

Medium Term Financial Outlook 2022/23 – 2024/25

1. A three-year budget has been presented as part of this report. However, after March 2023, we have (at the time of writing) very little certainty about funding arrangements or the future economic outlook. As a result, medium-term planning is a somewhat precarious exercise.
2. Our central forecasts for the period up to 2024/25 are set out in the table below. The key assumptions (and the associated risks and uncertainties) are further explained below.

	2022/23 £m	2023/24 £m	2024/25 £m
Expenditure total	43.8	44.1	45.2
Business rates income	4.6	4.6	4.6
Top-up payment	5.9	5.9	5.9
Revenue Support Grant	4.5	4.5	4.5
Service Grant	0.6	0.4	0.4
Council Tax	25.0	25.5	26.4
Actuarial Review Compensation Grant	1.8	1.8	1.8
Other Grant	1.1	1.1	0.8
Fire Authority Income	0.3	0.3	0.3
Income Total	43.8	44.1	44.7
Budget gap	0	0	0.5

Expenditure

3. The expenditure budgets include the permanent growth detailed as part of this report and assumptions around pay inflation going forward, along with a planning provision in 2023/24 onwards. The 2024/25 forecast includes the additional cost to the Fire Authority of removing the Day Crewing Plus shift system.
4. The main area of risk for the Fire Authority's budget is in relation to the assumptions around pay awards as this is the large proportion of the total budget.

Income

5. Council tax estimates assume that after 2022/23 tax increases will again be restricted to 2% per year.
6. The business rates forecasts presented above assume no substantial changes to the funding we receive.

7. There is likely to be a more substantial effect on finances from the “fair funding review”, which will redistribute resources within local government. At the time of writing, it is unclear what the impact will be on Fire Authorities.

Summary of Medium-Term Projections.

8. The projections above show a funding gap in 2024/25 onwards. This is manageable for the Fire Authority initially using the budget reserve we have available. This will enable time to plan the best approach to be taken by the Fire Authority without having to make in year budget cuts.

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