

# FIRE AUTHORITY POLICY AND RESOURCES COMMITTEE



**Date: Tuesday, 31 January 2023**

**14:00hr**

**Fire HQ - Hinchingsbrooke Cottage, Brampton Road,  
Huntingdon, PE29 2NA  
[Venue Address]**

## AGENDA

**Open to Public and Press**

1. **Apologies for absence and declarations of interest**  
*Guidance on declaring interests is available at*  
<http://tinyurl.com/ccc-conduct-code>
2. **Minutes of the Policy and Resources Committee held 20 December 2022** 5 - 12
3. **Action Log** 13 - 14
4. **Draft Fire Authority Budget 2023-24** 15 - 44
5. **Annual External Audit Report**  
*- to follow*
6. **Revenue and Capital Budget Monitoring Report 2022-23, including a mid-year Treasury Management update** 45 - 60

7.	<b>Fire Authority Programme Management – Monitoring Report</b>	<b>61 - 70</b>
8.	<b>Strategic Risk and Opportunity Management Register</b> <i>- to follow</i>	
9.	<b>Estate projects – update</b>	<b>71 - 72</b>
10.	<b>Fire and Rescue Indemnity Company (FRIC) Update</b>	<b>73 - 78</b>
11.	<b>Policy and Resources Committee Work Programme</b>	<b>79 - 82</b>

The Fire Authority Policy and Resources Committee comprises the following members:

*For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact*

*The Fire Authority is committed to open government and the public are welcome to attend from the start of the meeting.*

*It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens. These arrangements operate in accordance with a protocol which can be accessed via the following link below or made available on request.*

**Public speaking** on the agenda items above is encouraged. Speakers must register their intention to speak by contacting the Democratic Services Officer at least three working days before the meeting.

Full details of the public speaking scheme for the Fire Authority is available at:

<https://www.cambsfire.gov.uk/fire-authority/meetings/>

Councillor Mohammed Jamil and Councillor David Over Councillor Michael Atkins  
Councillor Simon Bywater Councillor Bryony Goodliffe Councillor Edna Murphy Councillor  
Kevin Reynolds Councillor Philippa Slatter and Councillor Mandy Smith

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Clerk Telephone:	01223 699178
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## Cambridgeshire and Peterborough Fire Authority Minutes of the Policy and Resources Committee meeting

Date: 20 December 2022

Time: 2.00pm – 3.20pm

Place: Fire HQ, Huntingdon

Present: Councillors: M Atkins, S Bywater, B Goodliffe (Chair), M Jamil (Vice Chair), E Murphy, D Over, K Reynolds, P Slatter and M Smith

Officers: Dawn Cave, Shahin Ismail, Stuart Smith, Chris Strickland, Deb Thompson and Matthew Warren

### 18. Apologies for absence and declarations of interest

There were no apologies for absence or declarations of interest.

### 19. Minutes of the Policy and Resources Committee held 28<sup>th</sup> April 2022

The minutes of the meeting held on 28 April 2022 were approved as a correct record.

### 20. Policy and Resources Committee Action Log

The Action Log was noted.

### 21. Draft Medium term Financial Strategy

The Committee considered a late report on the draft Fire Authority medium term financial Strategy (MTFS) for 2023-2028. Members noted that the report had been accepted by the Chair for the following reasons for urgency and lateness:

Reasons for Lateness – the delay was due to the late announcement by government on the changes to the amount Fire Authority Council tax level could be increased, and time was needed to ensure the impact of precept changes on budget could be understood.

Reasons for Urgency – so that the proposed budget and precept can be consulted upon within the relevant timescales

The Fire Authority had considered the significant challenges to the Fire Service's financial position for 2023-24 at their meeting in early November. Whilst the ongoing economic uncertainty continued to be a significant risk across the sector, an uplift in government grant had subsequently been announced, and on 12 December, it had been announced that Fire Authority Council Tax levels could be increased by up to 2.99% or £5 (whichever is higher), without the need to call a referendum. Any such Council Tax increase would be subject to consultation.

Prior to the announcements on the grant and precept uplift, considerable work had been undertaken by the Finance team, robustly challenging every budget holder. The grant and precept uplift would enable the Service to catch up in inflationary terms, and afford the latest offer made to full-time firefighters was for a 5% pay award, with an estimated further 4% on pay next year. However, a pay award higher than this would be challenging.

Notification of the grant increase had been received on 19<sup>th</sup> December, and this provided an additional £500,000, which provided a total of £9.5M next financial year; service grant of £240K had also been retained, which was unexpected. There was a 1.8% assumption of increase to the Council Taxbase currently, but Cambridge City figures were still awaited.

Detailed budget preparations were as robust as they could be, and a budget book would be provided to Committee in January. The budget book and MTFS would also be reviewed by the Overview and Scrutiny Committee in January, before being presented to the Fire Authority meeting in February for approval. Officers confirmed that the final MTFS document would be more clearer and user friendly, with graphs and images.

In terms of unknowns, with regard to Section 31 Grant, the government had indicated that they were effectively freezing business rates for small businesses, and providing Fire Authorities with a grant to offset this loss.

The Deputy Chief Executive stressed that there was still uncertainty, and the pay awards for both the current year and 2023/24 were major uncertainties from a budgetary perspective. Additionally, the increased Precept was for one year only. The uplifts had been very late, following considerable lobbying of government from both professional and political sources. If all Fire Authorities maximised the Precept, this would not change CFRS's quartile ranking.

It was further noted that the precept £5 was conditional on the Fire Authority providing an efficiency statement plan to the Minister to justify its position. Given the preparatory work already undertaken to scrutinise the Service's

finances, he had no concerns about providing that information, and saw it as a good opportunity to demonstrate that the Fire Authority was starting from a low base and was very efficient.

In response to a question on potential efficiencies that had been considered as part of the budgetary process, officers confirmed that the uplifts enabled them to review these in a controlled manner rather than introducing knee jerk changes. There had already been significant reductions, and scope for further efficiencies would be considered.

A Member asked how the Service was placed in terms of the natural hazards it faced, e.g. field fires, flooding, etc. Officers advised that much was weather dependent, and whilst there was a lot of water in the county, it did not have moorland, so was less susceptible to wildfires in hot dry weather. As climate change resulted in hotter summers and wetter winters, the Service needed to be more flexible in how it delivered services, to ensure it was prepared. Originally all fire stations were effectively autonomous, but a more flexible approach was now taken, with firefighters moving around to provide cover.

Noting that there were currently 28 appliances available out of 38, compared to 14-15 available usually, it was noted that this was probably due to there being more retained firefighters available at home due to the Christmas holidays, in the same way there was greater availability in the evenings and during the Covid-19 pandemic.

In response to a question about utility costs, officers confirmed that these were above inflation, and this would be made clearer in the final version.

A Member asked if the expected increases in cross border charges would be reciprocated? Officers confirmed that they usually balanced out: e.g. Hertfordshire and Suffolk usually attend more incidents in Cambridgeshire, but Norfolk fewer (i.e. Cambridgeshire attends more incidents in Norfolk). This was calculated using an average rate over three years. There was an issue with one neighbouring Service on charges, and CFRS was paying them what was believed to be a fair rate on a per hour or per incident basis.

A Member spoke favourably on the MTFS and the current situation, and applauded the lobbying undertaken by the Fire Authority Chair and senior managers. However, he commented that the devil may be in the detail, and pressure needed to be maintained, suggesting that the key issues would be inflation, salaries and energy. Officers confirmed that inflationary figures had been assumed on premises and running costs, and it was expected that energy bills would go up by 100%. Salaries remained a concern, particularly for next year.

A Member asked what the approach would be to the consultation on tax precepts, and also whether all Fire and Rescue Services would take the full £5, noting that £5 represented an increase of 6.6% on a Band D Council Tax. It was noted that historically, despite considerable communications, there was little engagement in the consultation. The consultation needed to be carefully worded so that options presented were all deliverable. Whilst the uplifts and changes nationally were welcome, it only meant that the Service could “catch up” for the year.

Councillor Murphy, Chair of the Fire Authority thanked officers for the huge amount of valuable work undertaken in preparing the MTFS, which would be very useful going forward, and would also enable officers to provide the efficiency statement to government to justify the £4.95 increase. She applauded this exemplary approach to financial planning. The Chief Fire Officer commented that this had been a team effort, and thanked Members for their lobbying. He commented that there had been some intense contingency planning this year, and none of that work had been lost: business continuity plans would continue to be presented to Members annually, in addition to the Operational Risk Review project which was still going forward.

Councillor Goodliffe, Committee Chair, thanked officers for all their hard work which meant the Service was in a good position going forward.

It was resolved unanimously to:

1. review and approve the attached draft MTFS;
2. review the associated financial plan at Appendix 1 within it;
3. agree the forecast budget for 2023/24 to include public consultation on a £4.95 council tax increase.

## 22. Revenue and Capital Budget Monitoring Report 2022-23

Members considered an update on revenue and capital spending as of 30 November 2022.

Members noted that the current position was relatively positive, partly due to wholetime firefighters' pay awards having not yet been applied. Pay awards had been applied for professional support staff.

Cambridgeshire was one of the founding members of the Fire and Rescue Indemnity Company, and insurance premiums for next year would increase by only 2.9%. This was low compared to other members of the consortium, and other blue light services.

A Member observed that Reserves appeared low, and queried capital receipts. It was noted that the former Papworth fire station had recently sold



at auction for £312,000. A decision was expected on the former Huntingdon Fire Station, where there had been pre-application discussions with the District Council, and a determination was expected early in the new year. The site was in a Conservation Area and there were also some flood risk issues, but these were not insurmountable issues. The Planning Authority had indicated that a higher density was desirable, in keeping with the local area. Officers confirmed that they were still keeping an open mind as to whether the site would be sold as one or two lots, in order to maximise the value of that site.

With regard to the new Training Centre, it was agreed that both Policy & Resources and Overview & Scrutiny Committees would be held at the new Training Centre in January, if possible. Officers paid special tribute to those staff involved in the training centre project, including Jodie Housego, Simon Thompson and Stocker Standen.

It was resolved unanimously to:

note the position on revenue and capital spending.

## 23. CFRS Potential Industrial Action Update

The Committee considered a verbal update on potential industrial action, and the current planning assumptions and work to date to ensure the Service was as prepared as possible should periods of industrial action take place.

Following the rejection of a 5% pay rise offer, the FBU had announced that they would ballot their members for strike action. This ballot would end on 30 January 2023. If the outcome was a mandate for strike action, the earliest date industrial action could commence was 13 February.

The Industrial Action Business Continuity Plan was activated in June 2022. The Industrial Action Business Continuity Planning Cell (IABPCPC) was meeting frequently to ensure that all relevant actions, including training, were in place, should industrial action go ahead. Currently there were 19 individuals who had signed resilience agreements. Additionally, there were six senior leaders and a number of operational personnel, both wholetime and on call, who would be willing to provide cover during periods of industrial action. All resilience colleagues had undertaken 2.5 training days on fire appliance, equipment and operational procedures, and tribute was paid to the training team for arranging this training. The proposed arrangements for serious incident cover up to Gold level were noted. In terms of fire cover, the plan was to have at least the minimum requirement of ten fire appliances available, and this could be higher. In addition, a number of professional

support staff had been trained to help support Combined Fire Control (CFC) staff during periods of industrial action.

In terms of risks, the risk to the public was greater during periods of industrial action, and appropriate positive communications would be undertaken, especially around prevention.

It was noted that specialist skill sets such as water response, rope rescue and large animal rescue could not be guaranteed during periods of industrial action.

Arising from the report:

- a Member asked what would happen if there was an incident such as the recent tragedy where four young boys tragically died after falling through an icy lake in Solihull. Officers outlined the resources available, including the support offered from partners such as the Police, and the actions that could be taken, even if specialist skills sets were unavailable;
- in response to a query about the 19 resilience colleagues, it was confirmed that this was about half the usual number;
- the Chief Fire Officer outlined the positive approach and professionalism of staff generally, and paid particular tribute to the training centre staff for their support;
- a Member asked if there will be real time data shared with striking colleagues during periods of industrial action, so they were aware of incidents involving risk to human life. Officers confirmed that any staff picketing fire stations would have access to those fire stations, including use of welfare facilities and the teleprinter detailing incidents. An agreement for major incidents had been in place during the last industrial action, and that was currently being reviewed nationally. It was unclear whether Service Headquarters would be picketed if industrial action went ahead;
- it was noted that historically, Retained Firefighters had not participated in industrial action, but the FRSA's position had not yet been confirmed;
- it was noted that the legislation around industrial action had changed since 2014, and guidance would be issued to all staff to ensure that

everyone was fully briefed. It was made clear to staff, both striking and non striking, that the Service's Behaviours would continue to be applied to everyone;

- in response to a question raised on lessons learned from industrial action in 2014, it was confirmed that the biggest learning was around culture, and having face to face conversations with those taking industrial action pre- and post-strike, making the experience as amicable as possible. The other lesson was to start preparing as early as possible;
- it was noted that the Service would not be taking up the offer of military support in periods of industrial action, given the level of resilience established through planning. The likely high cost and issues with the military support were noted. However, resilience could be an issue if there were coordinated days of action e.g. both firefighters and teachers.

It was resolved unanimously to note the update.

## 24. Work Programme

Members noted the forward Work Programme



Fire Authority  
Policy and Resources  
Committee

Minutes - Action Log

This is the updated action log as at 23<sup>rd</sup> January 2023 and captures the actions arising from the most recent Policy and Resources Committee meetings and updates Members on the progress on compliance in delivering the necessary actions.

Minutes from the 20 <sup>th</sup> December 2022 Committee					
Minute No.	Report Title	Action to be taken by	Action	Comments	Status
22	Revenue and Capital Budget Monitoring Report 2022/23	Scrutiny and Assurance Manager	It was agreed that both Policy and Resources and Overview and Scrutiny Committees would be held at the new training centre in January, if possible.	The facilities were not ready to host meetings during January 2023 however a site visit for all Members is being planned for 10 February 2023.	Ongoing.



To: Policy and Resources Committee

From: Deputy Chief Executive Officer (DCEO) - Matthew Warren

Presenting officer(s): Deputy Chief Executive Officer - Matthew Warren

Telephone: 01480 444619

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Date: 31 January 2023

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## Draft Fire Authority Budget 2023/24

### 1. Purpose

- 1.1 The purpose of this report is to present the final draft of the budget for 2023/24 to Members of the Policy and Resources Committee before it is presented to the Authority, for approval, on 10 February 2023.

### 2. Recommendation

- 2.1 The Committee is asked to review the budget book, attached at Appendix 1 and endorse the recommendations detailed on Page 17 within it.

### 3. Risk Assessment

- 3.1 Economic – the significant risk to the Fire Authority budget is the current economic uncertainty and associated pay/inflationary pressures. The Authority must be cognisant of this risk when approving the budget and associated precept for financial year 2023/24.

### 4. Background

- 4.1 Members will recall that the Authority received its financial settlement before Christmas and that Government has only provided funding certainty for 2023/24. At the time of writing, information on Section 31 grants relating to business rates had not been received however it is still anticipated that this information will be known before the end of January 2023.
- 4.2 Members will also recall from their meeting in late December 2022 that Government announced changes to the amount Fire Authority council tax levels can be increased by before a referendum is required. The rate has been set at 2.99% or £5 for a Band D equivalent, whichever is higher, should funding be required. The proposed budget includes a council tax increase of £4.95.

- 4.3 As requested by the Policy and Resources Committee, the draft budget was shared with members of the Overview and Scrutiny Committee at their meeting on 19 January 2023; no changes were requested.
- 4.4 The budget book details proposed recommendations (Page 17), the revenue budget showing current year and the proposed 2023/24 budget (Pages 18 to 20), the medium term financial plan 2023/24 to 2026/27 (Pages 21 to 24) and the detailed medium term capital programme (Pages 25 to 27).

**Source Documents:**

Budget Preparation Papers 2022/23

**Location:**

Fire Service HQ, Hinchingsbrooke Cottage, Brampton Road, Huntingdon

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CAMBRIDGESHIRE  
& PETERBOROUGH  
**FIRE AUTHORITY**

## DRAFT BUDGET BOOK 2023/24



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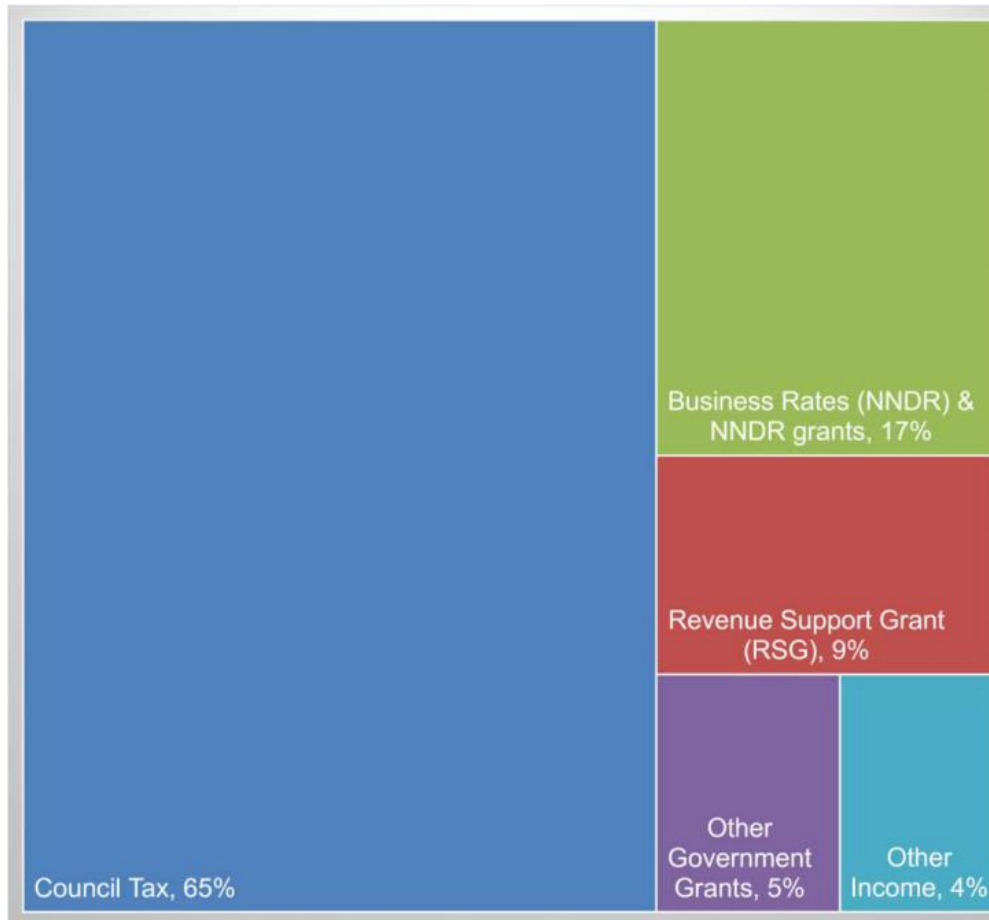
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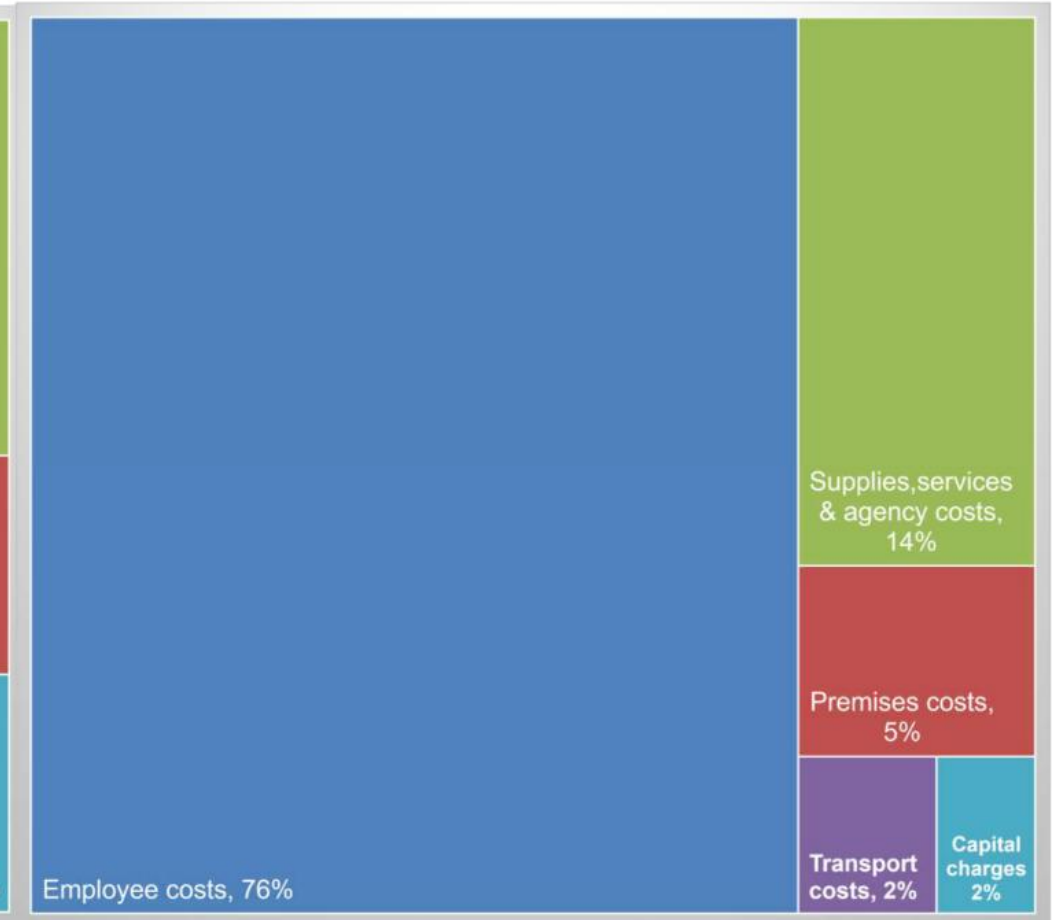


# DRAFT Budget Overview

Where the Fire Service's budget comes from:-



Where the Fire Service's budget is spent:-





## Funding

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### Council Tax Precepts

The main source of funding is from Council Tax precepts making up nearly two thirds of overall funding. In recent years any annual increases have been restricted to 2%, but as a result of unprecedented inflation during 2022/23 has now been increased to 3% and includes a one year allowable increase up to £5 per household for 2023/24 for those services who can demonstrate their need for it.

Cambridgeshire Fire and Rescue Service have operated, especially in recent years, as a lean service, meaning that in order to cover the significant increases in costs that we are currently experiencing, we need to utilise the allowable increase of £5.00 on Council Tax precepts for 2023/24. Allowing for rounding's and balancing of the budget, this equates to a charge of £79.92 per household compared with £74.97 in 2022/23. Along with the 1.95% growth in housing the region is seeing, this will provide for an additional £1.9m of funding.

This increase in precepts will help the service recover from the £1.2m budget deficit in 2022/23 and provide a stable platform for 2023/24 and in the medium term assuming inflation rates reduce back to 2-3%. For future years we have assumed a 1% growth in housing year on year and a 3% increase per annum on precept per household, with inflation and pay increases expected to be between 2-4%; although there is still much uncertainty whether and when inflation will reduce back down to the rates we were used to experiencing in the recent years leading up to 2022/23.

### Business Rates

The baseline funding from Business Rates (Business Rates received directly from the district authorities plus the top-up from Government) has been increased by £228k, being 3.7% for 2023/24. Due to the uncertainty of future funding we have kept this static in the medium term.

The Authority continues to participate in a local pooling arrangement with a number of local Authority's within Cambridgeshire, including Peterborough. The purpose of this arrangement means that participants benefit from local increases in business rates income, whilst having baseline protection should it fall. This Authority has seen small financial benefits resulting from this initiative over recent financial years, receiving £185k for the year 2021/22 in May 2023. This is an unknown amount until after the end of each financial year and is therefore not included in any budgetary calculations.





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### Revenue Support Grant (RSG)

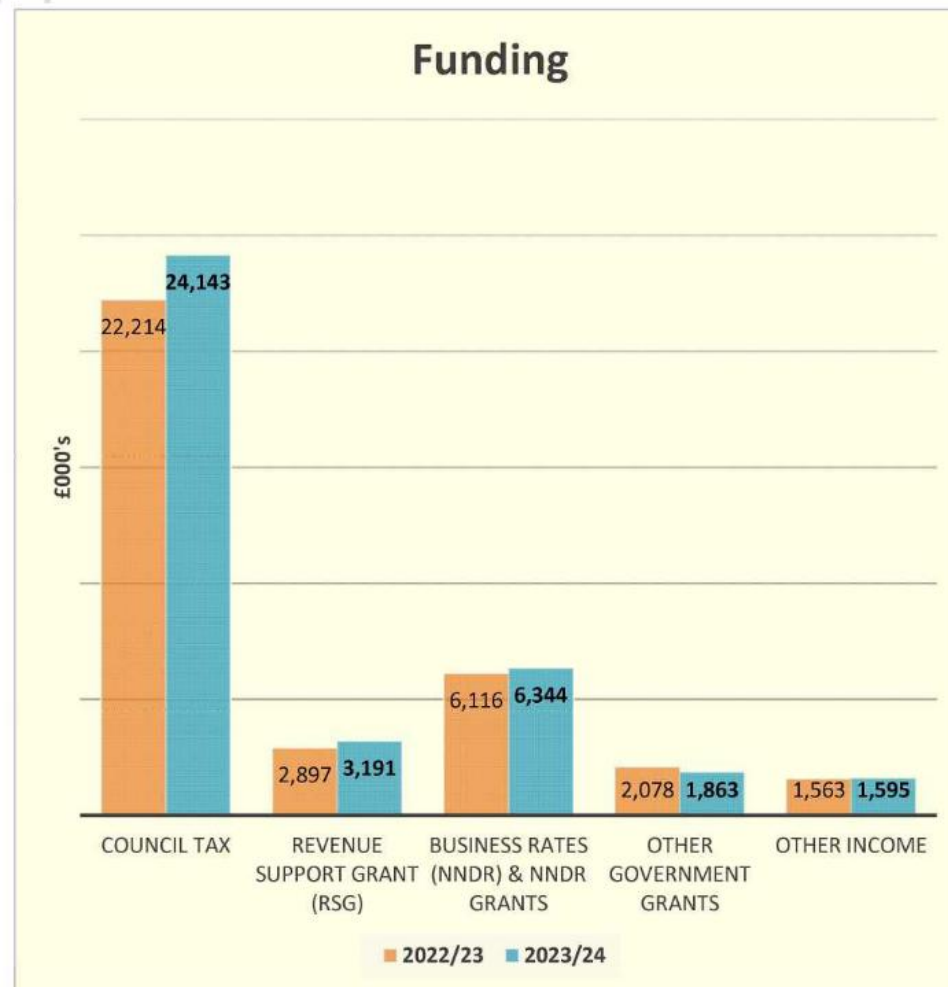
The Revenue Support Grant has been increased by inflation, being £294k (10.1%), over that received in 2022/23. An inflationary increase is also expected in 2024/25, and, as such have assumed a 3% (£95k) increase, and then assume it will stay flat thereafter in the medium term.

### Other Grant Income

The Service also receives additional specific grant income. These include grants for additional pension liability, on-going Airwave costs and funding for protection activities. These grants are all temporary and are reviewed annually by Government. For 2023/24 these are expected to total £1,863k (£2,078k in 2022/23). The main grant included here is the Pensions Liability Grant at £1,335k; this was first issued in 2019/20 as a result of the significant increase in the firefighters' employer pension contributions from an average of 16.15% to 28.9% and with the on-going rate of 28.8% this expected to continue in the medium-term. During 2022/23 a new services grant was received for £421k covering the additional burden of the increased National Insurance(NI) costs and other general service costs; for 2023/24 the NI element has been removed as there is no longer an additional cost, meaning the services grant is £235k for 2023/24; it is not anticipated that this will continue in future years. Other grants are also expected to reduce slightly, reducing the overall other grant income to £1,567k by 2026/27.

### Other Income

Other income is mostly income from shared services, saving costs for all parties concerned. Cambridgeshire Fire and Rescue provide the Control room function for Suffolk Fire and Rescue as well as sharing ICT support function with Bedfordshire Fire and Rescue.





## Expenditure

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### The effects of inflation, bridging the gap and establishing the budget

The budgets for 2022/23 were set assuming inflationary and pay increases of 2%. With CPI running at 10.1% in September 2022 and pay increases likely to be 5% or more for 2022/23, the 2022/23 cost base could be £1.2m more than the original budget. In order to bridge this gap, the Service, already looking at efficiency savings as part of the comprehensive savings review (CSR) programme within the medium-term Integrated Risk Management Plan 2021-2024, went a step further and put a hold on non-essential expenditure and carried out a deep review of every budget line and where any permanent or temporary savings could be made.

Savings were found to the value of £211k in the short term, but we will need to continue to review these to see if they can be sustained without a detrimental impact to the service in the medium to longer term as this includes reductions to non-operational training and support.

The Integrated Risk Management Plan (IRMP) is the Service's overarching strategic plan that sets out the aims and objectives for the future. The financial strategy must consider and support the delivery of these aims and actions.

With the way we work having changed quite significantly in recent years a zero-based budgeting approach has been used for the 2023/24 budget, meaning a total review of the cost drivers and re-alignment of the budgets looking forward. To further support a zero-based budgeting approach, we have just embarked on a sustainability strategy to reduce our carbon footprint and aim to become carbon net-zero by 2030, meaning our cost drivers in the next 3-4 years should be slightly different to those in the last few years.

There has been a reduction in full-time equivalent staff of about nine people (two operational and seven professional support). Further savings were found in areas such as travel, printing and stationery, and telecommunications, but costs have escalated significantly in other areas, such as fuel, heating and lighting, and generally costs of most goods and services. The Heads of Groups are working closely together to focus on spending the money where it is most needed. There is a real risk of service levels reducing which is not what we want and the Service will continue to monitor and review its activities with the aim to continue to operate at a good level. This is especially paramount as the county population continues to grow; we must allow for the pressures of an increased population and the potential opportunities that are created by an increased tax base.

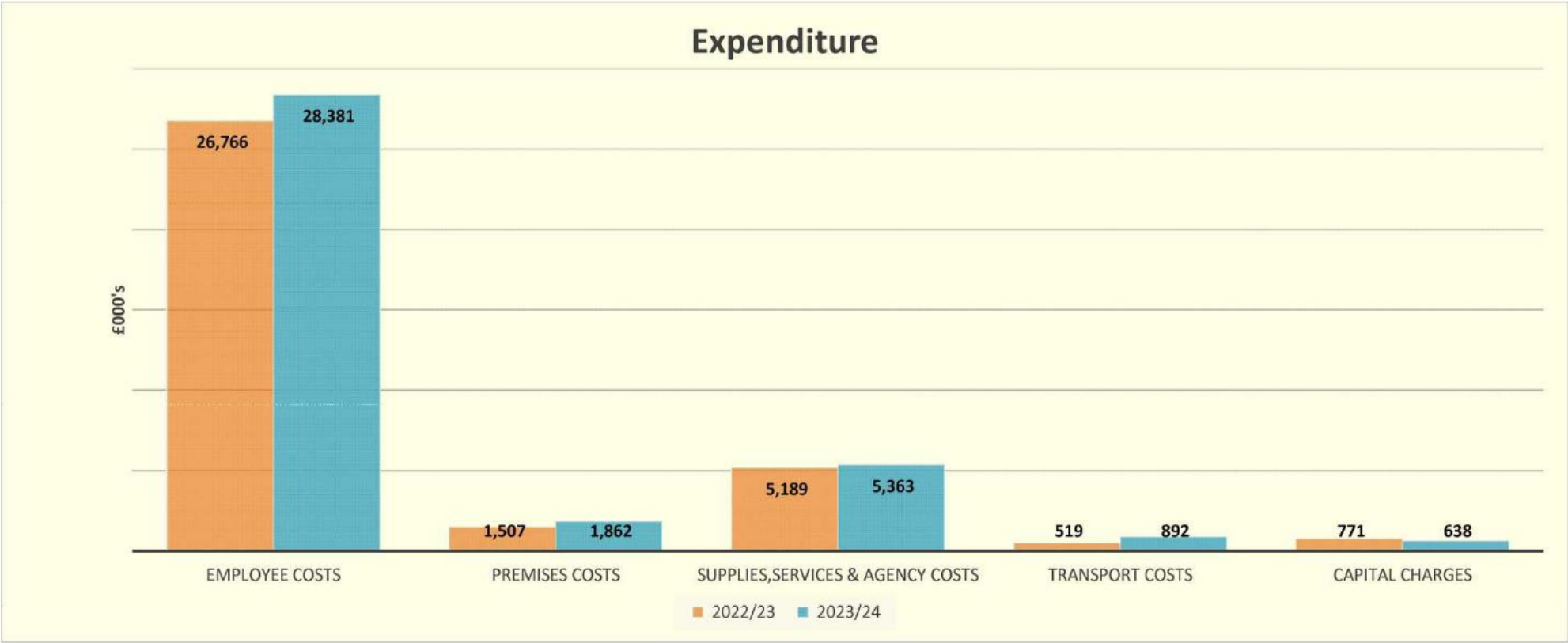




In real terms (adjusting for inflation) the Service has managed to reduce the gross budget for 2023/24 by approximately £1m. There is a fine balance in cutting costs whilst still focusing on the well-being of your staff and serving the public to the required standard. The medium term funding and the economy is still very unpredictable.

Expenditure by category

The gross budget for 2023/24 is £37.136m, compared with £34.752m for 2022/23 (uninflated), with employee costs making up 76% of the expenditure budget. A detailed breakdown is found in Appendix 1 and a summary shown in the graph below.







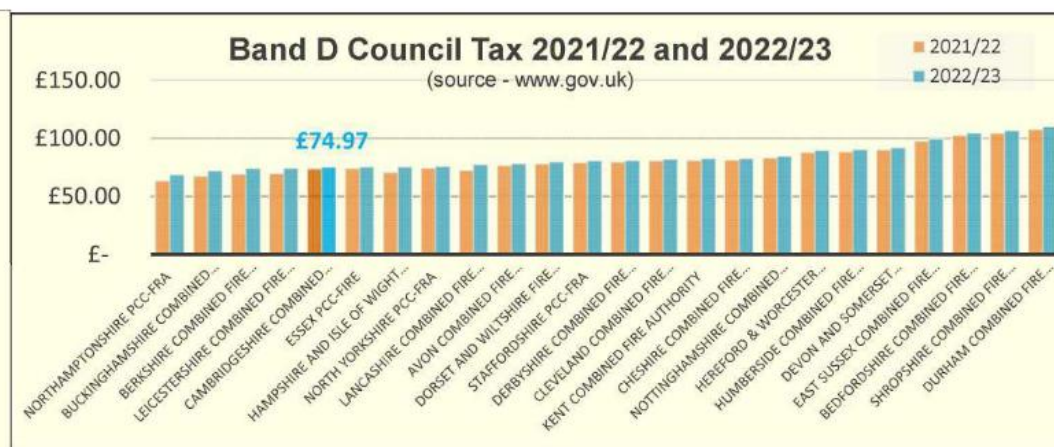
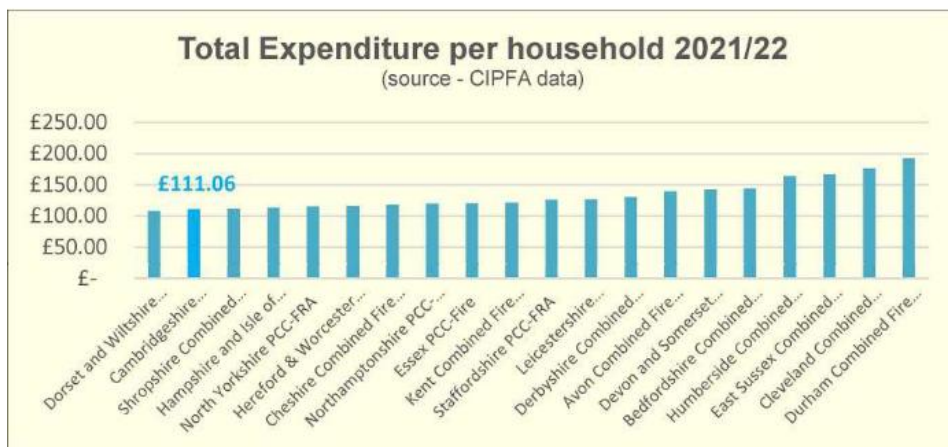
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## Value For Money

Despite inflation running at around 10%, the service has managed to keep the increase in cost per person to less than 4% for 2023/24 and the latest statistics from CIPFA and the government show Cambridgeshire Fire and Rescue as being one of the lowest in England compared with other Fire Services, being in the bottom two in 2021/22 for total expenditure per household and the bottom five in 2021/22 and 2022/23 for lowest precept per household.

	2022/23	2023/24
Population (previous year Gov't census stats)	859,830	894,400
Net Expenditure £000's*	£ 31,227	£ 33,678
Net Cost per person per week	£ 0.70	£ 0.72
Net Cost per person per annum	£ 36.32	£ 37.65
Band D Council Tax per household	£ 74.97	£ 79.92

\*expenditure less specific grants & other income







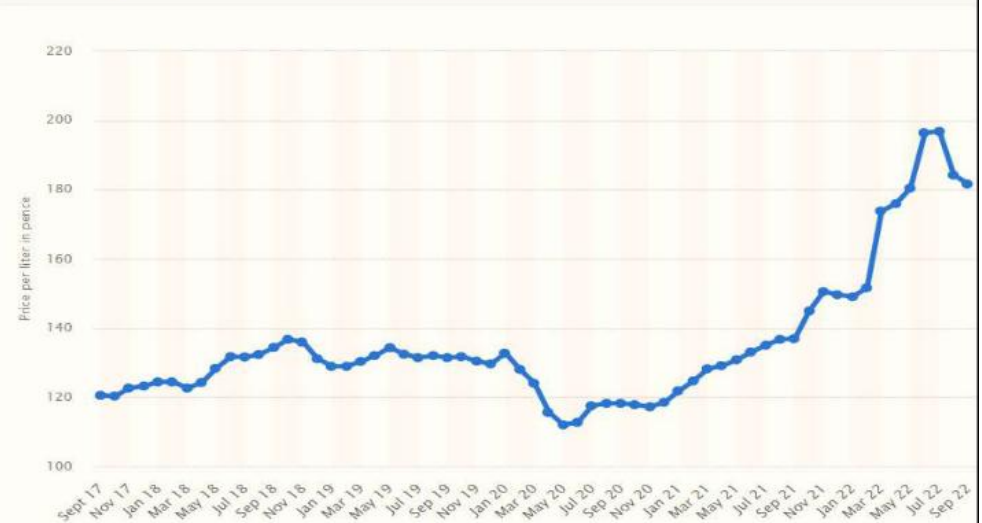
## Inflation

We have seen inflation running at a rate which hasn't been seen for over 20 years and had remained under 3% in the 5 years heading into 2022. The 2022/23 budget was set assuming a general inflation rate of 2%. At the time of setting last years' budget we did not expect to see overall CPI rates of 10.1% (September 2022). This has had an impact on everyone, forcing individuals as well as businesses to review their spending. In particular we are seeing gas and electricity price increases of 70% or more and petrol and diesel prices, although are looking like they may be dropping back to rates seen in January 2022, were running at about 32% inflation in September 2022.

## Average price of diesel fuel in the United Kingdom (UK) 2022

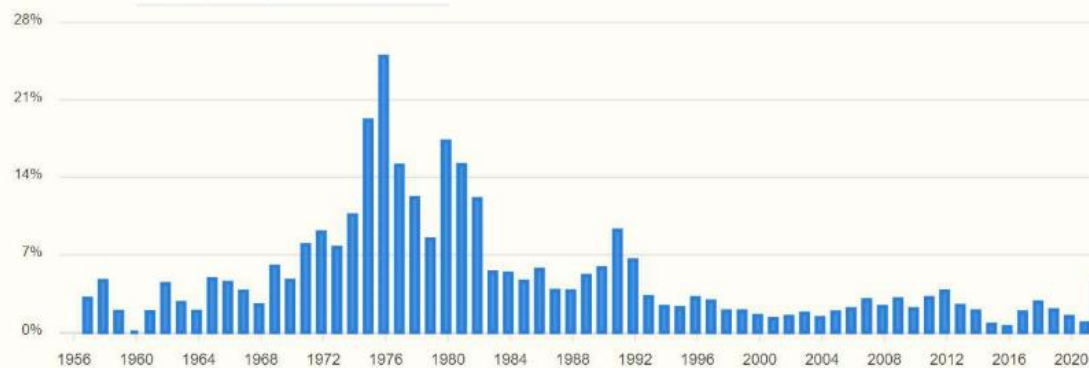
(in pence per liter)

[www.statista.com/statistics/299552/average-price-of-diesel-in-the-united-kingdom/](https://www.statista.com/statistics/299552/average-price-of-diesel-in-the-united-kingdom/)



## United Kingdom Historical Inflation Rates

[/www.inflationtool.com/rates/uk/historical](https://www.inflationtool.com/rates/uk/historical)



In addition to high inflation rates, we came out of a fixed price gas and electricity contract in November 2022 which has meant we have a 184% increase in those budgeted costs for 2023/24 (approximately an additional £200k).



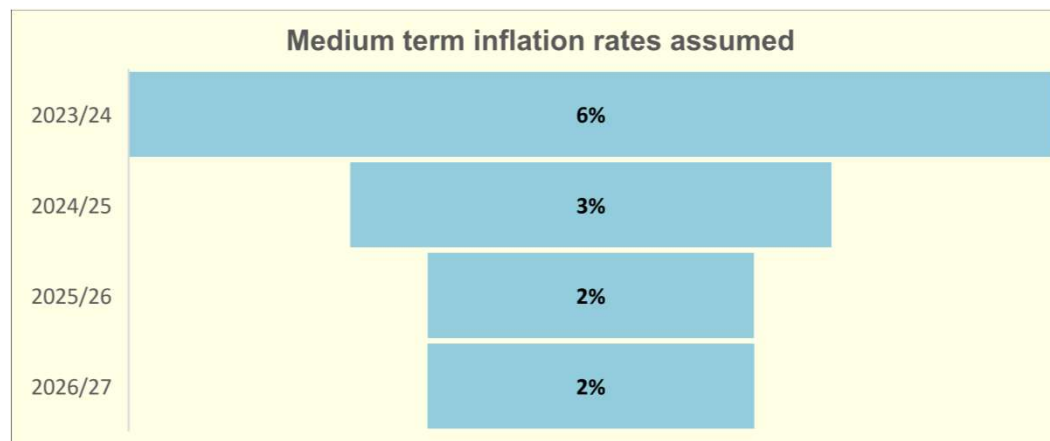


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The cost of living pay increases for 2022/23 were budgeted at 2%. Pay negotiations between the Fire Brigades Union and the National Joint Council do not commence until after the budget has been set and can bring significant risk where the difference between budgeted pay awards and actual is vastly different. The reality for 2022/23 is the professional management support staff have received a 5% increase and the local government employees (LGE) support staff have received an average of 6.3% (£1925 per full-time employee). The pay award for operational staff is still yet to be determined but it has been assumed to be 5% for 2022/23 for the preparation of the 2023/24 budget. The impact of these costs will need to be funded from in-year savings and reserves.

With unprecedented inflation rates and unknown levels of future funding, a sensitivity analysis was created. This analysis looks to provide several scenarios that consider multiple assumptions on the key factors included within the financial forecast. They provide some indication on the financial impact a specific factor can have on the Authority's budget and consider options to manage those impacts.

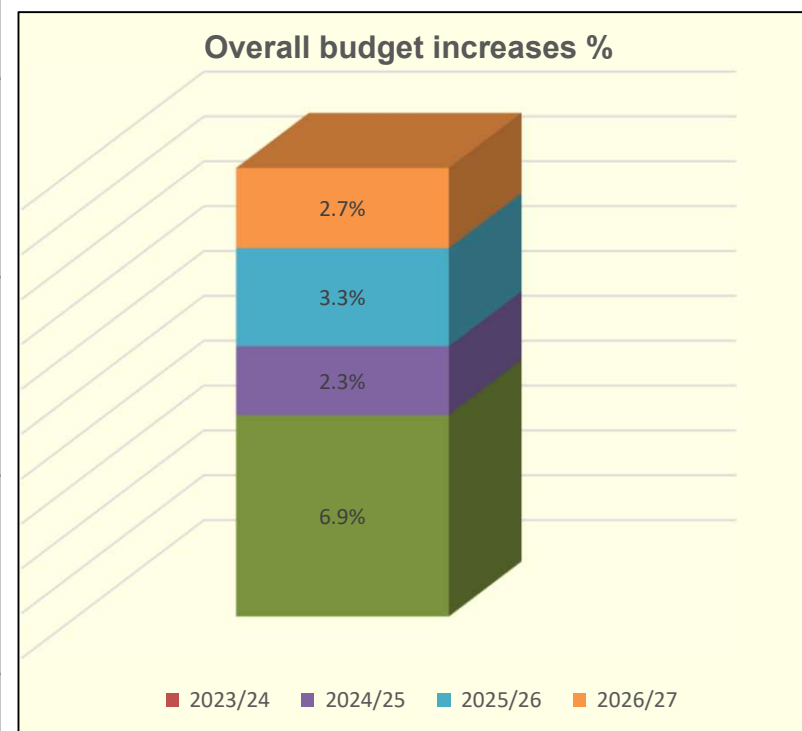
With staff costs making up 76% of the overall budget and fuel costs running so high, the baseline core costs heading into 2023/24 are significantly increased. Although inflation rates remain uncertain, especially with the Russian and Ukrainian dispute on-going, we are optimistic that rates will settle back to lower rates; we have assumed pay increases of 4% going into 2023/24, this partly reflects the fact that the 5% (£1965 for LGE) awarded is below the overall inflation rate of 10.1% (September 2022). For the medium term we have assume an overriding 3% inflation rate for 2024/25 then 2% thereafter to 2026/27.





<b>MEDIUM TERM BUDGET OVERVIEW</b>	<b>Prior Year Budget £000's</b>	<b>Inflation £000's</b>	<b>Adjustments £000's</b>	<b>2023/24 Budget £000's</b>
Total Staffing Costs	26,767	947 4%	667	<b>28,381</b>
Total Supplies, Servicing and Financing costs	7,986	764 10%	6	<b>8,756</b>
Total Income before Fire Authority Precepts	(12,539)	(454) 4%	(1)	<b>(12,994)</b>
Net costs funded by Council Precepts	22,214	1,257 6%	672	<b>24,143</b>
<b>2024/25</b>				
Total Gross Costs	37,137	1,095 3%	(226)	<b>38,006</b>
Net costs funded by Council Precepts	24,143	1,047	(86)	<b>25,104</b>
<b>2025/26</b>				
Total Gross Costs	38,006	759 2%	512	<b>39,277</b>
Net costs funded by Council Precepts	25,104	727	532	<b>26,363</b>
<b>2026/27</b>				
Total Gross Costs	39,277	786 2%	287	<b>40,350</b>
Net costs funded by Council Precepts	26,363	754	302	<b>27,419</b>

The adjustments in the table for 2023/24 are as a result of the 2022/23 increases above the percentages budgeted, these would be more than double had savings not been made. Those for future years are related to capital financing. A more detailed table including a view of the medium term budget can be found in Appendix 1.



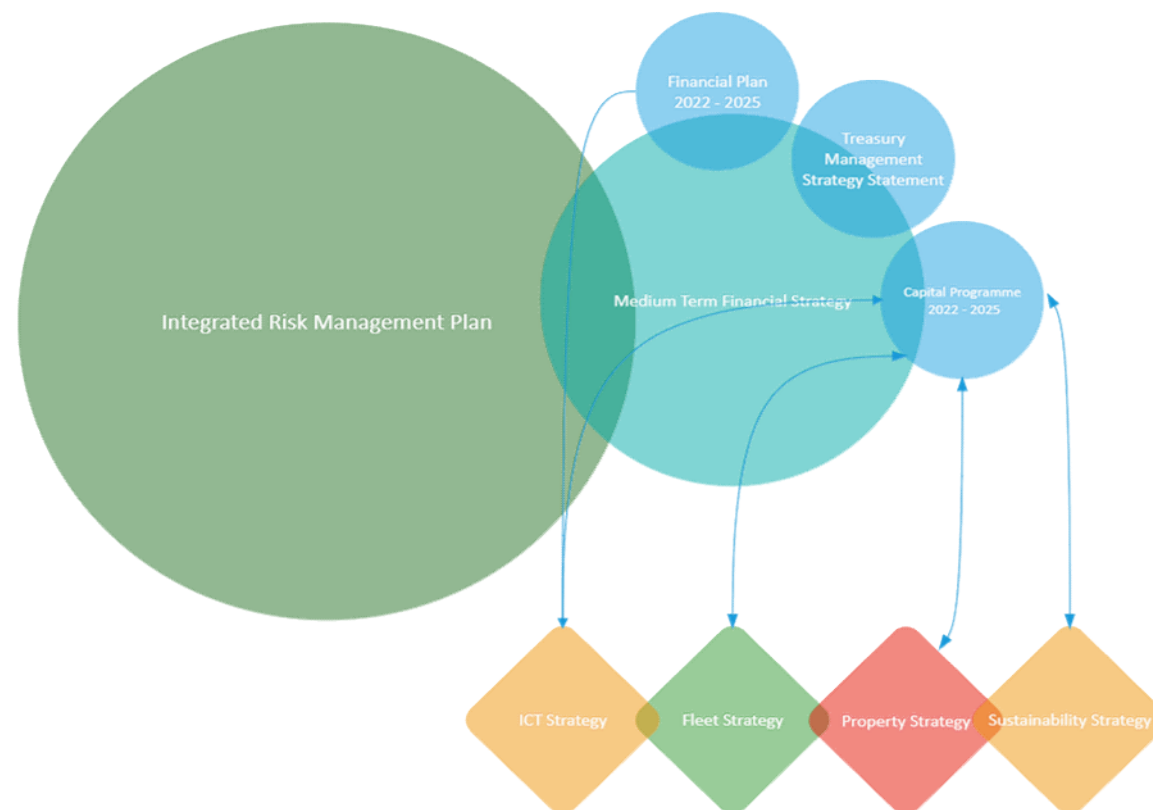


## The Budget: Capital Expenditure

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The Prudential Code, introduced as part of the Local Government Act 2003, requires authorities to ensure capital expenditure is both prudent and affordable. The revenue budget accounts for the financing costs of the schemes. The capital programme is reviewed annually by the Policy and Resources Committee. A summary of the Capital Programme and how it will be financed is shown in the table on the next page with a more detailed breakdown in Appendix 2.

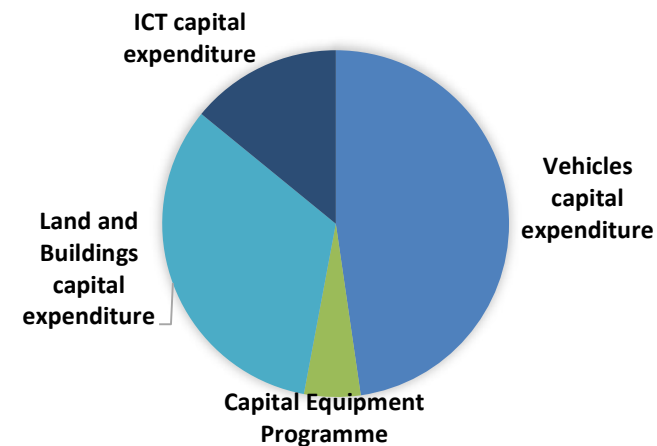
As part of our asset management plan we must now consider our sustainability strategy. During 2022/23 we consulted with Carbon Trust to assist us with understanding and managing our carbon footprint. We have purchased some hybrid vehicles and installed some electric recharging points at four of our strategic sites with three more planned for 2023/24 and a plan to purchase more hybrid vehicles to replace some of our diesel silver fleet, we plan to do this in the remaining part of 2022/23 and 2023/24 but we are experiencing lead times of over 60 weeks currently and so delivery may be in 2024/25. In addition to vehicles, expenditure relating to buildings is also focusing on reducing our carbon footprint, such as new more efficient boilers, improved insulation and installation of smart meters. We are now considering the environmental impact of what we do and work to reducing or eliminating the carbon footprint as much as is reasonably possible.



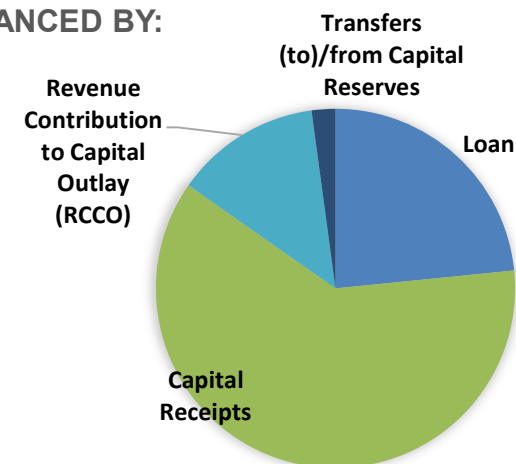


MEDIUM TERM CAPITAL PROGRAMME	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Emergency Fleet	304	870	887	905
Silver Fleet	596	865	321	700
Other	-	-	14	-
<b>Vehicle Replacement Programme</b>	<b>900</b>	<b>1,734</b>	<b>1,222</b>	<b>1,605</b>
<b>Equipment</b>	<b>53</b>	<b>161</b>	<b>164</b>	<b>226</b>
Property Refurbishments and Upgrades	1,515	726	946	589
New Land and Buildings	-	-	-	-
<b>Property, Refurbishments &amp; Land</b>	<b>1,515</b>	<b>726</b>	<b>946</b>	<b>589</b>
Tangible Assets	350	361	320	80
Intangible Assets	180	-	-	321
<b>IT &amp; Communications</b>	<b>530</b>	<b>361</b>	<b>320</b>	<b>402</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>2,998</b>	<b>2,982</b>	<b>2,652</b>	<b>2,822</b>
<b>FINANCED BY:</b>				
Loan	-	1,000	-	1,800
Capital Receipts	2,959	1,954	2,205	219
Revenue Contribution to Capital Outlay	189	-	580	803
Transfer (to)/from Reserves	(150)	28	(133)	-
Capital Grants	-	-	-	-
<b>TOTAL RESOURCES</b>	<b>2,998</b>	<b>2,982</b>	<b>2,652</b>	<b>2,822</b>

## MEDIUM TERM CAPITAL PROGRAMME



## FINANCED BY:





## Statutory Declarations

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### Chief Financial Officer's Statement

Section 25 of the Local Government Act 2003 requires that an Authority's Chief Financial Officer reports to the Authority when it is considering its budget and Council tax precepts. The report must deal with the robustness of the estimates and the adequacy of reserves allowed for in the budget proposals, so that Members will have authoritative advice available to them when they make their decisions. Section 25 also requires members to have regard to the report in making their decisions.

### Robustness of Estimates

The budget process has involved members, the Chief Officer Team and all budget holders within the Service. The finance team has worked closely with all budget holders in a thorough scrutiny of current and future expected costs to establish a zero-based budget, driving the focus on where funds need to be spent in the short to medium term and not on historic budgets. Every budget line has been stripped back and current costs discussed and reviewed to establish if they have a place in the estimated costs along with identifying where new estimates are required.

The Budget Book identifies and explains all service pressures, as well as areas for savings. These pressures and savings have been incorporated into the Medium Term Financial Plan.

In coming to a decision to include funding for unavoidable service pressures and savings in the budget, specific financial risks were identified. The significant risk to the Authority's budget in the short-term is inflation and particularly pay inflation. It is anticipated that these risks can be managed in the short-term using savings and contingencies and, if necessary, reserves, the Authority will need to monitor this position closely throughout the 2023/24 financial year. This is consistent with the Authority's Medium Term Financial Strategy.

The budget has been publicised with a press release being sent to all media outlets in Cambridgeshire. The news release was also published on the Authority's website with details of how comments on the budget proposals could be made.

In my view, the robustness of the estimates has been ensured by the budget setting process, which has enabled all practical steps to be taken to identify and make provision for the Fire Authority's commitments in 2022/23.





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### Adequacy of Reserves

CIPFA has published a guidance note on all Authority reserves and balances; it is the responsibility of the Treasurer to advise the Authority concerning the level of reserves and the protocols for their establishment and use. Reserves are required to provide the Authority with financial flexibility when dealing with unexpected circumstances. Specific reserves should also be set aside to provide for known or predicted liabilities.

The Authority maintains a General Reserve to cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing. It acts as a contingency to be used in the event of unexpected emergencies or unforeseen spending. Last year it added a Finance Business Continuity Reserve of £1m from revenue savings from 2021/22 in anticipation of new budgetary pressures and unpredictable funding in the medium term.

At 31st March 2022 the Authority's usable General Reserve balance was £2.4m, representing 7% of the revenue budget, and £3.4m (9.9%) including the Finance Business Continuity Reserve. The General Reserve will be used in accordance with the Medium Term Financial Strategy. The Authority also maintains three earmarked reserves to fund known or predicted liabilities. These reserves are a Property Development Reserve to finance the future capital programme relating to properties and avoid borrowing or poor return on investments, a Pension Reserve to fund ill-health retirements above that budgeted, and a Wholetime Recruitment Reserve to allow for fluctuations in firefighter establishment figures.

The Property Development Reserve at 31st March 2022 is £5.7m, having dropped from £8.3m. A further £4.7m of this will be used by 31st March 2023 to help fund the new Huntingdon Fire Station and Training Centre which was completed in 2022/23. The cost of borrowing is greater than the return on cash investments, it is therefore more cost effective to use funds currently held.

The Wholetime Recruitment Reserve is £400k. This reserve is expected to be used to help fund the pay increase pressures experienced in 2022/23.

The level of reserves is important, not only for the budget year but also in formulating the Medium Term Financial Strategy. The table on the next page provides a detailed estimate on how reserves will be used over the medium term. In my view, if the Fire Authority accepts the proposed budget, then the level of reserves currently held will be adequate.





## Estimated General/Earmarked Reserve Breakdown 2021/22 to 2025/26

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	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Narrative
<b>Estimated Reserves at Start of Financial Year</b>	11,571	10,119	5,275	5,425	5,397	
Property Development Reserve	8,350	5,763	1,319	1,469	1,441	The Property Development Reserve is earmarked to fund major property improvement and new capital schemes. The new Training Centre and Fire Station at St John's in Huntingdon became operational in January 2023. Most of this reserve was used to finance the build. Future capital expenditure is being partly financed through the expected sale of land at St Ives and the old Huntingdon fire station. Investing in sustainability is now a key consideration and this reserve will also support that in the medium-term.
Capital Property Improvements	(2,587)	(4,744)	(2,809)	(1,982)	(2,072)	
Capital Receipts		300	2,959	1,954	2,205	
General Reserve	2,098	2,433	2,433	2,433	2,433	This reserve will be used for expenditure that cannot be budgeted for such as spate conditions, maternity leave, unexpected cost increases, etc.
Capital Financing Underspends	335					
Finance Business Continuity Reserve	1,000	1,000	1,000	1,000	1,000	This is a new reserve generated by the underspend in 2021/22 as a result of consciously holding back on spend to help manage future budgetary pressures and expected cuts in grant income.
Operational Firefighter Reserve	400					This reserve will be used to cover any overspend in the short-term as a result of the unbudgeted pay increase in 2022/23.
Pension Reserve	523	523	523	523	523	This reserve is held to fund ill health retirements that are often unexpected and to fund any current funding shortfall owing to the revaluation of the Firefighter Pension Fund in addition to the uncertainty around the Matthews, McCloud and Sargent remedy cases.
<b>Estimated Reserves at Year end</b>	<b>10,119</b>	<b>5,275</b>	<b>5,425</b>	<b>5,397</b>	<b>5,530</b>	
<b>General Reserves at Year end</b>	<b>2,433</b>	<b>2,433</b>	<b>2,433</b>	<b>2,433</b>	<b>2,433</b>	
<b>Earmarked Reserves at year end</b>	<b>8,021</b>	<b>2,842</b>	<b>2,992</b>	<b>2,964</b>	<b>3,097</b>	







## Proposed Recommendations

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- 1 That approval is given to a Fire Authority budget (as detailed in Appendix 1) to the requirement £33,678,280.
- 2 That approval is given to a recommended Fire Authority precept for Tax from District Authorities and Peterborough City Authority of £24,143,451.
- 3 That approval be given to an Authority Tax for each band of property, based on the number of band D equivalent properties notified to the Fire Authority by the District Authorities and Peterborough City Authority (302,095):

Band	2022/23 Authority Tax			2023/24	Band	2022/23 Authority Tax			2023/24
A	£	49.98	+£3.30	£53.28	E	£	91.63	+£6.05	£97.68
B	£	58.31	+£3.85	£62.16	F	£	108.29	+£7.15	£115.44
C	£	66.64	+£4.40	£71.04	G	£	124.95	+£8.25	£133.20
D	£	74.97	+£4.95	£79.92	H	£	149.94	+£9.90	£159.84

- 4 That approval is given to the Capital Programme detailed in Appendix 2.





## Detailed Revenue Budget by cost type

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Appendix 1

2022/23 £'000		2023/24 £'000
	<b>EXPENDITURE</b>	
18,974	Firefighters and Control Room Staff	20,269
7,319	Support Staff	7,683
418	Training	391
55	Other Staff Costs	38
<b>26,766</b>	<b>Employee costs</b>	<b>28,381</b>
379	Repairs and Maintenance	462
359	Heating and Lighting	593
46	Cleaning Contract	47
723	Rents and Rates	760
<b>1,507</b>	<b>Premises costs</b>	<b>1,862</b>
81	Office Equipment and Furniture and Fitting	58
1,054	IT Equipment	1,191
391	Clothing and Uniform	398
1,076	Communications	860
411	Mutual Protection	400
61	Subscriptions	64
35	Corporate Support	19
115	Community Safety	79
77	Fire Protection Exps	54
171	Health and Safety	175
105	Members Fees	100





Detailed Revenue Budget by cost type, continued

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Appendix 1, continued

2022/23 £'000		2023/24 £'000
100	Audit Fees	112
53	Legal Fees	48
214	Consultant Fees	414
49	Printing and Stationery	21
18	Postage	14
71	Travel and Subsistence	46
26	Advertising	14
102	Hydrants/BA Maintenance	141
179	Operational Equipment/Infrastructure	210
90	Project Delivery Costs	99
554	Other Supplies and Services	846
<b>5,033</b>	<b>Supplies and Services costs</b>	<b>5,363</b>
41	Car Allowances	38
332	Petrol, Oil and Tyres	504
146	Repair and Maintenance of Vehicles	181
<b>519</b>	<b>Transport costs</b>	<b>723</b>
132	Fire Services Charges	144
24	Service Level Agreements	25
<b>156</b>	<b>Agency charges</b>	<b>169</b>
771	Capital Financing	638
<b>771</b>	<b>Capital charges</b>	<b>638</b>





Detailed Revenue Budget by cost type, continued

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Appendix 1, continued

2022/23 £'000		2023/24 £'000
-140	Capital Receipts > £10k	0
-1,026	Control Room Recharge	-1,028
-1,963	Section 33 Grants	-1,863
-397	Other Income	-567
<b>-3,526</b>	<b>Total Income</b>	<b>-3,458</b>
<b>31,226</b>	<b>Net Revenue Expenditure</b>	<b>33,678</b>





# MEDIUM TERM FINANCIAL PLAN 2023/24 TO 2026/27

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Appendix 1, continued

Description	Prior Year Budget £000's	Inflation £000's	Adjustments £000's	2023/24 Budget £000's
Wholetime Firefighters Pay	14,178	478	486	15,142
Retained Firefighters Pay	3,024	88	155	3,267
Fire Control Pay	1,773	53	34	1,860
Management & Support Staff Pay	7,319	289	75	7,683
Training & Other Staff Related Costs	473	39	(83)	429
<b>Total Staffing Costs</b>	<b>26,767</b>	<b>947</b>	<b>667</b>	<b>28,381</b>
		4%		
Premises Running Costs	1,507	301	54	1,862
Insurances, Supplies and Services Costs	5,033	325	5	5,363
Transport Costs	519	131	74	724
Service Charges	156	7	6	169
Capital Financing Costs	771	-	(133)	638
<b>Total Supplies, Servicing and Financing costs</b>	<b>7,986</b>	<b>764</b>	<b>6</b>	<b>8,756</b>
		10%		
<b>Total Costs</b>	<b>34,753</b>	<b>1,711</b>	<b>673</b>	<b>37,137</b>
Shared Services Income	(1,112)	(104)	107	(1,109)
S.33 Grants	(1,963)	-	100	(1,863)
Other income	(451)	(10)	(26)	(487)
RSG	(2,897)	-	(294)	(3,191)
National Non-domestic Rates	(3,362)	(340)	18	(3,684)
NNDR top-up Grant	(2,754)	-	94	(2,660)
Transfers to/from Reserves	-	-	-	-
<b>Total Income before Fire Authority Precepts</b>	<b>(12,539)</b>	<b>(454)</b>	<b>(1)</b>	<b>(12,994)</b>
<b>Funded by Fire Authority Precept</b>	<b>22,214</b>	<b>1,257</b>	<b>672</b>	<b>24,143</b>
Tax Base and growth (number of households)	296,307	1.95%	5,789	302,095
Band D Tax	£ 74.97	6.60%	£ 4.95	£ 79.92
<b>Total Precept £000's</b>	<b>22,214</b>	<b>8.7%</b>	<b>1,929</b>	<b>24,143</b>





MEDIUM TERM FINANCIAL PLAN, continued

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Appendix 1, continued

	2023/24 Budget	Inflation	Adjustments	2024/25
	£000's	£000's	£000's	£000's
<b>Future Years +1</b>				
Wholetime Firefighters Pay	15,142	454	-	15,596
Retained Firefighters Pay	3,267	98	-	3,365
Fire Control Pay	1,860	56	-	1,916
Management & Support Staff Pay	7,683	230	(12)	7,901
Training & Other Staff Related Costs	429	13	65	507
<b>Total Staffing Costs</b>	<b>28,381</b>	<b>851</b>	<b>53</b>	<b>29,285</b>
		3%		
Premises Running Costs	1,862	56	(2)	1,916
Insurances, Supplies and Services Costs	5,363	161	(117)	5,407
Transport Costs	724	22	-	746
Service Charges	169	5	-	174
Capital Financing Costs	638	-	(160)	478
<b>Total Supplies, Servicing and Financing costs</b>	<b>8,756</b>	<b>244</b>	<b>(279)</b>	<b>8,721</b>
		3%		
<b>Total Costs</b>	<b>37,137</b>	<b>1,095</b>	<b>(226)</b>	<b>38,006</b>
Shared Services Income	(1,109)	(33)	-	(1,142)
S.33 Grants	(1,863)	-	261	(1,602)
Other income	(487)	(15)	54	(448)
RSG	(3,191)	-	(95)	(3,286)
National Non-domestic Rates	(3,684)	-	-	(3,684)
NNDR top-up Grant	(2,660)	-	(80)	(2,740)
Transfers to/from Reserves	-	-	-	-
<b>Total Income before Fire Authority Precepts</b>	<b>(12,994)</b>	<b>(48)</b>	<b>140</b>	<b>(12,902)</b>
<b>Funded by Fire Authority Precept</b>	<b>24,143</b>	<b>1,047</b>	<b>(86)</b>	<b>25,104</b>
Tax Base and growth	302,095	1.02%	3,086	305,181
Band D Tax £ per house	£ 79.92	2.93%	£ 2.34	£ 82.26
<b>Total Precept £000's</b>	<b>24,143</b>	<b>29.9%</b>	<b>7,221</b>	<b>25,104</b>





MEDIUM TERM FINANCIAL PLAN, continued

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Appendix 1, continued

	2024/25	Inflation	Adjustments	2025/26
	Budget £'000	£'000	£'000	Budget £'000
<b>Future Years +2</b>				
Wholetime Firefighters Pay	15,596	312	-	15,908
Retained Firefighters Pay	3,365	67	-	3,432
Fire Control Pay	1,916	38	-	1,954
Management & Support Staff Pay	7,901	158	(8)	8,051
Training & Other Staff Related Costs	507	10	(65)	452
<b>Total Staffing Costs</b>	<b>29,285</b>	<b>585</b>	<b>(73)</b>	<b>29,797</b>
		2%		
Premises Running Costs	1,916	38	-	1,954
Insurances, Supplies and Services Costs	5,407	108	(18)	5,497
Transport Costs	746	15	-	761
Service Charges	174	3	-	177
Capital Financing Costs	478	10	603	1,091
<b>Total Supplies, Servicing and Financing costs</b>	<b>8,721</b>	<b>174</b>	<b>585</b>	<b>9,480</b>
		2%		
<b>Total Costs</b>	<b>38,006</b>	<b>759</b>	<b>512</b>	<b>39,277</b>
Shared Services Income	(1,142)	(23)	-	(1,165)
S.33 Grants	(1,602)	-	20	(1,582)
Other income	(448)	(9)	-	(457)
RSG	(3,286)	-	-	(3,286)
National Non-domestic Rates	(3,684)	-	-	(3,684)
NNDR top-up Grant	(2,740)	-	-	(2,740)
Transfers to/from Reserves	-	-	-	-
<b>Total Income before Fire Authority Precepts</b>	<b>(12,902)</b>	<b>(32)</b>	<b>20</b>	<b>(12,914)</b>
<b>Funded by Fire Authority Precept</b>	<b>25,104</b>	<b>727</b>	<b>532</b>	<b>26,363</b>
Tax Base and growth	305,181	2.00%	6,113	311,294
Band D Tax £ per house	£ 82.26	2.95%	£ 2.43	£ 84.69
<b>Total Precept £000's</b>	<b>25,104</b>	<b>59.2%</b>	<b>14,855</b>	<b>26,363</b>





# MEDIUM TERM FINANCIAL PLAN, continued

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Appendix 1, continued

	2025/26	Inflation	Adjustments	2026/27
	Budget £'000	£'000	£'000	Budget £'000
<b>Future Years +3</b>				
Wholetime Firefighters Pay	15,908	318	-	16,226
Retained Firefighters Pay	3,432	69	-	3,501
Fire Control Pay	1,954	39	-	1,993
Management & Support Staff Pay	8,051	161	(8)	8,204
Training & Other Staff Related Costs	452	9	8	469
<b>Total Staffing Costs</b>	<b>29,797</b>	<b>596</b>	<b>-</b>	<b>30,393</b>
		2%		
Premises Running Costs	1,954	39	30	2,023
Insurances, Supplies and Services Costs	5,497	110	2	5,609
Transport Costs	761	15	-	776
Service Charges	177	4	-	181
Capital Financing Costs	1,091	22	255	1,368
<b>Total Supplies, Servicing and Financing costs</b>	<b>9,480</b>	<b>190</b>	<b>287</b>	<b>9,957</b>
		2%		
<b>Total Costs</b>	<b>39,277</b>	<b>786</b>	<b>287</b>	<b>40,350</b>
Shared Services Income	(1,165)	(23)	-	(1,188)
S.33 Grants	(1,582)	-	15	(1,567)
Other income	(457)	(9)	-	(466)
RSG	(3,286)	-	-	(3,286)
National Non-domestic Rates	(3,684)	-	-	(3,684)
NNDR top-up Grant	(2,740)	-	-	(2,740)
Transfers to/from Reserves	-	-	-	-
<b>Total Income before Fire Authority Precepts</b>	<b>(12,914)</b>	<b>(32)</b>	<b>15</b>	<b>(12,931)</b>
<b>Funded by Fire Authority Precept</b>	<b>26,363</b>	<b>754</b>	<b>302</b>	<b>27,419</b>
Tax Base and growth	311,294	1.00%	3,113	314,407
Band D Tax £ per house	£ 84.69	2.98%	£ 2.52	£ 87.21
<b>Total Precept £000's</b>	<b>26,363</b>	<b>29.8%</b>	<b>7,845</b>	<b>27,419</b>







	2023/24		2024/25		2025/26		2026/27	
	No.	£	No.	£	No.	£	No.	£
<b>Vehicle Replacement Programme</b>								
Water Tender/Rescue pump	-	-	3	869,680	3	887,070	3	904,820
Foam Water Carrier	1	303,520	-	-	-	-	-	-
Large Service Cars	13	435,180	13	464,440	1	53,900	4	202,110
Medium Service Cars	-	-	2	58,520	2	59,700	7	208,390
Small Service Cars	-	-	5	64,990	8	106,070	2	27,050
Small Vans	5	80,700	10	143,480	3	50,870	-	-
Medium Vans	3	80,580	5	133,340	2	50,050	-	-
Rescue vehicle	-	-	-	-	-	-	2	262,760
Vehicle workshop ramp	-	-	-	-	1	14,400	-	-
<b>TOTAL VEHICLES</b>	<b>22</b>	<b>899,980</b>	<b>38</b>	<b>1,734,450</b>	<b>20</b>	<b>1,222,060</b>	<b>18</b>	<b>1,605,130</b>
<b>Capital Equipment Programme</b>								
Holmatro Recue Equip - Battery operated	-	-	3	80,530	3	82,140	3	83,780
BA Washing Machine	1	27,720	1	28,550	1	29,120	1	29,710
Dry Suits	-	-	-	-	-	-	181	64,010
Thermal Cameras	6	25,620	8	35,180	8	35,890	8	36,610
Light Portable Pumps (link to appliance purchases)	-	-	3	16,620	3	16,960	2	11,530
<b>TOTAL EQUIPMENT</b>	<b>7</b>	<b>53,340</b>	<b>15</b>	<b>160,880</b>	<b>15</b>	<b>164,110</b>	<b>195</b>	<b>225,640</b>





# DETAILED MEDIUM TERM CAPITAL PROGRAMME continued

Appendix 2, continued

		2023/24	2024/25	2025/26	2026/27
		£	£	£	£
<b>Land and Buildings Capital Programme</b>					
Remaining works from condition surveys	All sites	-	530,450	-	535,810
Training building	Peterborough	-	-	525,300	-
Appliance bay floor	Cambridge	20,000	-	-	-
Station refurbishment & upgrade	Ely	300,000	-	-	-
Station refurbishment & upgrade	Stanground	350,000	-	-	-
Station refurbishment & welfare facilities	St Neots	300,000	-	-	-
Station refurbishment & welfare facilities	Linton	60,000	-	-	-
Station refurbishment & welfare facilities	Manea	-	61,800	-	-
Station refurbishment & welfare facilities	Sutton	-	51,500	-	-
Station modernisation	Ramsey	70,000	-	-	-
Station modernisation	Thorney	-	30,900	-	-
On-call replacement roof programme		300,000	-	-	-
Community safety functional building		-	-	367,710	-
Enhancement/Contingency		50,000	51,500	52,530	53,580
New PA system		65,000	-	-	-
<b>TOTAL LAND &amp; PROPERTY CAPITAL PROGRAMME</b>		<b>1,515,000</b>	<b>726,150</b>	<b>945,540</b>	<b>589,390</b>





DETAILED MEDIUM TERM CAPITAL PROGRAMME continued

DRAFT

Appendix 2, continued

	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
<b>IT and Communications Capital Programme</b>				
Mobiles/Comms upgrade	40,000	-	52,530	-
Essential system enhancements	-	-	-	321,480
Mobile data terminals	250,000	-	-	-
On-call alerters	60,000	-	-	-
New financial management system	180,000	-	-	-
Back-end server refresh	-	257,500	-	-
Asset management tablets	-	103,000	-	-
Replace station projectors/screens	-	-	31,520	-
WIFI refresh	-	-	236,390	-
Laptop refresh	-	-	-	80,370
<b>TOTAL ICT CAPITAL PROGRAMME</b>	<b>530,000</b>	<b>360,500</b>	<b>320,440</b>	<b>401,850</b>





To: Policy and Resources Committee

From: Deputy Chief Executive Officer (DCEO) - Matthew Warren

Presenting officer(s): Deputy Chief Executive Officer - Matthew Warren

Telephone 01480 444619  
[matthew.warren@cambsfire.gov.uk](mailto:matthew.warren@cambsfire.gov.uk)

Date: 31 January 2023

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## Revenue and Capital Budget Monitoring Report 2022-23, including a mid-year Treasury Management update

### 1. Purpose

- 1.1 The purpose of this report is to provide the Policy and Resources Committee with an update on revenue and capital spending as of 31 December 2022.

### 2. Recommendation

- 2.1 The Committee is asked to note the position on revenue and capital spending and the mid-year treasury management update attached at Appendix 2.

### 3. Risk Assessment

- 3.1 Economic – the greatest risk to the in-year budget is the impact of inflation on prices and pay. The Authority may have to use reserves to balance spend at the end of the financial year.

### 4. Background

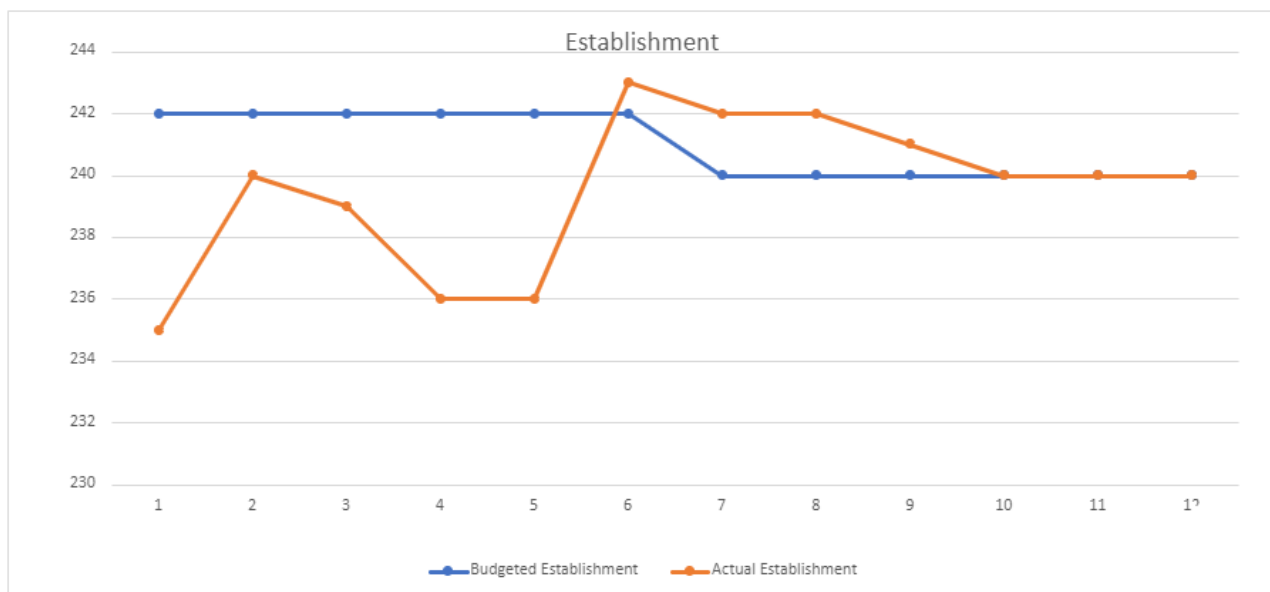
- 4.1 The budget for 2022/23 was approved at the Fire Authority meeting held in February 2022. The total budget was set at £31.226m with a total precept of £22.215m.
- 4.2 At its meeting in June 2022 the Authority approved a revenue carry forward of £1.676m. The carry forward included grant income of £0.641m. The revised revenue budget for the 2022/23 financial year is therefore £32.902m. Further adjustments have been made in respect of revised business rates income, savings on rateable values and additional income. This totals an additional £77k, making the revised budget £32.979m.
- 4.3 A budgetary control summary showing the main variations to the end of November 2022 is attached at Appendix 1. The carry forwards highlighted in Paragraph 4.2 above have been incorporated into the current year budgets.

## 5. Inflationary Pressures

- 5.1 As highlighted through the budget setting process for the 2022/23 financial year, inflation was deemed the greatest risk to the financial sustainability of the Authority in the short to medium term. Unfortunately, this risk has now become an issue and whilst the budget position appears relatively healthy the full impact of these inflationary pressures, specifically pay inflation and energy costs, will not be known until later in the current financial year or even the next financial year. We continue to work hard with all budget managers to control costs but the inevitable impact of inflation will provide challenges as we move through this financial year and into next.

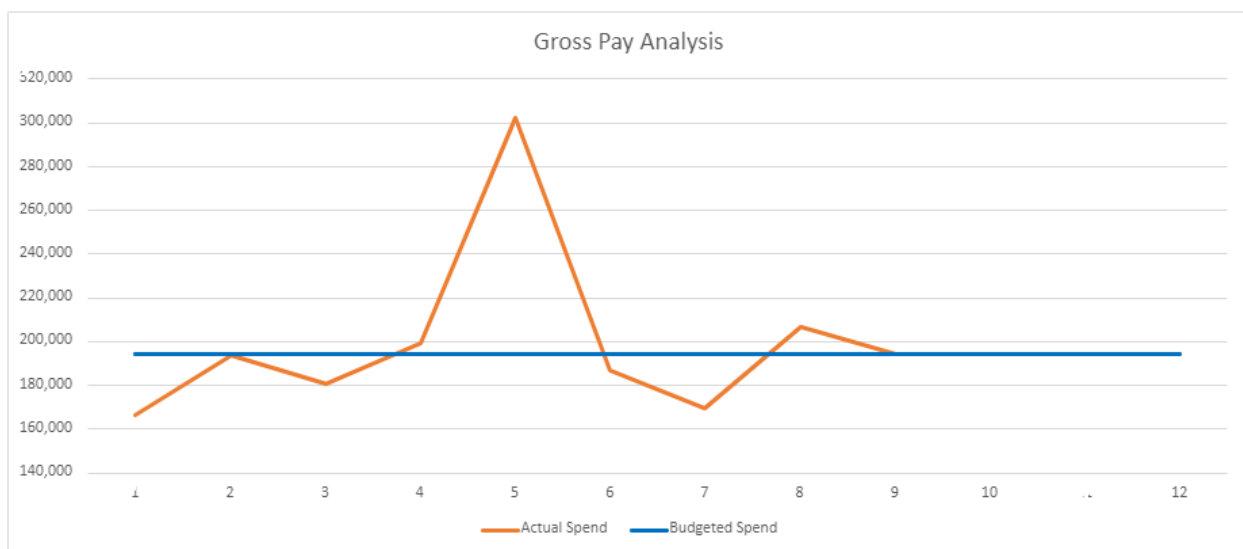
## 6. Update – Revenue Expenditure

- 6.1 The budget for full-time firefighters is showing an underspend at present because the Service has been slightly below its budgeted establishment to this point in the financial year. In addition, no pay award has yet been applied for operational firefighters. The Service did budget for a 2% pay award however the latest offer made by the employers is 5%. This will create a significant overspend against this budget when it is applied. An exact overspend position will be dependent upon turnover of firefighters; this will be closely monitored as we go through the remainder of the financial year.



- 6.2 The pay award for professional support employees has now been agreed averaging 6% for NJC employees and 5% for management band employees. This is significantly greater than the 2% budgeted and will result in an on-going budget pressure. This pressure will be slightly offset in-year as a result of higher than usual staff turnover and challenges currently being experienced when attempting to recruit to vacant positions. The turnover of professional support employees is impacting on delivery within certain areas of the Service requiring the prioritisation of workloads and projects accordingly.

- 6.3 The premises budget is currently underspent by £36k. Energy costs are subject to inflationary pressures with previous fixed tariffs coming to an end at the end of October. The full impact of energy increases will not be known until after the winter months but it is anticipated that costs will significantly exceed the budget.
- 6.4 The supplies and services budget is showing an underspend. This is owing to the expenditure against specific ICT contracts being incurred later in the financial year. This budget is also where all savings identified as part of the comprehensive spending review (CSR) preparation project are held. These savings will be applied to fund the budget gaps caused by inflationary increases at year-end.
- 6.5 The operational fire budget relates to On-Call firefighter expenditure. This expenditure fluctuates according to demand and will be monitored through the financial year. The current budget is significantly overspent due to the high levels of operational activity over the summer months. The Home Office has indicated that it may have funding available to cover the financial impact of such spate conditions on the Authority. If additional funding isn't forthcoming then the Service will seek to use in-year savings identified as part of the CSR work or its general reserve to fund this overspend.



## 7. Update - Capital Expenditure and Financing

7.1 The revised capital programme, together with spending to date, is shown in the table below:

		<b>Original Budget</b>	<b>Carry Forwards</b>	<b>Revised Estimate</b>	<b>Total Committed to Date</b>
		<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Expenditure</b>					
Vehicles	7.2	1,655	1,216	2,871	2,206
Land and Buildings	7.3	4,220	54	4,274	5,399
Equipment	7.4	269	169	438	372
IT and Communications	7.5	775	2	777	802
					0
		6,919	1,441	8,360	8,779
<b>Financing</b>					
Capital Receipts		-543	0	-543	-457
Loan		-3,019	0	-3,019	0
Application of Reserves		-3,000	-1,441	-4,441	-7,965
Revenue Contribution		-357	0	-357	-357
		-6,919	-1,441	-8,360	-8,779

7.2 This budget covers the purchase of operational and non-operational vehicles. The purchase of new vehicles is in line with the revised Fleet Strategy and Plan. It also considers the new sustainability strategy. The revised forecast provides for seven new fire appliances of which three have been carried forward from the previous financial year. The Service has seen significant delays in replacing parts of its silver fleet with £226k of the carry forward budget relating to the prior year capital programme.

7.3 This budget covers the maintenance of existing properties and the remaining investment in the new Huntingdon fire station and training centre which will be funded from the Property Development Reserve.

7.4 The equipment expenditure relates to heavy duty rescue equipment, thermal cameras and defibrillators. The carry forward relates to expenditure committed in the last financial year for new battery operated cutting equipment.



- 7.5 The IT and communications capital budget covers the purchase of major IT systems, hardware and the upgrade of communications equipment. The purchase and implementation of the new ICCS and mobilisation system is included within this budget.

**Source Documents:**

Revenue and Capital Budget Position 2022/23

**Location:**

Hinchingbrooke Cottage, Brampton Road, Huntingdon PE29 2NA

**Contact Officer:**

Deb Thompson, Scrutiny and Assurance Manager [deb.thompson@cambsfire.gov.uk](mailto:deb.thompson@cambsfire.gov.uk)

## Appendix 1

Description	Paragraph Reference	Revised Budget £	Budget to Date £	Actual to Date £	Variance £	Variance %
Full Time Firefighters		13,258,007	9,975,794	9,809,376	-166,418	-2%
Control Room Staff		1,728,340	1,294,527	1,269,338	-25,189	-2%
Local Govt. Employees		3,236,396	2,526,607	2,919,445	392,838	16%
Senior Management (Hay)		4,079,324	3,062,583	2,855,845	-206,738	-7%
Recruitment & Training		591,658	465,546	461,185	-4,361	-1%
Fire Allowances		697,719	587,352	578,897	-8,455	-1%
<b>EMPLOYEE COSTS</b>	<b>6.1 - 6.2</b>	<b>23,591,444</b>	<b>17,912,408</b>	<b>17,894,087</b>	<b>-18,321</b>	<b>0%</b>
Property Maintenance		435,221	318,827	268,363	-50,464	-16%
Insurance		62,840	62,029	58,490	-3,539	-6%
Energy Costs		368,810	229,821	259,213	29,392	13%
Cleaning		48,587	38,291	24,676	-13,615	-36%
Rents & Rates		657,729	657,729	659,400	1,671	0%
<b>PREMISES</b>	<b>6.3</b>	<b>1,573,187</b>	<b>1,306,697</b>	<b>1,270,141</b>	<b>-36,556</b>	<b>-0</b>
Car & Cycle Allowances		38,533	28,593	26,590	-2,003	-7%
Vehicle Running Expenses		179,978	135,157	164,592	29,435	22%
Vehicle Insurance		157,620	150,394	142,695	-7,699	-5%
<b>TRANSPORT AND MOVEABLE PLANT</b>		<b>376,131</b>	<b>314,144</b>	<b>333,878</b>	<b>19,734</b>	<b>0</b>
Office Expenses		306,291	242,076	157,451	-84,625	-35%
IT & Communications Equip.		2,355,865	1,655,868	1,729,733	73,865	4%
Fire Equipment		324,213	271,232	199,009	-72,223	-27%
Uniforms & Clothing		502,725	377,145	279,711	-97,434	-26%
Other Supplies & Services		2,194,383	1,855,111	873,542	-981,569	-53%
<b>SUPPLIES AND SERVICES</b>	<b>6.4</b>	<b>5,683,477</b>	<b>4,401,432</b>	<b>3,239,446</b>	<b>-1,161,985</b>	
<b>CONTROLLABLE EXPENDITURE</b>		<b>31,224,239</b>	<b>23,934,681</b>	<b>22,737,553</b>	<b>-1,197,129</b>	<b>-5%</b>
Other Income		-1,550,520	-908,586	-851,330	57,256	-6%
Other Government Grants		-2,097,696	-1,938,511	-2,336,948	-398,437	21%
<b>CONTROLLABLE INCOME</b>		<b>-3,648,216</b>	<b>-2,847,097</b>	<b>-3,188,278</b>	<b>-341,181</b>	
<b>NET CONTROLLABLE EXPENDITURE</b>		<b>27,576,023</b>	<b>21,087,584</b>	<b>19,549,274</b>	<b>-1,538,310</b>	<b>-7%</b>
Debt Charges		1,377,451	64,852	87,736	22,884	35%
External Interest		-90,000	-43,542	-74,654	-31,112	71%
<b>CAPITAL FINANCING</b>		<b>1,287,451</b>	<b>21,310</b>	<b>13,082</b>	<b>-8,228</b>	
Pensions - Lump Sums		766,140	574,602	578,478	3,876	1%
Operational Fire Budget		3,381,502	2,456,270	2,701,591	245,321	10%
<b>SAFETY-NETTED EXPENDITURE</b>	<b>6.5</b>	<b>4,147,642</b>	<b>3,030,872</b>	<b>3,280,069</b>	<b>249,197</b>	
<b>NET EXPENDITURE</b>		<b>33,011,116</b>	<b>24,139,766</b>	<b>22,842,425</b>	<b>-1,297,341</b>	<b>-5%</b>

# **Mid-Year Treasury Management Review 2022/23**

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Cambridgeshire and Peterborough Fire Authority  
January 2023

Quarter Ended 31 December 2022

## 1. Introduction

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that Members be updated on treasury management activities regularly (annual, mid-year or quarterly reports). This report, therefore ensures this Authority is implementing best practice in accordance with the Code.

## 2. Treasury Position as of 31 December 2022

At the end of December 2022, the Authority's treasury (excluding borrowing by Public Finance initiatives (PFI and finance leases) position was as follows:

DEBT PORTFOLIO	31 March 2022 Principal	Rate/ Return	Average Life years	31 December 2022 Principal	Rate/ Return	Average Life years
Total Debt	£5.700m	3.56%	36	£5.700m	3.56%	35
CFR	£8.592m			£8.592m		
Over / (under) Borrowing	(£2. 892)m			(£2. 892)m		
Total Investments	£8.511m	0.48%		£7.603m	3.46%	
Net Investments	£2.811m			£1.903m		

INVESTMENT PORTFOLIO	Actual 31.03.2022 £000	Actual 31.03.2022 %	Actual 31.12.2022 £000	Actual 31.12.2022 %
Treasury Investments				
Banks	8,511	100	7,603	100
Building Societies - rated	£nil		£nil	
TOTAL TREASURY INVESTMENTS	8,511	100	7,603	100

## Investment Outturn

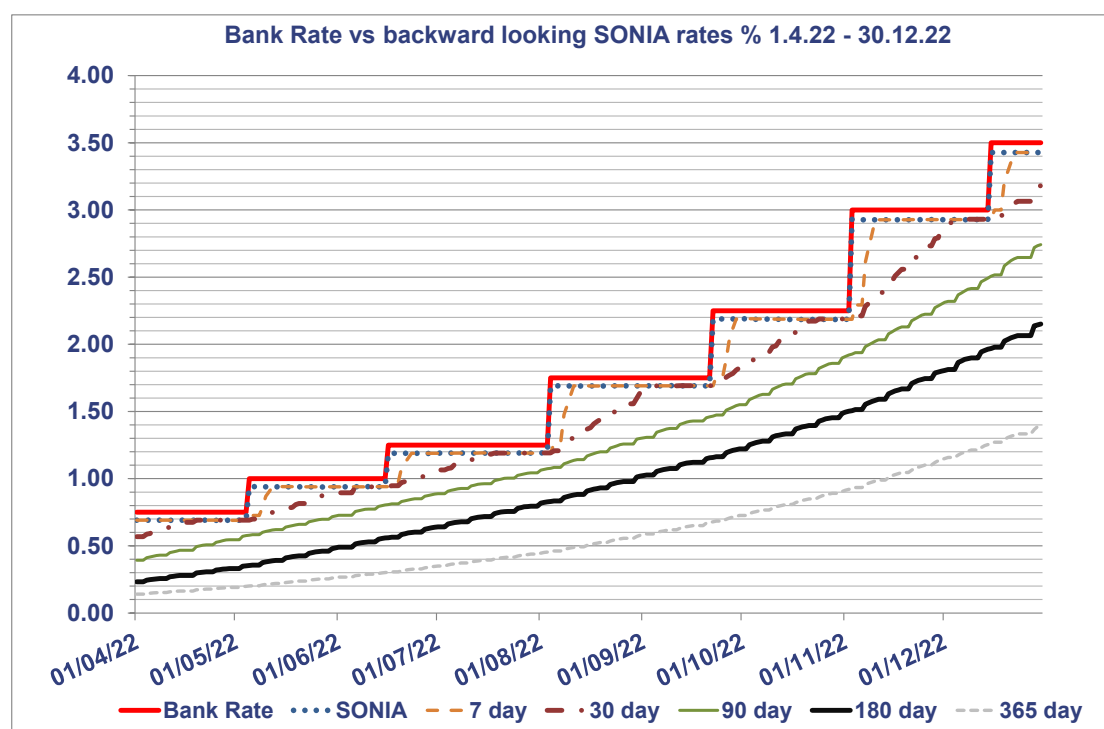
**Investment Policy** – the Authority’s investment policy is governed by MHCLG investment guidance which has been implemented in the investment strategy approved by the Authority in February 2018. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data such as rating outlooks, credit default swaps and bank share prices etc. The investment activity during the year conformed to the approved strategy and the Authority had no liquidity difficulties.

**Resources** – the Authority’s cash balances comprise revenue and capital resources and cash flow monies. The Authority’s core cash resources comprised as follows:

Balance Sheet Resources (£m)	31 March 2022	31 December 2022
Balances	2,133	2,133
Earmarked Reserves	8,460	6,781
Usable Capital Receipts	1,319	1,336
Useable Capital Grants	-	-
<b>TOTAL</b>	<b>11,912</b>	<b>11,912</b>

### 3. Annual Investment Strategy

#### 3.1 Investment Strategy and Control of Interest Rate Risk



*\*Investment performance year to date as of end-December 2022. The graph now uses the Sterling Overnight Index Averages. The graph is based on a backward-looking benchmark which reflects where the market was positioned when investments were placed.*

#### Financial Year to Quarter ended 31 December 2022

	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
High	3.50	3.43	3.43	3.18	2.74	2.15	1.40
High Date	15/12/2022	28/12/2022	30/12/2022	30/12/2022	30/12/2022	30/12/2022	30/12/2022
Low	0.75	0.69	0.69	0.57	0.39	0.23	0.14
Low Date	01/04/2022	28/04/2022	29/04/2022	01/04/2022	01/04/2022	01/04/2022	01/04/2022
Average	1.79	1.73	1.68	1.57	1.31	0.99	0.59
Spread	2.75	2.74	2.74	2.61	2.35	1.92	1.26

As shown by the charts above, investment rates have improved dramatically during the first three quarters of 2022/23 and are expected to improve further as Bank Rate continues to increase over the next few months.

#### Interest Rate Forecast

The latest interest rate forecast, provided by the Link Group – The Authority’s treasury advisors on the 19 December 2022, sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is also providing a limited package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices. PWLB rates reflect a less elevated yield curve than prevailed under the Truss/Kwarteng government, and the 17th of November Autumn Statement made clear the government’s priority is the establishment and maintenance of fiscal rectitude. In addition, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control.

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

*\*The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.*

### **The Future Path of the Bank Rate**

Since the most recent interest rate forecast was most recently updated (above), it reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened but the Government's policy of emphasising fiscal rectitude will probably mean Bank Rate will not need to increase to further than 4.5%.

Further down the road, it is anticipated that the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.7%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.

In the upcoming months, Interest rate forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

### **3.2 Borrowing Strategy and Control of Interest Rate Risk**

No borrowing has been undertaken up to and including the quarter ending 31 December 2022. The Authority continues to maintain an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) is not fully funded with loan debt, as cash supporting the Authority's reserves, balances and cash flows was used as an interim measure. This strategy was prudent as investment returns have previously been very low and minimising counterparty risk on placing investments also needed to be considered.

The Authority has not taken out any borrowing as there continues to be a cost to revenue on any new long-term borrowing that is not immediately used to finance capital expenditure, although this would have caused a temporary increase in cash balances, it would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.

The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

## PWLB Rates

The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%.

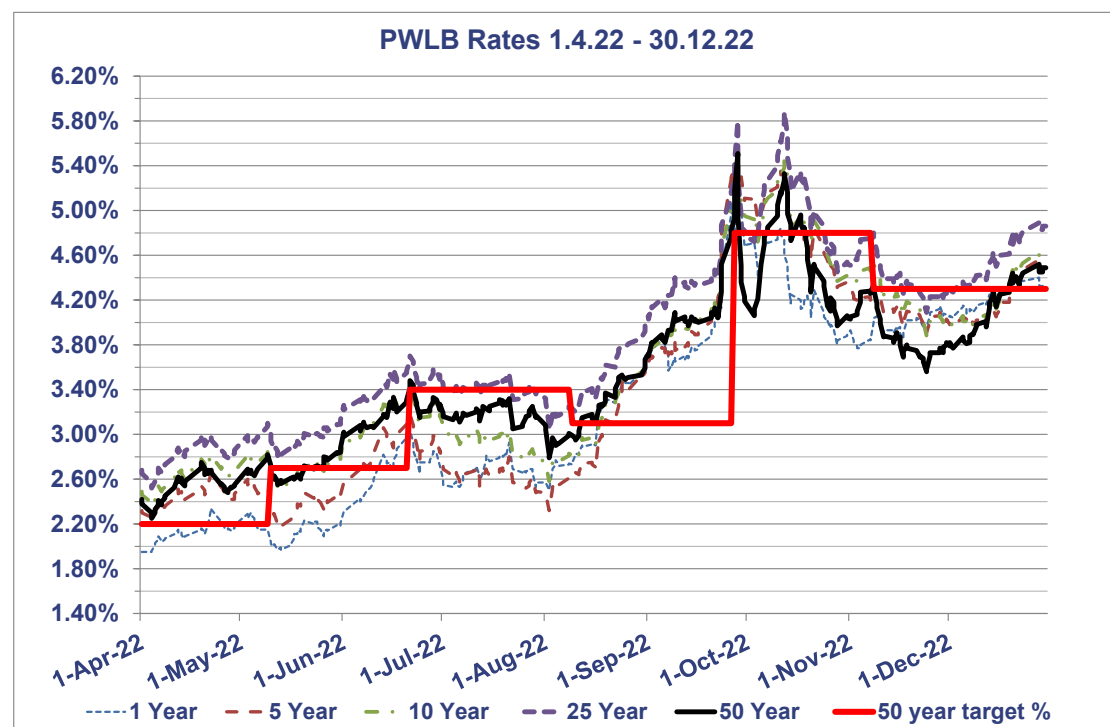
Link view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

### PWLB Maturity Certainty Rates Year to Date to 31 December 2022

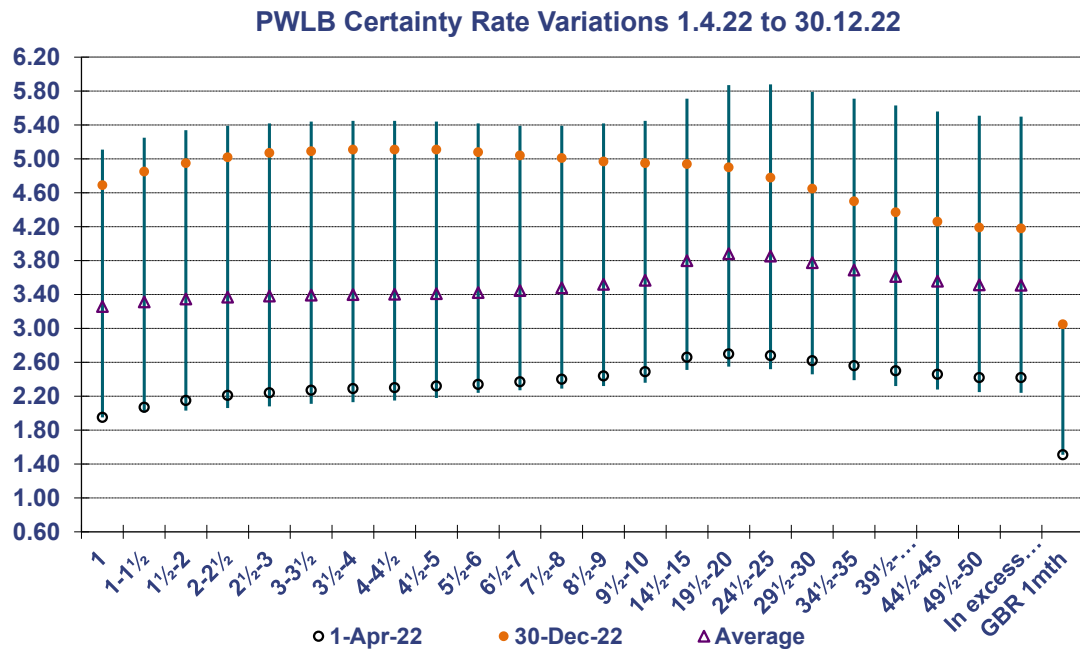
Gilt yields and PWLB rates were on a rising trend between 1 April and 30 September but have fallen back from their September peaks in Q3.

The 50-year PWLB target certainty rate for new long-term borrowing started 2022/23 at 2.20% before increasing to a peak of 4.80% in September and then latterly reducing to 4.30% in November.

### PWLB Rates 1 April to 30 December 2022







**HIGH/LOW/AVERAGE PWLB Rates 1 April to 30 December 2022**

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	1.95%	2.18%	2.36%	2.52%	2.25%
<b>Date</b>	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
<b>High</b>	5.11%	5.44%	5.45%	5.88%	5.51%
<b>Date</b>	28/09/2022	28/09/2022	12/10/2022	12/10/2022	28/09/2022
<b>Average</b>	3.26%	3.41%	3.57%	3.85%	3.51%
<b>Spread</b>	3.16%	3.26%	3.09%	3.36%	3.26%

## Appendix 1: Prudential and Treasury Indicators

-	Forecast 2022/23 £m
	£m
Capital Financing Requirement	8.300
Operational Boundary Actual External Debt as of 31 March 2022	12.134
Authorised Limit	13.634
Upper limit for fixed interest rate exposure Net principal fixed rate borrowing / investments	100%
Upper limit for variable interest rate exposure Net principal variable rate borrowing / investments	100%
Upper limit for total principal sums invested for over 364 days	0%
Maturity structure of new fixed rate borrowing during 2021/22:	
	Upper Limit
under 12 months	100%
12 months and with 24 months	100%
24 months and within 5 years	100%
5 years and within 10 years	100%
10 years and above	100%

## Appendix 2: Debt and Investment Portfolio by Institution

DEBT PORTFOLIO	Maturity Date	Interest Rate %	Principal £000
Institution			
PWLB Loan 1 (46 Years)	08/03/2053	4.25	1,700
PWLB Loan 2 (46 years)	01/08/2053	4.55	1,500
PWLB Loan 3 (50 Years)	14/06/2071	1.89	2,500
TOTAL DEBT		3.56	5,700

INVESTMENT PORTFOLIO	Maturity Date	Interest Rate %	Principal £000
Institution			
Lloyds Bank Corporate Bank (6 Months)	10/02/2023	2.64	1,000
Qatar National bank (6 Months)	24/02/2023	3.07	1,000
Qatar National bank (3 Months)	13/03/2023	4.01	1,000
Qatar National bank (6 Months)	20/03/2023	3.60	1,000
SMBC International Bank plc (6 Months)	09/06/2023	4.00	1,000
Barclays Bank Plc – Deposit Account			2,603
TOTAL TREASURY INVESTMENTS		3.46	7,603



To: Policy and Resources Committee

From: Deputy Chief Executive Officer (DCEO) - Matthew Warren

Presenting officer(s): Deputy Chief Executive Officer - Matthew Warren

Telephone 07768 023436

[matthew.warren@cambsfire.gov.uk](mailto:matthew.warren@cambsfire.gov.uk)

Date: 31 January 2023

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## Fire Authority Programme Management – Monitoring Report

### 1. Purpose

- 1.1 The purpose of this report is to provide the Policy and Resources Committee with an update against the projects for 2022/23.

### 2. Recommendation

- 2.1 The Committee is asked to note the programme status report, as of December 2022, attached at Appendix 1.

### 3. Risk Assessment

- 3.1 Political/Economic/Legal – successful achievement of agreed corporate priorities is at risk if the Authority does not have a robust and structured programme and project management governance framework to support the effective prioritising of investment decisions and the allocation, management and control of resources required to achieve them.

### 4. Background

- 4.1 To support the Service in its strategic planning process, the Integrated Risk Management Plan (IRMP) action plan for the financial year 2022/23 has been drafted to mitigate the risks posed to the Service achieving its vision and the opportunities that could be pursued to ensure the vision is realised.
- 4.2 The planning process for this considers the Service's key stakeholders who have been identified as;
- Citizens of Cambridgeshire and Peterborough,
  - All employees,
  - Senior leadership team,
  - Fire Authority,
  - Regional fire and rescue services,
  - Partners,

- Home Office and other government stakeholders.
- 4.3 Each year the action plan for the forthcoming financial year is reviewed to take account of changing risks and opportunities posed to the Service and considers external factors.
- 4.4 Having identified the desired outcomes, potential projects and activities required to achieve these are evaluated and prioritised, taking into account any projects from the current financial year that will need to continue into the next to be completed.
- 4.5 The evaluation criteria focus on the following areas;
- benefits realisation – outlining the key benefit areas and how they can be achieved,
  - technical complexity – focusing on the complexity of the technical solution,
  - financial implications – including the estimated time and costs for project implementation and post project operational support,
  - business impact – covering the impact on key stakeholders and the organisation,
  - risks – the extent of risk exposure facing the organisation,
  - opportunities – potential opportunities for business development.
- 4.6 This identifies the Type 3 and Type 2 projects that will be given priority in the business development programme for the coming financial year. This will be kept under review and consideration will be given by the Programme Board to suspending existing projects and bringing forward the start of other projects, dependent on the prevailing business and strategic priorities. The primary focus of the Programme Board is to ensure resources across the Service are balanced appropriately.
5. Progress Report on Corporate Projects 2022/23
- 5.1 The status of projects linked to delivery of corporate priorities is shown at Appendix 1.

Source Documents:  
Programme Status Report

Location:  
HQ, Hinchbrook Cottage, Huntingdon

Contact Officer:  
Matthew Warren, 01480 444619, [matthew.warren@cambsfire.gov.uk](mailto:matthew.warren@cambsfire.gov.uk)

Type 3 (High)				
Projects	Issues	Successes	Project Performance	
<b>P108 Replacement ICCS and Mobilising Solution</b> <b>Project Sponsor: M Warren</b> <b>PM: N Hoad</b> <b>Completion Date: Contract Award October 2019</b> <b>Go Live Q3 2023</b> <b>Overall status: Amber (against revised schedule)</b>	<p>Extended timescales for some planned work needs monitoring as could cause issues for meeting overall timescales.</p> <p>Internal penetration test carried out on platform with several concerns. Supplier has the report and is working through this to address the issues. The external penetration test has been rescheduled and has caused delays to the schedule for the DCS.</p> <p>Ongoing issue with a map conversion software is causing significant delay in entering legacy data into the platform. Teams are working to resolve with this supplier.</p>	<p>Have acquired some additional project support in areas from the supplier. This will support our current PM and have already seen the benefit of this additional resource.</p> <p>Progress is being made across a number of workstreams.</p> <p>Outstanding issue around IP cross over on the network almost resolved. 90% of work completed by another supplier just one activity outstanding.</p> <p>Integration works ongoing and issues being resolved.</p>	Board	
			Team	
			Budget	
			Risk	
			Controls	
			Timescales	

## Business Development Programme Status Report

December 2022

<b>P137 Review of Operations</b> <b>Project Sponsor: C Strickland</b> <b>Project Manager: S Smith</b> <b>Project Manager/Lead S Thompson</b> <b>Completion Date: Phase 1 High Level Business Cases - May 2022</b> <b>Phase 2 Detailed Business Cases March 2023</b> <b>Deviation Report drafted.</b> <b>Overall status: Green</b>	<p>No current major issues to report.</p> <p>Work lead catch up's have been taking place but limited attendance in places.</p>	<p>Deviation report completed for time and scope presented to Project Board. Project extension until 31 March 2023 has been approved by the Project Board.</p> <p>Majority of project support has been pushed towards Financial Contingency.</p> <p>MSI (most serious incident) and 4x4 provision work continues as a priority. Currently identifying focus group attendees to support work packages and feedback to ideas.</p> <p>December communications update provided on SharePoint page.</p>	<b>Board</b>	Reporting direct to COAG
			<b>Team</b>	
			<b>Budget</b>	
			<b>Risk</b>	
			<b>Controls</b>	
			<b>Timescales</b>	Deviation Report for agreed extension until 31 March 2023



# Business Development Programme Status Report

December 2022

Projects	Issues	Successes	Project Performance	
<b>P135 Finance System Software Replacement Project</b> <b>Project Sponsor: M Warren</b> <b>Project Manager: U Bird</b> <b>Completion dates: October 2023</b> <b>Overall status: In Planning</b>	Conflicting priorities /annual leave may impact the planned timescales (Go live target date October 2023).	Contract has been awarded through G Cloud 12 (26 Nov). Eight week lead time before ten month implementation period; on target for October go live. Costs confirmed as expected. Need to align required technical resources and link to required internal resources - this task will be completed following first formal meeting with supplier in Jan.	<b>Board</b>	
			<b>Team</b>	
			<b>Budget</b>	
			<b>Risk</b>	
			<b>Controls</b>	
			<b>Timescale</b>	Tight timescales
<b>P140 Microsoft 365 implementation and cultural change</b>  <b>Project Sponsor: J Fagg</b> <b>Project Manager: TBC</b> <b>Completion date: 2 years</b> First three months scoping the tools to be delivered. Two months in planning the roll out 19 months dedicated to the roll out, and cultural change activities to achieve the project objectives.  <b>Overall status: Paused</b>		Job evaluation and job description completed - decision made to put this recruitment/project on hold until the finance settlement in December is announced and understood.	<b>Board</b>	
			<b>Team</b>	
			<b>Budget</b>	
			<b>Risk</b>	
			<b>Controls</b>	
			<b>Timescales</b>	
<b>P126 Huntingdon Relocation</b>	Outstanding snagging issue with some of the flooring onsite which	Building handover took place on Friday 11 November 2022.	<b>Board</b>	

# Business Development Programme Status Report

December 2022

<b>Project Sponsor: M Warren</b> <b>Project Manager: J Houseago</b> <b>Completion date: Planning phase August 2021</b> <b>Build completion - October 2022</b> <b>Move –January 2023</b> <b>Status: Green</b>	<p>continues to be worked on by the contractor.</p> <p>The coming weeks will continue to see a huge draw on resources from both property and ICT teams.</p>	<p>End Stage Report for the build stage has been issued to Board members and signed off. Now working through the commissioning stage of the project.</p> <p>Our ICT and property teams continue to fit out the site in defined stages along with our own contractors completing their works.</p> <p>Occupational health moved into site w/c 21 November; now fully operating from there. Health and Safety and Operational Support Group teams moved across w/c 5 December.</p> <p>Training Centre waiting for the green light to move across (aiming w/c 12 December). Transition plans now being worked through in preparation for getting operational crews over in January.</p> <p>BT link now in – just need to undertake failover testing.</p>	<b>Team</b>	
			<b>Budget</b>	Fixtures and Fittings element of the budget has needed to be increased
			<b>Risk</b>	
			<b>Controls</b>	
			<b>Timescale</b>	
<b>P122 Training Centre Review</b> <b>Project Sponsor: W Swales</b>		<p>New training centre shift system has been implemented as a two</p>	<b>Board</b>	

**Business Development Programme Status Report****December 2022**

<b>Project Manager: V Best</b> <b>Project Closure: Project to be closed in January 2023.</b> <b>Review of Trial - TBD</b> <b>Status: Green (against revised trial dates)</b>		year trial with effect from November 2022.  Updated contracts have been issued and returned reflecting the amendments.  Project to be closed as trial commences.	<b>Team</b>	
			<b>Budget</b>	
			<b>Risks</b>	
			<b>Control</b>	
			<b>Timescale</b>	

## Type 2 Projects

Project	Issues	Successes	Project Performance	
<b>P138 On Call Initiatives</b> <b>Project Sponsor: S Smith</b> <b>Project Manager: K Andrews</b> <b>Five separate workstreams</b> <b>Completion</b> <b>13.5 Ladders Q1 2022 Closed</b> <b>Co-Responding Q2 2022 Closed</b> <b>Papworth to Cambourne Q1 2022 - Closed</b> <b>Crewing Q4 2022</b> <b>Business Hub Q3 2022</b>  <b>Status: Green</b>		<b><u>Review minimum crewing</u></b> Crewing set to go live 1 January 2023. SharePoint page containing Frequently asked questions and statistics updated following feedback from representative bodies. Face to face engagement with all On-Call stations nearing completion. Policy, guidance and risk assessment documents completed and will be published after last meeting with representative bodies. Liaison ongoing with training centre, learning and organisational development and Operational Support Group to include crews of three in training materials and Service action notes. Letters sent to neighbouring brigades and liaison with Combined Fire Control complete. <b><u>Pilot Scheme Remote Working Spaces</u></b> Meeting held to update all On-Call support Officers on the process for On-Call staff to use this facility (suitability interview), SharePoint page for relevant documents in progress.	<b>Board</b>	Not required
			<b>Team</b>	For each Workstream
			<b>Budget</b>	Specific to each workstream
			<b>Risk</b>	Industrial action and action short of strike may impact capacity and service delivery.
			<b>Control</b>	
			<b>Timescales</b>	Specific to each workstream

## Glossary

**Business as usual (BAU)**  
**Cambridgeshire Fire & Rescue Service (CFRS)**  
**Chief Officers Advisory Group (COAG)**  
**Combined Fire Control (CFC)**  
**Direct Communication Server (Airwave) – (DCS)**  
**End Stage Report (ESR)**  
**Fire & Rescue Service (FRS)**  
**Fire Service Headquarters (SHQ)**  
**Integrated Risk Management Plan (IRMP)**  
**On Call (OC)**  
**On Call Station Officers (OCSO)**  
**Operational Support Group (OSG)**  
**Project Manager (PM)**  
**To be determined/confirmed (TBD/TBC)**  
**Training Centre (TC)**  
**User Acceptance Testing (UAT)**  
**Whole-time (W/T)**



To: Policy and Resources Committee

From: Deputy Chief Executive Officer (DCEO) - Matthew Warren

Presenting officer(s): Deputy Chief Executive Officer - Matthew Warren

Telephone 01480 444619

[matthew.warren@cambsfire.gov.uk](mailto:matthew.warren@cambsfire.gov.uk)

Date: 31 January 2023

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## Estate projects – update

### 1. Purpose

- 1.1 The purpose of this report is to provide an update to the Policy and Resources Committee regarding current and proposed estate projects.

### 2. Recommendations

- 2.1 The Committee is asked to:

- a) approve the sale of Upherds Lane in Ely,
- b) note the update on other estate projects.

### 3. Risk Assessment

- 3.1 Economic – the rising cost of building materials and supplies will increase the costs associated with improving and enhancing the estate.
- 3.2 Environmental – decisions around implementing environmental improvements will have to be considered against the return on investment. The environmental enhancement will have to consider financial risks as well as how any enhancement delivers against the Authority's sustainability strategy.

### 4. Huntingdon Fire Station and Training Centre

- 4.1 The building was complete in mid-November 2022. The Service began to move into the site on completion with the aim of being fully operational on 1 February 2023. On this date, the new site will accommodate the operational training function, operational support group, occupational health, health and safety and the wholetime and On-Call operational crews. A full post project report on the new site will be presented to the Fire Authority at its meeting on 10 February 2023.

### 5. Sale of current Huntingdon Site

- 5.1 The Service submitted outline planning documentation to Huntingdonshire District Council in September 2022. We received feedback from the planning department in December which was very constructive and helped finalise our

pre-application submission; we are currently waiting for a decision on that submission.

- 5.2 Once a decision is received on planning the Service will proceed as soon as possible with the sale.

## 6. St Neots

- 6.1 Cambridgeshire Constabulary achieved a positive planning consent to extend the fire station at St Neots that would enable them to be co-located on the site. The existing station would be refurbished as part of the project to extend the building. The Constabulary went through the procurement process and having considered the tender returns it is now apparent that to proceed will not represent value for money for them. As a result, they have decided not to proceed. The Service will now seek to plan for the refurbishment of St Neots fire station that was included as part of the joint scheme.

## 7. Papworth/Cambourne

- 7.1 A full report detailing the outcome of communications with Papworth and Cambourne Parish Councils was presented to the Fire Authority in June 2022; Cambourne fire station went operational the same month. The Papworth site was placed in an auction in December 2022, selling for £312,000. The sale was completed in January 2023.

## 8. Upherds Lane in Ely

- 8.1 Once the sale of the (old) Huntingdon site is complete, the Service will retain only one dwelling house on Upherds Lane in Ely. This house requires significant investment of approximately £30k, with £17k needed before it can be tenanted. Given the level of investment and knowledge required to ensure that the housing is maintained appropriately for a tenant, there is an on-going inherent risk that is outside of the organisations core responsibilities. It is therefore recommended that the Service seeks to sell the property.

### Source Documents:

Various Fire Authority Reports and Minutes

### Location:

Fire Service HQ, Hinchbrook Cottage, Huntingdon

### Contact:

Matthew Warren, 01480 444619, [matthew.warren@cambsfire.gov.uk](mailto:matthew.warren@cambsfire.gov.uk)



To: Policy and Resources Committee  
From: Deputy Chief Executive Officer - Matthew Warren  
Presenting officer(s): Deputy Chief Executive Officer - Matthew Warren  
Telephone 01480 444619  
[matthew.warren@cambsfire.gov.uk](mailto:matthew.warren@cambsfire.gov.uk)  
Date: 31 January 2023

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## Fire and Rescue Indemnity Company (FRIC) Update

### 1. Purpose

- 1.1 The purpose of this report is to provide the Policy and Resources Committee with an update on the insurance and protection arrangements held by the Authority and its performance as a member of the Fire and Rescue Indemnity Company (FRIC).

### 2. Recommendation

- 2.1 The Committee is asked to note the contents of this report and in particular, the ongoing benefits of FRIC membership.

### 3. Risk Assessment

- 3.1 Legal – the Authority is required to provide adequate and appropriate insurance to ensure it can protect itself against loss resulting from a potential insurance claim.
- 3.2 Financial – the Authority must ensure that the level of cover is sufficient to cover potential losses resulting from a claim.

### 4. Background

- 4.1 The Authority joined FRIC at its inception in November 2015 along with eight other fire and rescues with the common goal and commitment to work together to reduce the frequency and cost of risk related incidents through improved risk management, performance and value for money.
- 4.2 FRIC is a “mutual” company limited by guarantee and is owned and controlled by its members. A mutual is a legal mechanism which allows its members to share risk and reduce associated costs.
- 4.3 A hybrid discretionary mutual model is in place for FRIC with an initial layer of risk retained by the mutual and insurance purchased in both FRIC and the members names for losses above the retention, plus vehicle and employers’ liability insurance as required by law. The use of such a discretionary route is

well established and is specifically acknowledged in the Financial Conduct Authority handbook.

- 4.4 Each FRIC member contributes to a fund, which is used to pay for claims, claims handling, supporting insurance for higher value claims and the mutual's business overheads. The mutual aims to optimise each members risk transfer programme and reduce costs.
- 4.5 Other insurances and services such as terrorism and business travel insurance and engineering inspection are still procured with Zurich Municipal.

## 5. Mutual Managers

- 5.1 Since its inception, the mutual has been managed by Regis Mutual Management Limited (RMML). In June 2022, RMML went into administration and after careful consideration, FRIC along with Activity Industries Mutual (AIM) and Livery Companies' Mutual joined and novated the management of FRIC to Thomas Miller in August 2022.
- 5.2 Thomas Miller is a long-established manager of mutual's and FRIC has already benefited from and will continue to benefit from, the strength and depth of their offering.

## 6. Growth

- 6.1 Since its inception, the mutual now has 12 members and will be welcoming West Yorkshire Fire and Rescue Service this year who will become the mutual's first metropolitan Authority and second largest member within the group.
- 6.2 FRIC is now well established and has a mature operating arrangement, returning a surplus in each year of operation.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Contributions	£3.77m	£3.80m	£3.74m	£4.13m	£4.8m	£5.7m
"In Year" Surplus	£471k	£136k	£226k	£117k	£998k	£354k
IBNR*	£658k	£1.47m	£2.21m	£2.67m	£2.93m	£4m
Expense Ratio	17%	19%	21%	22%	22%	22%
Combined Ratio	87.5%	96.4%	94%	97%	96%	97%

*# The expense ratio in the insurance industry is a measure of profitability calculated by dividing the expenses associated with acquiring, underwriting and servicing premiums by the net premiums earned by the insurance company.*

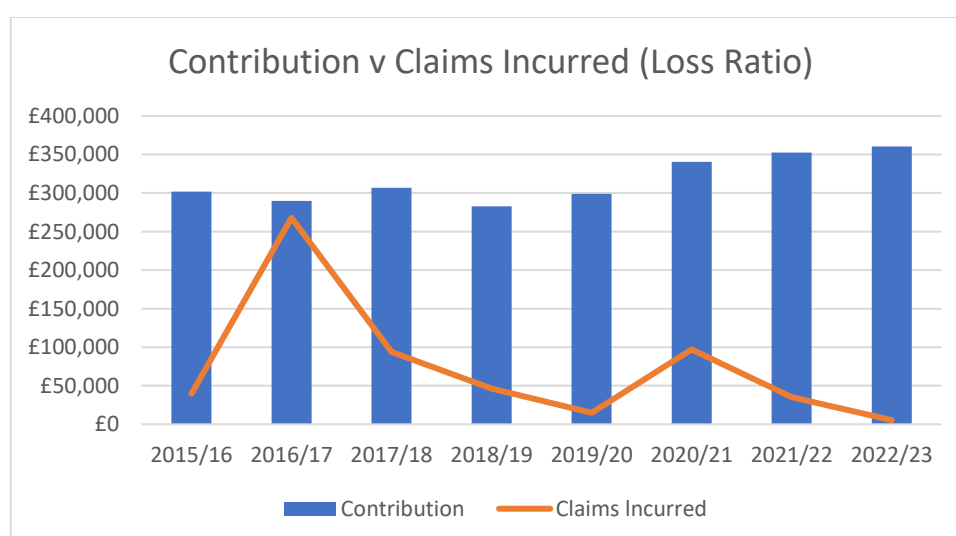
# A measure of financial year underwriting profitability is the sum of the net claims, commissions and expenses divided by net earned premium. This excludes instalment and other operating income and investment return. A combined operating ratio (“COR”) of less than 100% indicates profitable underwriting.

# IBNR is a provision held for claims incurred but not reported (IBNR)

- 6.3 In financial year 2022/23, the Authority received its first surplus distribution from the FRIC pot totalling £14,725. Following actuarial reviews of FRIC’s financial position and future liabilities there are strong possibilities that further distributions of surplus funds will come back to the Authority. This type of benefit would not have been available under our previous standard insurance with Zurich Municipal.

## 7. Contributions

- 7.1 The contributions and claims incurred loss ratio for the Authority since joining FRIC is shown in the table below.



- 7.2 As depicted in the table, contributions have risen from £302k in 2015/16 to £361k in 2022/23. This is an average increase of 3% per year. Since 2019/20, the insurance market has hardened quite significantly mainly due to the pandemic and more recently the on-going Ukrainian conflict and rising inflationary costs.
- 7.3 In standard insurance arrangements we would expect the impact of these events to have increased our contributions rates to a much greater extent.
- 7.4 For the 2022/23 contribution, the main factors that dominated the renewal cycle were;

- inflationary pressures impacting FRIC's cost base and core lines of business,
- costs of repairs to vehicles and property (materials and labour) but also injury settlements which are linked to lost earnings.

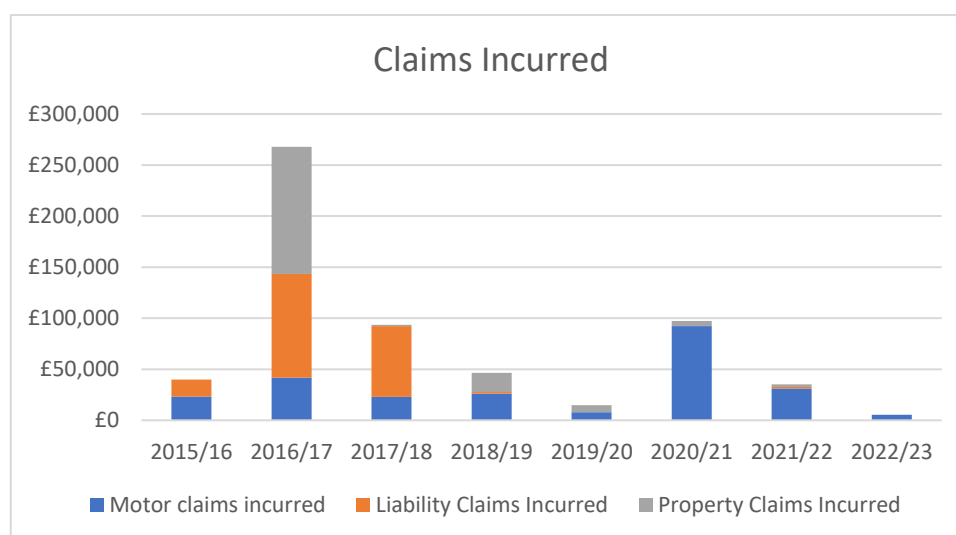
7.5 In 2022/23, FRIC members saw a change in contributions compared to previous years of between 5 to 8% (5.4% on average). The Authority's contribution rose by 2%, this was due to a reduction in fleet size which offset the cost of adding the new Huntingdon Fire Station and Training Centre to the property portfolio and benefiting in full, from the Motor KPI discount (15% of contribution) available.

7.6 The Authority benefits from Motor KPI discounts through having CCTV on vehicles, reduced motor loss ratios, risk mitigating activities and good reporting times. These discounts are not available in standard insurance.

7.7 The Authority also benefits by paying reduced insurance premium tax (IPT). IPT is payable on all insurance policies and as FRIC provides protection arrangements rather than formal insurance on most of its products it is exempt from this type of tax (IPT is still payable on motor and employers liability insurance). This results in a saving of between 5 to 7% on IPT.

## 8. Claims

8.1 The Authority's claim data is shown in the table below which is split across all principal areas of protection.



8.2 Overall the Authority has a small loss ratio compared to its contributions since inception with the exception of 2016/17 (see also table at Paragraph 7.1) where there was a significant property damage claim at Manea Fire Station. A large loss such as this would normally influence the next renewal however by being part of the mutual, we are able to mitigate the effect of large losses on

our contributions paid; in that instance a 6% increase between 206/17 and 2017/18.

- 8.3 In 2017/18 and 2020/21 we also saw an increase in the cost of claims incurred due to the settlement of liability claims and a large motor loss.

## 9. Conclusion

- 9.1 Overall the Authority takes a proactive approach to reducing risk related incidents and reducing their exposure to claims. The Authority is an active member of the fire and rescue risk group or FARRG which was set up by the members of FRIC to help reduce risk and improve risk management.
- 9.2 FRIC is one of, if not the largest collaborations between English fire and rescue services and provides the Authority with value for money. FRIC's product offering remains competitive in what is an extremely limited insurance market.
- 9.3 FRIC actively works with the National Fire Chiefs Council on emerging risks and other authorities to increase its membership and reduce risk across the sector.

## Source Documents:

None



## Policy and Resources Committee Work Programme

### Meetings 2023/24

Date	Time	Venue
<b>2023</b>		
Tuesday 31 January	1400 hours	SHQ
Wednesday 26 April	1400 hours	SHQ
Thursday 22 June	1400 hours	SHQ
Wednesday 12 July	1400 hours	SHQ
Tuesday 31 October	1400 hours	SHQ
Wednesday 20 December	1400 hours	SHQ
<b>2024</b>		
Monday 22 January	1400 hours	SHQ
Monday 29 April	1400 hours	SHQ
Wednesday 12 June	1400 hours	SHQ

### WORK PROGRAMME 2023/24

<b>2023</b>			
<b>Tuesday 31 January</b>			
Time	Agenda Item	Member/Officer	
1400	Minutes of Policy and Resources Committee Meeting 20 December 2022	Dawn Cave	
	Action Log	Dawn Cave	
	<b><u>Decision</u></b> Draft Budget 2023/24	Deputy Chief Executive Officer	
	<b><u>Audit Reports</u></b> Annual External Audit Report	BDO	
	<b><u>Information and Monitoring</u></b> Revenue and Capital Budget Monitoring Report 2022/23 (including a mid-year Treasury Management Update)	Deputy Chief Executive Officer	
	Fire Authority Programme Management - Monitoring Report	Head of Service Transformation	

	Strategic Risk and Opportunity Management Register – Monitoring Report	Head of Service Transformation	Deferred from December 2022
	Estates Projects Update	Deputy Chief Executive Officer	
	FRIC Update	Deputy Chief Executive Officer	
	Work Programme 2023/24		
<b>Wednesday 26 April</b>			
<b>Time</b>	<b>Agenda Item</b>	<b>Member/Officer</b>	
1400	Minutes of Policy and Resources Committee Meeting 31 January 2023	Dawn Cave	
	Minutes of Overview and Scrutiny Committee Meeting 19 January and 20 April 2023	Dawn Cave	If latter available
	Action Log	Dawn Cave	
	<b><u>Decision</u></b> TBC		
	<b><u>Audit Reports</u></b> TBC		
	<b><u>Information and Monitoring</u></b> Revenue and Capital Budget Monitoring Report 2023/24	Deputy Chief Executive Officer	
	Annual Review of the Operation of the ICT Shared Service Agreement	Head of ICT and OHU	Annual after end of previous financial year
	Commercial and Procurement Activity – Annual Update	Deputy Chief Executive Officer/Head of Commercial and Business Support	
	Strategic Risk and Opportunity Management Register – Monitoring Report	Head of Service Transformation	
	Work Programme 2023/24		
<b>Thursday 22 June</b>			
<b>Time</b>	<b>Agenda Item</b>	<b>Member/Officer</b>	
1400	Minutes of Policy and Resources Committee Meeting 26 April 2023	Dawn Cave	
	Minutes of Overview and Scrutiny Committee Meeting 20 April 2023	Dawn Cave	If not available at 26 April 2023 meeting
	Action Log	Dawn Cave	
	<b><u>Decision</u></b> Annual Treasury Management Review	Deputy Chief Executive Officer	
	<b><u>Audit Reports</u></b> TBC		
	<b><u>Information and Monitoring</u></b> Revenue and Capital Budget Monitoring Report 2023/24	Deputy Chief Executive Officer	
	Fire Authority Programme Management - Monitoring Report	Head of Service Transformation	
	Work Programme 2023/24		
<b>Wednesday 12 July</b>			



Time	Agenda Item	Member/Officer	
1400	Minutes of Policy and Resources Committee Meeting 22 June 2023	Dawn Cave	
	Action Log	Dawn Cave	
	<b><u>Decision</u></b> TBC		
	<b><u>Audit Reports</u></b> TBC		
	<b><u>Information and Monitoring</u></b> Revenue and Capital Budget Monitoring Report 2023/24	Deputy Chief Executive Officer	
	Strategic Risk and Opportunity Management Register – Monitoring Report	Head of Service Transformation	
	Work Programme 2023/24		
<b>Tuesday 31 October</b>			
Time	Agenda Item	Member/Officer	
1400	Minutes of Policy and Resources Committee Meeting 12 July 2023	Dawn Cave	
	Minutes of Overview and Scrutiny Committee Meeting 19 July and 4 October 2023	Dawn Cave	
	Action Log	Dawn Cave	
	<b><u>Decision</u></b> TBC		
	<b><u>Audit Reports</u></b> TBC		
	<b><u>Information and Monitoring</u></b> Revenue and Capital Budget Monitoring Report 2023/24	Deputy Chief Executive Officer	
	Fire Authority Programme Management - Monitoring Report	Head of Service Transformation	
	Work Programme 2023/24		
<b>Wednesday 20 December</b>			
Time	Agenda Item	Member/Officer	
1400	Minutes of Policy and Resources Committee Meeting 31 October 2023	Dawn Cave	
	Action Log	Dawn Cave	
	<b><u>Decision</u></b> Draft Budget 2024/25		
	<b><u>Audit Reports</u></b> TBC		
	<b><u>Information and Monitoring</u></b> Revenue and Capital Budget Monitoring Report 2023/24	Deputy Chief Executive Officer	
	Strategic Risk and Opportunity Management Register – Monitoring	Head of Service Transformation	

	Report		
	Work Programme 2023/24		