

**Status of Report: Public**

**Meeting: Combined Fire Authority**

**Date: 14 February 2024**

**Subject: Budget Strategy 2024/25 to 2026/27**

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

**Author: Amy Oliver (Treasurer)**

**For: Decision**

### **Purpose**

1. The purpose of this report is to seek the Authority's approval of the budget for 2024/25, and the proposed budget strategy and capital programme for the period to 2026/27. The formal technical resolution will be presented at the CFA meeting for approval.

### **Summary**

2. The CFA is funded through government grant, business rates and council tax.
3. Whilst a balanced revenue budget can be set for 2024/25, the medium term outlook is difficult. Partly, this is a consequence of service growth which has been included in the budget, costing £2.5m in a full year. This principally arises from the dismantling of the Day Crew Plus crewing system and from the implementation of the new mobilisation system. It is compounded by continued central government austerity as it seeks to rein in public borrowing. It is expected that reserves will need to be used to support the budget in 2025/26 and 2026/27. Recognising the pressures the Authority faces there will be a significant transformation and efficiency programme taking place over the next 18 months. In the future, it is expected that any growth will only be affordable if commensurate savings can be demonstrated.
4. Future risks to the forecasts include pay awards exceeding the estimates, pension costs not being funded to the same extent by Government and inflation costs being higher than expected. A planning provision is included in future years by way of mitigation.
5. A three year capital programme is proposed for Fleet, ICT and Equipment with a one year programme for estates. Following the recent condition survey across the entire estate, a revised estates strategy plan is currently being produced. This will be presented later in the year to the CFA. Borrowing to fund the long-term estates strategy plan will also be considered as part of this. Any borrowing will have revenue costs and the strategy will need to demonstrate that borrowing is affordable by savings generated by the strategy.

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 2023/24. This limits the CFA (and similar authorities) to a relatively low level of spending due to the Government's rules regarding referenda on council tax increases above the set threshold. Following the final local government finance settlement for 2024/25, fire authorities cannot increase Band D taxes by 3% (or more) in 2024/25, without a referendum. This report proposes to set the full increase of just less than 3%, in order to make the financial position more sustainable and protect services. The Authority's Band D tax would be £81.65, before any individual discounts.
7. The CFA has a number of earmarked reserves. These include reserves to fund the future capital programme of £10.8m and the budget strategy reserve of £1.3m (forecast balances at March 2024). Earmarked reserves are described in paragraphs 45-51.
8. More detailed risks to delivery of the budget are identified in paragraphs 52-58.

### **Recommendations**

9. The CFA is asked to: -
  - (a) Approve the budget strategy described in this report, and the formal (technical) budget resolution for 2024/25 which will be circulated separately;
  - (b) Approve the capital programme described in paragraphs 23-30, and authorise the Chief Fire and Rescue Officer to commit expenditure on schemes;
  - (c) Note any comments received from business ratepayers, to be reported to the meeting;
  - (d) Note the Treasurer's view that reserves are adequate during 2024/25, 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 60-62 and Appendices Three and Four
  - (g) Approve the capital strategy described in paragraphs 63-65 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 66-73;
  - (i) Approve the scheme of virement described at Appendix Five to this report;

### **Budget Overview**

10. The table below summarises the proposed budget for 2024/25, and the forecast position for 2025/26 & 2026/27. Risks and caveats are described in paragraphs 52-58.

<b><u>Spending</u></b>	<b><u>24/25</u></b> <b><u>£m</u></b>	<b><u>25/26</u></b> <b><u>£m</u></b>	<b><u>26/27</u></b> <b><u>£m</u></b>
Approved budget 23/24	42.8	42.8	42.8
Technical changes:-			
• Inflation	2.9	3.9	4.9
• Other	(0.1)	(0.1)	(0.2)
Proposed growth	1.6	2.5	2.5
Contribution to Capital	2.7	2.0	2.0
Planning provision	0.0	0.3	0.6
<b>Forecast Spending</b>	<b>49.9</b>	<b>51.4</b>	<b>52.6</b>
<b><u>Income</u></b>			
Council Tax (3% increase at Band D)	28.0	29.1	30.0
Revenue Support Grant	7.1	7.1	7.1
Business Rates Income	6.2	6.3	6.4
Business Rates Top Up Grant	6.8	7.0	7.1
Actuarial Review Compensation Grant	0.5	0.5	0.5
Fire authority income	0.2	0.2	0.2
Services Grant	0.1	0.1	0.1
Other Grants	1.0	0.9	0.9
<b>Total Income</b>	<b>49.9</b>	<b>51.2</b>	<b>52.3</b>
<b>Forecast Budget Gap</b>	<b>0.0</b>	<b>0.2</b>	<b>0.3</b>
<b>Contribution from the Budget Strategy Reserve to fund gap</b>	<b>0.0</b>	<b>(0.2)</b>	<b>(0.3)</b>
<b>Remaining Budget Gap</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

11. The budget for 2025/26 and 2026/27 is presented in broad terms only and is subject to various assumptions, in particular pay awards and future funding. A planning provision of £0.3m has been set aside in 2025/26 rising to £0.6m in 2026/27 to protect the Authority from the level of uncertainty for the future.
12. A more detailed breakdown of the budget is provided at Appendix One to this report.

### **Council Tax**

13. The local government finance settlement prevents Fire Authorities from increasing Band D Council Tax by 3% or more in 2024/25, without a referendum. It is proposed to increase the Band D Council Tax by the maximum permitted, from £79.29 to £81.65. The actual range of increases would be from £1.57 at Band A to £4.72 at Band H, before any discounts.
14. Not taking advantage of the 3% Band D Council Tax increase would impact the Service's ability to fund its capital programme and manage any higher pay and prices increases.
15. 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, the bulk of the tax payable is charged by Leicester City Council, Leicestershire County Council and Rutland County Council in the three areas respectively.

16. In 2023/24, average total Band D taxes in the three areas were: -

<b>Authority Area:-</b>	<b>£</b>
Leicester City	2,185.52
Leicestershire County	2,090.22 – 2,184.24
Rutland	2,365.56

17. 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 £2.36 or less before any reductions (less than 5p per week). The formal resolution to this report will show the amount payable for property in each band. It will also show the sums payable to the Authority by Leicester City Council, district councils and Rutland Council.

### **Construction of the Budget**

18. Constructing the budget commences with reviewing the approved budget for 2023/24, which reflects the current establishment.

19. The 2024/25 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 and increases in pensions costs, offset by savings mainly arising from reducing lease costs: these are detailed in paragraphs 20-21;
- (b) Proposed growth: the growth proposed in this year's budget relates to five items detailed in paragraph 22;
- (c) A contribution to fund the capital programme, avoiding the need to lease vehicles or borrow money for 2024/25;
- (d) A planning provision of £0.3m, which is added in 2025/26, rising to £0.6m in 2026/27. 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**

20. Money has been added to the budget for **pay and price inflation**. This has been calculated as follows:-

- (a) A provision of £0.7m has been set aside for the 2022/23 and 2023/24 **pay award** shortfall. The firefighters' pay award of 7% for 2022/23 and 5% for 2023/24 was agreed on 1 March 2023. However, the amount budgeted was 5% and 4% for 2022/23 and 2023/24 respectively. Further to this, the support staff pay award was greater than the 4% budgeted. This provision seeks to fill this budget gap on an on-going basis from 2024/25.
- (b) A provision of £1.3m has been made for **pay awards** in 2024/25, 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 2025/26 and 2026/27, 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 52-58 below.

- (c) **Price inflation** is not normally funded, with departments expected to live within the same cash amount. Given the recent increase in inflation, however, a sum of £0.5m is provided for known and expected **price inflation**. Around £0.3m of this is property related, including inflation for repairs and maintenance and contracted cleaning. £0.1m has been set aside for ICT to meet the inflationary increases across various contracts. The remaining £0.1m has been allocated for insurance and operational equipment cost increases. It is expected that further allocations will not be made after 2024/25.
- (d) A provision of £0.5m has been provided for the anticipated increase in **employers' pension contributions** to the Firefighters Pension Fund. The contribution rates are due to increase from April 2024. The forecasts assume a 3% increase in contributions which is to be funded by the Home Office.

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

### Growth Proposed

22. Five growth items are proposed for the 2024/25 budget, costed at an indicative £1.6m rising to £2.5m p.a.:
- (a) £740,000 to meet the expected costs from removal of the Day Crewing Plus shift system in 2024/25 with £1,530,000 set aside for future years following a phased transition concluding in 2025/26.
  - (b) £491,000 for the new Mobilising System used by the service to take calls (including 999 and emergency calls), take details of emergencies and mobilise an emergency response to incidents. This will rise to £0.7m in later years.
  - (c) £192,000 of funding for additional posts and resourcing in training and ICT. As the service transitions away from the Day Crewing Plus shift system and employs more operational staff, this funding will increase the capacity in the training department. Funding has also been set aside in ICT for the development of dashboards and data modelling.
  - (d) £121,000 to enhance the water rescue capability of the service following a significant increase in water related incidents over the years as well as the cessation of the Day Crewing Plus shift system. This will increase the number of stations that can provide a response to water related incidents from three to five. The funding will cover the initial training roll out and will be reduced to £43,000 per annum from 2025/26 for any ongoing training requirements.

- (e) £32,000 of funding for an up to date Disclosure and Barring Service (DBS) check for all staff. This was one of the recommendations in the Values and Culture report that was published by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) in March 2023. This will also be a regular requirement.

## Capital Programme

23. 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.
24. A one year property investment programme and a separate 3 year capital programme for ICT, vehicles and equipment is proposed. £0.9m is to be set aside for the estates programme in 2024/25, in addition to the £6.4m already earmarked for the new Learning and Development site.
25. The Estates Strategy Plan is being updated and will be presented later in the year to the CFA. Borrowing to fund the long term Estates Strategy Plan will be considered as part of the longer term capital programme. This will, however increase the size of the future funding gap we need to close.
26. 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.
27. A sum of £7.9m has been provided for **operational vehicles** for the next three years. This is sufficient to enable vehicles to be replaced in accordance with the replacement policy, agreed as part of the fleet review. It includes 12 pumping appliances, station and department vans and cars.
28. A sum of £0.9m has been provided for **property works** in 2024/25. Around £0.6m of this has been set aside for building works at Wigston Station following the identification of Reinforced Aerated Autoclaved Concrete (RAAC). The remaining £0.3m will be used to increase the budget for building works at Eastern station from £1.3m to £1.6m.
29. £1m has been provided for replacing and updating **firefighting equipment**. Examples of the equipment to be purchased are detailed below:
- E-draulic & Hydraulic Rescue Tools
  - Water Rescue Provision
  - Electronic Personal Dosimeters
  - Firefighting branches and other equipment
30. A sum of £0.5m has been included for **ICT to support the development of systems** as required over the three years. The funding will support the refresh of IT hardware and the bolstering of fleet connectivity across the service.

## Resources

31. This section of the report describes the income expected to be available to the service (the bottom half of the table at paragraph 10). At the time of writing, only provisional

grant figures were available from the government. Final figures became available too late to be included in this report, and will be reflected in the final resolution. They are unlikely to change the figures to any significant degree.

32. The most significant source of income (£28.0m) 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").
33. The proposed Band D Council Tax for 2024/25 is £81.65, an increase of just below 3% from 2023/24. A further 2% increase has been assumed for planning purposes in each of 2025/26 and 2026/27. The service remains in the lowest charging quartile of fire and rescue authorities for precepts.
34. The tax income reflects the estimated number of properties (an increase of 1% has been assumed from 2023/24 in the absence of better data from districts). Final figures will be included in the formal resolution. Future projections assume a 1.5% increase in each of 2025/26 and 2026/27.
35. The table at paragraph 10 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 6.7% 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. Final estimates from billing authorities will be included in the formal resolution. A further 2% increase has been assumed in each of 2025/26 and 2026/27.
36. The share retained by local authorities is 50% (the CFA's share being 1%). The Service receives a top-up grant.
37. Government support is provided through **Revenue Support Grant (RSG)** and the **Services Grant**. The RSG is set to increase by 6.7% in line with CPI, generating an additional £0.3m for 2024/25. Given the national economic outlook, it is assumed that RSG will be the same in cash terms from 2025/26 onwards (i.e. a real terms cut). In addition, the provisional settlement noted that the current **Fire Pensions Grant** allocation of £1.8m will also be included within future Revenue Support Grant allocations. The Fire Pensions Grant meets the costs of previous increases in contributions to the firefighters' pension scheme.
38. The government has committed to providing funding for any increase in contributions to the Firefighters pension scheme from April 2024 as a separate Grant.
39. The **Services Grant** will reduce by 84% in 2024/25 to £0.1m. Services grant is a legacy from earlier settlements, designed to give the Government flexibility over future resource allocation. The same level of grant has been estimated for future years.
40. At the time of writing the report the final settlement and not all final Council Tax and Business Rates income has been confirmed. Final figures will be included in the formal resolution which will be available at the CFA.
41. **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, but it is assumed it will continue into 2024/25 and beyond.
- (b) **Firelink**, for radio transmission systems. This grant is being phased out, with the last instalment to be received in 2025/26.
42. **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.
43. The Service saw surpluses on the **collection fund** for 2022/23 which increased resources available in 2023/24. This arises when the collection of council tax or business rates raised by the billing authorities is more than the budget for previous years. Conversely, where billing authorities perform worse than the budget, a deficit arises. At present, not all the figures are available but will be included in the formal resolution which will be available at the CFA.

## Reserves

44. The Authority holds a number of reserves for various purposes, details of which are set out in the paragraphs below.
45. The table shows the forecast balance on reserves at 31<sup>st</sup> March 2024.

	<b>Forecast 31<sup>st</sup> March 2024 £000</b>
General reserves	3,408
Estates Strategy Reserve	6,956
Capital Fund	3,837
Budget Strategy Reserve	1,316
ESN Infrastructure Reserve	732
Recruitment Over-Establishment Reserve	394
Grenfell Reserve	196
<b>Total</b>	<b><u>16,839</u></b>

46. **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 forecast balance of £3.4m is believed to be sufficient to fund any unexpected emergencies.
47. 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. Most of the reserve (£6.4m) is set aside for the new Learning and Development Facility



(which will require future specific approval by the CFA at the appropriate point). The remainder is committed in the proposed capital programme.

48. 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 23-30, and Appendix Two. The balance shown above allows for commitments from the capital programme in 2023/24.
49. The **budget strategy reserve** is available to assist with any budget gaps or investment requirements in the future.
50. 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.
51. 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**

52. 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.
53. In the Treasurer's view, the budget for 2024/25 is achievable.
54. As described above, the forecast position beyond 2024/25 is sensitive to change, and small changes can have a significant impact on available finances longer term.
55. The key risk to delivery of the budget in 2024/25 is the cost of pay awards, if these exceed the assumed 4%. Each 1% pay award would cost the Authority a further £0.3m per annum. Future savings may need to be identified to cover the additional costs.
56. The key risks to delivery of the strategy beyond 2024/25 are:-
  - a) As above, any cost of pay awards which exceed current assumptions;
  - b) The impact of any Government funding cuts nationally
  - 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.
- e) The financial implications of the McCloud and Sergeant cases, in relation to pension transitional arrangements;

57. The risks are mitigated by:-

- (a) The inclusion of a planning provision in future forecasts;
- (b) The continued policy to fund capital from the revenue budget as the preferred approach.
- (c) The development of a transformation programme to bridge future budget gaps;
- (d) The existence of a budget strategy reserve, and a £3.4m balance in the general reserve, although using these will expedite the need for future efficiency savings.

58. The Authority's general and earmarked reserves are assessed to be adequate for 2024/25, and the estimates made in preparing the budget are robust.

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

59. Consultation with representatives of business ratepayers has so far generated no responses. Once the consultation is complete, responses will be analysed and reported to the CFA meeting.

### **Borrowing and Investment**

60. 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.

61. 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.

62. The Service's treasury activities are carried out by Leicester City Council on the Authority's behalf. The Service does not currently 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. Future borrowing will be considered as part of the revised estates strategy to be presented to the CFA later 2024/25.

### **Capital Strategy**

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

64. 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.
65. 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.

### **Equality Implications**

66. 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.
67. 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.
68. 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.
69. 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.
70. 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.
71. The impact of the tax rise is 5p per week for a band D property, rising to 9p per week for the highest band of properties in the area (before any discounts or exemptions). This will not, in isolation, 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 will affect low income residents which include the rapid, and regularly fluctuating increase in prices of everyday goods, services, bills and fuel (although it is acknowledged that most low income households will not pay the full tax increase).

72. 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. The cut in Universal Credit in 2021 affected almost 6 million people, and left many extremely exposed to the rapid increases in the price of everyday goods, services, and bills. These include lone parents, single-earner families and families with three or more children (larger families).
73. 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. Whilst mitigating actions may be put in place by other billing authorities to address specific hardship based on cost increases outside of our control, LFRS cannot disregard its own duty to show due regard to the impact of any proposals made by the service.

### Financial Implications

74. This report is exclusively concerned with financial issues.
75. 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. The replacement mobilising system has added significant costs to the revenue budget.

### Legal Implications

76. 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).

77. 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.

78. 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.
79. The function of the CFA in setting its budget engages the public sector equality duty as set out in paragraphs 66-73.
80. 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 2024.

## **Appendices**

Appendix One - Budget and Future Projections

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

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