution to Inflation Provision	0.2	0.2	0.2
Planning provision	0.0	0.3	0.6
<b>Forecast Spending</b>	<b>47.2</b>	<b>48.5</b>	<b>49.9</b>
<b><u>Income</u></b>			
Council Tax (£5 increase at Band D)	26.9	28.1	29.1
Revenue Support Grant	4.9	4.9	4.9
Services Grant	0.4	0.4	0.4
Business Rates Income	5.4	5.4	5.4
Business Rates Top Up Grant	6.5	6.5	6.5
Other grants	1.1	1.0	0.9
Actuarial Review Compensation Grant	1.8	2.0	2.0
Fire authority income	0.2	0.2	0.2
<b>Total Income</b>	<b>47.2</b>	<b>48.5</b>	<b>49.4</b>
<b>Forecast Budget Gap*</b>	<b>0</b>	<b>0</b>	<b>0.5</b>

\*The budget gap would be funded from the budget strategy reserve.

12. The budget for 2024/25 and 2025/26 is presented in broad terms only and is subject to various assumptions, in particular pay awards and uncertainty around future funding. In addition to the inflation contingency, a planning provision of £0.3m has been set aside in 2024/25 rising to £0.6m in 2025/26 to protect the Service from the level of uncertainty for the future.
13. A more detailed breakdown of the budget is provided at Appendix One to this report.

## **Council Tax**

14. The provisional local government finance settlement allows fire authorities to increase Band D precepts by no more than £5 in 2023/24, without a referendum. This is in recognition of the significant cost pressures facing the sector and to support a more sustainable financial position for the future; and the requirements of

the relevant legislation to determine that the tax set is not excessive. It is proposed to take advantage of this flexibility by increasing the Band D council tax by £5.00, from £74.29 to £79.29. The actual range of increases would be from £3.33 at Band A to £10.00 at Band H, before any discounts.

15. The effects of not taking advantage of a £5 increase would include:
- The budget forecasts as presented would become unsustainable;
  - Spending would need to be reduced and/or borrowing would be required to fully finance the capital programme;
  - The CFA's ability to manage the transition from Day Crewing Plus without service reductions could be adversely affected; and
  - The scope to manage any higher pay and price increases without compromising services would be reduced.
16. The Service nonetheless continues to focus on efficiency and effectiveness. Productivity increases year on year, for example home fire safety checks. Collaborative procurement remains a key tool, with investment in procurement and contract management support proposed in this budget.
17. The Authority's Council Tax is charged to taxpayers across Leicester, Leicestershire and Rutland. It comprises only a small part of the amount payable by taxpayers, being £74.29 at Band D in 2022/23: the bulk of the tax payable is charged by Leicester City Council, Leicestershire County Council and Rutland County Council in the three areas respectively.
18. In 2022/23, average total Band D taxes in the three areas were: -

<b>Authority Area:-</b>	<b>£</b>
Leicester City	2,078.26
Leicestershire County	1,988.85 – 2,079.37
Rutland	2,249.88

19. The actual amounts people pay, however, depend on the valuation band their property is in, and their entitlement to reductions from any discounts, exemptions or benefits. Some 85% of households are in Bands A – D, so would pay an extra £5 or less before any reductions (equivalent to 10p per week, or less). The formal resolution to this report will show the amount payable for property in each band. This will also show the sums payable by Leicester City Council, district councils and Rutland County Council.

### **Construction of the Budget**

20. Constructing the budget commences with reviewing the approved budget for 2022/23, which reflects the current establishment.
21. The 2023/24 budget has been adjusted to take account of the following:-
- (a) Technical changes: these are cost increases and savings which take effect without any change in policy. They consist principally of the costs of pay, price inflation, much higher energy costs and increases in pensions costs, offset by savings mainly arising from reducing lease costs: these are detailed in paragraphs 22-23;

- (b) A contribution to fund the capital programme, avoiding the need to lease vehicles or borrow money. This includes funding for significant building works at whole time and on call stations over the next three years and to support maintenance;
- (c) Savings from the deletion of the vacant post of Area Manager of Tri-Service Control, which is no longer required;
- (d) A contribution of £0.2m to an inflation provision in 2023/24 and future years. The future years' contributions will be reviewed as those years' budgets come to be set; and
- (e) A planning provision of £0.3m, which is added in 2024/25, rising to £0.6m in 2025/26. The provision is a contingency, which reflects the difficulty in making accurate forecasts and acts as a hedge against uncertainty. It is only included in future years' projections and is reviewed annually.

### Technical Changes

22. Money has been added to the budget for **pay and price inflation**. This has been calculated as follows:-
- (a) A provision of £0.6m has been set aside for the 2022/23 **pay award** expected shortfall. The firefighters' revised pay award offer of 5% has not been agreed, however it is prudent to assume the final award will not be lower. Further to this, the support staff actual pay award was greater than the 3% budgeted. This provision seeks to fill this budget gap on an on-going basis from 2023/24.
  - (b) A provision of £1.2m has been made for **pay awards** in 2023/24, noting that offers have not yet been made and are difficult to predict. This provision is the equivalent of a 4% pay award. In the subsequent years 2024/25 and 2025/26, a 3% pay award is provided for annually. This budget will be held centrally and will only be used to the extent required. The risk of higher awards is explored in paragraphs 55-61.
  - (c) £1.1m is provided for known and expected **price inflation**, rising to £1.3m in 2024/25. Around £0.6m of this relates to energy costs, as a result of electricity bills doubling and gas bills expected to quadruple. £0.2m has been set aside for ICT to offset the inflationary increases across various contracts. Fuel costs have increased considerably, requiring £0.2m to be set aside to meet these pressures. The remaining £0.1m has been allocated for insurance, which has increased significantly over the years.
  - (d) A provision of £0.1m has been provided for the increase in **employers' pension contributions** to the Local Government Pension Scheme as outlined through the latest triennial pension valuation. The forecasts assume no contribution increases to the firefighters' scheme until April 2024.

- (e) A provision of £0.05m has been provided for the anticipated 150% increase in **external audit fees**. This arises from the recent nationally led procurement and the additional requirements on External Audit.
- (f) Given the uncertainty around inflation, an **inflation provision** of £0.2m in 2023/24 for any further increases is also included. This is also shown in future years' budgets, however, will be reviewed at the time these come to be set.

23. The budget has been reduced for other **technical changes**. These include:

- (a) Savings arising in respect of **capital financing costs**. These occur because lease rentals cease once vehicles are fully paid for, and no new leases are being entered into, as capital spend is now financed directly from revenue. The final lease is due to end during 2026/27.
- (b) Savings from the reversal of the **National Insurance** increase; this is however reflected in the reduced income from the Services Grant.

### **Growth Proposed**

24. Two growth items are proposed for the 2023/24 budget, costed at an indicative £0.1m p.a.:

- a. Given the recent national focus on service culture in the light of the London Fire Brigade cultural review report, a general theme is developing nationally to outsource or appoint an independent internal **professional standards role** – managing and leading on investigations as a primary function.
- b. **Procurement and contract management support**, to focus on achieving compliant and value for money procurements and subsequent contract management. This is expected to pay for itself across the Service through minimising the increase in contract costs. Recent pilot activity has been encouraging.

25. For the 2024/25 budget forecast and onwards, £1.7m is included to meet costs expected from removal of the Day Crewing Plus shift system.

### **Capital Programme**

26. Capital expenditure pays for works of lasting benefit. It can be contrasted with the revenue budget, which pays for day-to-day firefighting and prevention.

27. As part of this budget, a three-year capital programme is proposed. As in previous years, no recourse to borrowing or leasing is expected.

28. A unified property investment programme and a separate capital programme for ICT, vehicles and equipment is proposed. This enables £5.1m to be set aside for a comprehensive estates programme over three years, in addition to the £6.3m already earmarked for the new Learning and Development site.

29. The proposed capital programme is shown at Appendix Two. This also shows how the costs will be financed from the capital fund and the estates reserve. Expenditure required has been reviewed since last year; consequently, this supersedes the next two years' budget approved last year.
30. A sum of £6.9m has been provided for **operational vehicles**. This is sufficient to enable vehicles to be replaced in accordance with the replacement policy, agreed as part of the fleet review. It includes nine pumping appliances, station and department vans and cars.
31. A sum of £5.1m has been provided for **property works**. This will fund significant building works at wholetime and on-call stations over the next three years and support general maintenance at all stations. Southern Station is to undergo a major refurbishment in 2023/24, to modernise the building and ensure contemporary facilities are available. A provision has also been set aside to create additional space for stations moving away from the Day Crewing Plus system. This is to accommodate the additional operational staff required at these sites to fulfil alternate crewing models.
32. £0.6m has been provided for replacing and updating **firefighting equipment**. Examples of the equipment to be purchased are detailed below:
- A&E Equipment
  - Road Traffic Collision Equipment
  - Water Rescue Provision
  - Vehicle Lift Replacement
33. A sum of £0.3m has been included for **ICT to support the development of systems** as required over the three years. The funding will support the development of the data warehouse project and the migration to Microsoft 365, to name but a few.

## Resources

34. This section of the report describes the income expected to be available to the service (the bottom half of the table at paragraph 11). At the time of writing, provisional grant figures are available from the Government and any changes in the final figures will be reported at the meeting.
35. The most significant source of income (£27m) is **Council Tax**. Council Tax levels are set by the CFA. The Council Tax is collected on the CFA's behalf by Leicester City Council, Rutland County Council and the district councils (the "billing authorities").
36. The proposed Band D Council Tax for 2023/24 is £79.29, an increase of £5 from 2022/23. A 3% increase has been assumed for planning purposes in 2024/25 and a 2% increase in 2025/26.
37. The tax is charged on properties and reflects the number of properties advised by the billing authorities (an increase of 1.5% from 2022/23). Future projections also assume a 1.5% increase in each of 2024/25 and 2025/26.

38. The table at paragraph 11 also shows income from **business rates**. Local authorities retain a share of rates achieved locally. Those whose needs exceed their ability to raise rates receive a top-up grant. An increase of 9.8% in line with the CPI has been estimated across all business rates sources; there is however an element of uncertainty, due to the increasing complexity of the system nationally.
39. The share retained by local authorities is 50% (the CFA's share being 1%). The Service receives a top-up grant.
40. Government support is provided through **Revenue Support Grant** and the **Services Grant**. The Revenue Support Grant is set to increase by 10.1% in line with CPI, generating an additional £0.5m for 2023/24. The provisional Services Grant allocation has reduced by £0.3m, in part due to the reversal of the National Insurance increase.
41. A change to the funding system was once again anticipated for 2023/24 but has been delayed by the Government. At this time, it is not possible to predict how any future funding changes will impact the CFA.
42. The billing authorities have until 31<sup>st</sup> January 2023 to advise of business rates income due in 2023/24. Final figures will be included in the formal resolution which will be available at the CFA meeting.
43. It is assumed that grant to meet the costs of a previous increase in contributions to the **firefighters' pension scheme** will continue to be provided, at the previous level. Confirmation is awaited from the Home Office in 2023.
44. **Other grants** include:-
  - (a) **New Dimensions** – this is payable for the maintenance of certain equipment which is made available as part of a regional and national response to support other services when required. The grant received has been £850k per year. The future of this grant remains uncertain.
  - (b) **Firelink**, for radio transmission systems. This grant is being phased out, with the last instalment to be received in 2025/26.
45. **Fire authority income** is income earned by the Service itself. It chiefly arises from money received for siting radio masts on the Service's property and rental income from Leicestershire Police and the East Midlands Ambulance Service (EMAS) for the occupation of office space at two properties. The budget has been adjusted for the planned winding up of Forge Health Ltd, the CFA's wholly owned Occupational Health provider.
46. The Service saw deficits on the **collection fund** in 2021/22. This arises when the collection of council tax or business rates by the billing authorities is less than the budget for previous years. Conversely, where billing authorities perform better than the budget, a surplus arises. At present, a Council Tax surplus of £0.1m for 2022/23 is expected. No surplus or deficit has been assumed in 2023/24. The actual position will be confirmed by 31<sup>st</sup> January 2023, when rates income forecasts are complete. These variations arise as the billing authorities estimate factors such as housing growth and collection rates.



## Reserves

47. The Authority holds a number of reserves for various purposes, details of which are set out below.
48. The table shows the forecast balance on reserves at 31<sup>st</sup> March 2023.

	<b>Forecast 31<sup>st</sup> March 2023 £000</b>
General reserves	3,408
Estates Strategy Reserve	6,337
Capital Fund	3,739
Budget Strategy Reserve	1,497
ESN Infrastructure Reserve	909
Recruitment Over-Establishment Reserve	400
Grenfell Reserve	398
<b>Total</b>	<b><u>16,688</u></b>

49. **General reserves** are held as a buffer in case of unexpected problems or emergencies during the course of a year, being available as a last resort. It has previously been agreed to increase the level of general reserves to cover against the cost of providing strike cover. The forecasted balance of £3.4m is believed to be sufficient to fund any unexpected emergencies.
50. The reserve for the **estates strategy** exists to facilitate improvements to the operational estate. Improving the operational efficiency of buildings is a key plank in the strategy to improve operational effectiveness and increase financial resilience. Funds are also set aside for the new Learning and Development Facility. The budget will provide £5.1m over the next three years to support the estates strategy programme; and £6.3m is available for the Learning and Development Facility (which will require future specific approval by the CFA at the appropriate point).
51. The **capital fund** exists to finance the capital programme, and is topped up each year from the revenue budget. This is more fully described in paragraphs 26-33 and Appendix Two. The balance shown above allows for commitments from the capital programme in 2022/23.
52. The **budget strategy reserve** is available to assist with any budget gaps or investment requirements in the future.
53. The Authority also has a number of **other reserves**. These include:-

- (a) A reserve to cover costs when the workforce is over establishment, for example, following a firefighter recruitment exercise or short-term staffing to support particular needs and projects;
  - (b) An emergency services network (ESN) reserve, to meet costs arising from any change required to national secure networks; and
  - (c) A reserve to meet costs which are needed to deliver the outcomes that have arisen from the Grenfell incident recommendations.
54. The scheme of virement at Appendix Five proposes authorisations to spend these reserves. The CFA's Financial Procedure Rules (which form part of the Constitution) require that the budget shall include a virement scheme, which conveys and limits the authority to make in-year virements between budgets.

### **Risk Assessment and Adequacy of Estimates**

55. Best practice requires the Treasurer to identify any risks associated with the budget, and the Local Government Act 2003 requires the Treasurer to report on the adequacy of reserves and the robustness of estimates.
56. In the Treasurer's view, the budget for 2023/24 is achievable.
57. As described above, the forecast position beyond 2023/24 is sensitive to change, and small changes can have a significant impact on available finances longer term.
58. The key risk to delivery of the budget in 2023/24 is the cost of pay awards, if these exceed the assumed 4%. Each 1% for firefighters would cost the Authority a further £0.3m per annum. Future savings may need to be identified to cover the additional costs.
59. The key risks to delivery of the strategy beyond 2023/24 are:-
- a) As above, any cost of pay awards which exceed current assumptions;
  - b) The impact of any Government funding cuts arising from a national Fair Funding Review;
  - c) Inflation exceeding current assumptions. Key aspects are pay, energy costs and supplies/labour for the capital programme;
  - d) The Government changing the funding for Firefighter pensions. This is considered unlikely, however the cost could be significant should this occur.
60. The risks are mitigated by:-
- (a) The inclusion of a planning provision and inflation contingency in future forecasts;
  - (b) The policy of funding capital from the revenue budget, which is reducing the costs of debt financing;

- (c) A strategic approach to reviewing and improving the operational estate, with a view to achieving savings where possible.

61. The Authority's general and earmarked reserves are assessed to be adequate for 2023/24, and the estimates made in preparing the budget are robust. In previous years, minimal budget allocations have been set aside for inflationary pressures. However, for 2023/24, a provision of £0.8m has been allocated for the sharp increases in energy and fuel costs.

### **Consultation on the Draft Budget**

62. Consultation closes on 3 February 2023. Once the consultation is complete, responses will be analysed and reported to the CFA meeting.

### **Borrowing and Investment**

63. Local authority capital expenditure is self-regulated, based upon a code of practice (the "prudential code") issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and which applies to the CFA.

64. The Authority complies with the code of practice, which requires the CFA to demonstrate that any borrowing would be affordable, sustainable and prudent. To comply with the code, the Authority must approve limits and indicators at the same time as it agrees the budget. The substance of the code pre-dates the more recent cutbacks in public spending. In practice, no borrowing is proposed in the budget. The proposed limits and indicators are shown in Appendix Three and Appendix Four.

65. The Service's treasury activities are carried out by Leicester City Council on the Authority's behalf. The Service does not need to borrow and takes no risk on its investments (counterparty risk is borne entirely by the City Council). Any opportunities to prematurely repay or reschedule existing debt will be taken, where this generates long term savings. However, as the cost of premature repayment remains prohibitively expensive, such opportunities are unlikely to present themselves. This may change should interest rates continue to rise, and the position will be kept under review.

### **Capital Strategy**

66. Under guidance published by the Government and CIPFA, the CFA is required to publish a capital strategy. This is included at Appendix Four.

67. The reasons for this requirement are to address the Government's concerns about certain local authorities which have borrowed substantial amounts to invest in commercial property (in some cases, many times their net budget). The main impact of the rules is to increase transparency over "non-financial" investments, especially where paid for by borrowing. In this context, a non-financial investment is any investment outside of the normal treasury management strategy.

68. The CFA does not undertake any non-financial investment, and the CFA's approval to the recommended budget will confirm that this should be the position for the

future. In practice, unlike larger local authorities, LFRS does not have the skills or capacity to manage such a portfolio.

## **Report Implications/Impact**

### Equality Implications

69. The Authority is committed to promoting equality of opportunity in service provision, through its operational policies aimed at reducing inequality of outcomes, its practices aimed at ensuring fair treatment for all, and the provision of culturally sensitive response and prevention services that meet local people's needs.
70. In accordance with section 149 of the Equality Act, the Authority is required to "have due regard" to the following aims of the public sector equality duty:
- (a) to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not;
  - (c) to foster good relations between persons who share a relevant protected characteristic and persons who do not.
71. Protected groups under the public sector equality duty are characterised by age, disability, gender re-assignment, pregnancy/maternity, race, religion or belief, and sex and sexual orientation.
72. There are no proposals to reduce spending on services which would have a disproportionate impact on any protected groups. Should there be any proposed changes to services, policy or procedure at an operational level, an equality impact assessment will be conducted.
73. However, the budget strategy does recommend a proposed tax increase for residents. As the recommended increase could have an impact on those required to pay it, an assessment has been carried out to inform decision makers of the potential equalities implications.
74. The impact of the tax rise is 10p per week for a band D property, rising to 19p per week for the highest band of properties in the area (before any discounts or exemptions). This will not create a significant additional burden on residents, and the increase will help maintain and improve services from which all protected groups benefit. The likely impact does, however, need to be considered in the context of other changes which might affect low income residents (although most low income households will not pay the full increase).
75. Households at all levels of income have seen their real-terms income decline due to cost of living increases, and wages that have failed to keep up with inflation. These pressures are not limited to any protected group; however, there is evidence that low-income families spend a greater proportion of their income on food and fuel (where price rises have been highest), and therefore may be more affected by current price increases.

76. Billing authorities have mitigating actions in place to address specific hardship, although cost increases arising from other authorities' contributions to local council tax bills are likely to far exceed the cost of the LFRS tax increase.

### Financial Implications

77. This report is exclusively concerned with financial issues.
78. There are no significant revenue costs arising from the proposed capital programme. There will be maintenance and running costs associated with new vehicles, but these are likely to be lower than the costs of vehicles coming out of service. Revenue costs may arise from investment in ICT, but the aim is to use ICT to reduce cost in the medium term. Any revenue implications will be based on actual investment decisions taken.

### Legal Implications

79. As this report deals with next year's budget, section 106 of the Local Government Finance Act 1992 will apply to members. This means that a member of the CFA who has not paid an amount due in respect of Council Tax for at least two months after it has become payable is subject to various restrictions if they attend a meeting at which matters relating to the calculation of the precept are considered. The effect of the restriction means that a member in this position:

- Is **required to disclose** the fact that this provision applies to them at the meeting;
- Is **permitted to speak** on the budget; but
- Is **not permitted to vote**.

Failure to comply with the provisions above is a criminal offence liable on summary conviction to a fine not exceeding level 3 on the standard scale (currently £1,000).

80. The CFA is required to set a balanced budget each year following the processes set out in the Local Government Finance Act 1992. The Treasurer as the statutory Chief Finance Officer under section 112 of the Local Government Finance Act 1988 has a number of duties relating the CFA's financial administration and resilience, including to report on the robustness of the CFA's budget estimates and the adequacy of its reserves. There is a further duty to issue a formal report if the s112 Officer believes that the CFA is unable to set or maintain a balanced budget.
81. The CFA is further charged with a duty to secure best value by making "arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". This duty is supplemented by statutory guidance to which the CFA must have regard. The CFA is also required to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities under Part 1 of the Local Government Act 2003.
82. The function of the CFA in setting its budget engages the public sector equality duty as set out above.

83. The CFA as a major precepting authority is required to consult representatives of business rate payers; details of the budget consultation and its outcome will be reported to the CFA at its meeting. There is a requirement for the precept to be approved by the CFA and notified to the billing authorities by no later than 1<sup>st</sup> March 2023.

## **Appendices**

Appendix One - Budget

Appendix Two - Capital Programme

Appendix Three - Treasury Limits and Indicators

Appendix Four - Capital Strategy

Appendix Five - Scheme of Virement

Appendix Six - Medium Term Financial Outlook

## **Officers to Contact**

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