CAMBRIDGESHIRE & PETERBOROUGH FIRE AUTHORITY

BUDGET BOOK 2021/22

CONTENTS

Budget Overview

Background

The funding formula for 2021/22 contains:

- Revenue Support Grant; and
- Baseline Funding (Business Rates);

Revenue Support Grant

The Revenue Support Grant has been increased by £0.015 million, over that received in 2020/21. This is a one year settlement. Funding has been assumed to stay flat in the medium term.

Localised Business Rates

All single purpose fire and rescue authorities are funded through a two percent share of each district or unitary council's business rates income and topped up by central government. A safety net and tariff/top-up is applied to this funding to ensure no service makes excess gains or losses through this funding. The funding for Cambridgeshire Fire was impacted by a top up adjustment of £2.424m through this adjustment mechanism.

Comprehensive Spending Review (CSR)

The comprehensive spending review was presented by the Chancellor in November 2020. The effect of Covid-19 has had a considerable impact on public finances and the long term Spending Review has been delayed owing to the Covid-19 pandemic.

What does it mean?

In summary the Authority will receive a total grant, including Business Rate Contributions, of £9,282k. In addition, all local authorities within Cambridgeshire has signed up to the principle of Business Rates pooling. The system seeks to enable local authorities to benefit from a share of the increases in business rates. The baseline funding levels are guaranteed.

The Revenue Support Grant and Business Rate Contributions and grants represent £6,858k of this total.

Impact of Covid-19 on Funding

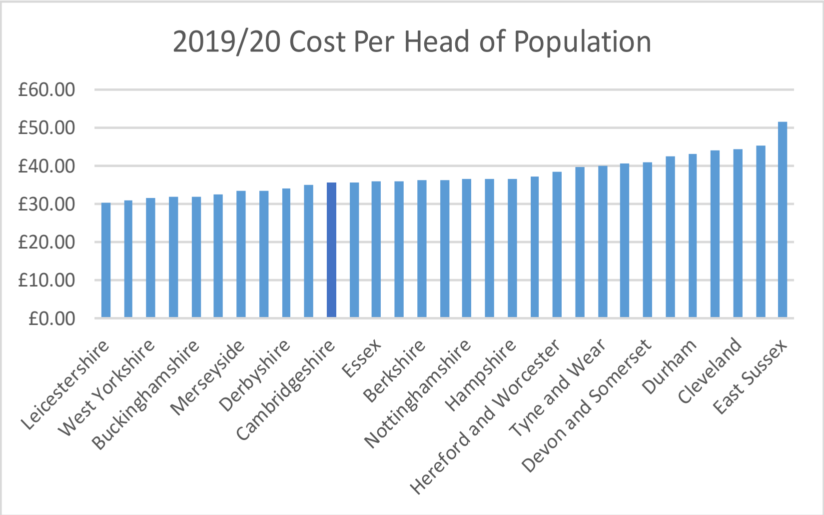
The Pandemic has caused significant uncertainty around future funding specifically with regard to Council Tax collection rates and Business Rates. Government has sought to mitigate the impact of lost Council Tax revenue on all public bodies by providing a special grant that can be used to reduce the impact over a 3 year period. The grant received for Cambridgeshire Fire is £312k. This will be kept in reserve and applied each year as the impact on collection rates is known.

The Business Rate income for 2020/21 is forecast to be significantly reduced when compared to that forecast. Ordinarily, the service would deal with any variations in the next financial year. However, Government are proposing a Section 31 grant that will deal with the majority of the shortfall so the Service is proposing to deal with this separately through general reserve when the final position is known.

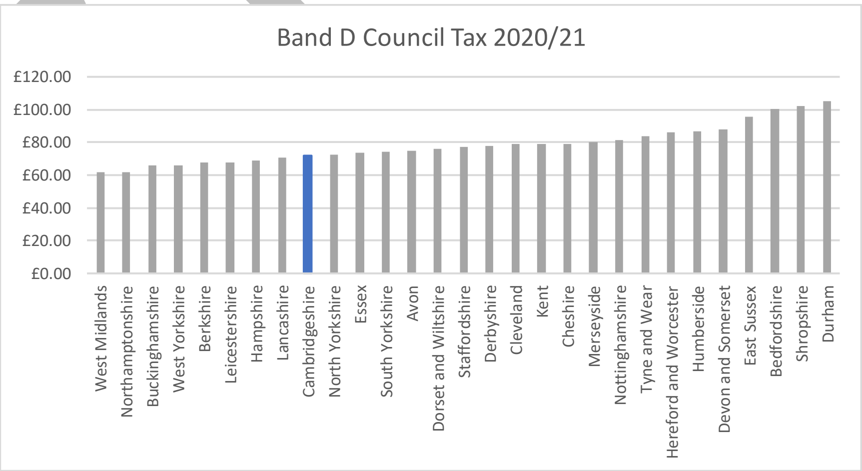
National Context

For context, the following two graphs present how Cambridgeshire compares to other precepting Fire Authorities in England.

Graph 1 – Cost per Head of Population 2019/20



Graph 2 – Band D Council Tax 2020/21



The Budget Build-up: Revenue Expenditure

The budget is built using the input of each budget holder; each budget is reviewed and amended at specific budget holder and finance meetings. The information from each group is then consolidated into the final budget.

The budget has been prepared for the medium term after making a number of assumptions, which are:

- A 2% increase in Council Tax for 2021/22;
- Non pay inflation will be 1%

The detailed medium term estimates for the next three financial years, as shown on page 4, include assumptions on the Comprehensive Spending Review.

Summary of Revenue Expenditure

2020/21 Budget £000		**2021/22 Budget £000**
	Expenditure	
25,730	Employees	25,983
1,563	Premises	1,648
4,431	Supplies and Services	4,663
485	Transport	492
153	Agency Costs	153
1,036	Capital Financing	956
33,398	**Total Expenditure**	**33,895**
-2,979	**Income**	**-3,213**
30,419	**Net Expenditure**	**30,682**

Attached at Appendix 2 is a detailed expenditure forecast.

Inflation

The anticipated costs of inflation between 2020/21 and 2021/22 are £156k, an average of 0.5%.

A Public Sector pay freeze was implemented as part of the CSR and annual pay award for employee's earning less than £24k per annum is forecast at 2%.

Whilst a large part of the budget is like for like with previous years, after inflation has been applied there are a number of budgets where there are cost pressures. A major focus for all employees is that of mental health and wellbeing. The service is seeking to enhance its support in this area to enable us to better respond to the needs of all our employees.

Covid-19 has impacted on specific costs across the service. This has led to increased costs for Personal Protective Equipment and Cleaning.

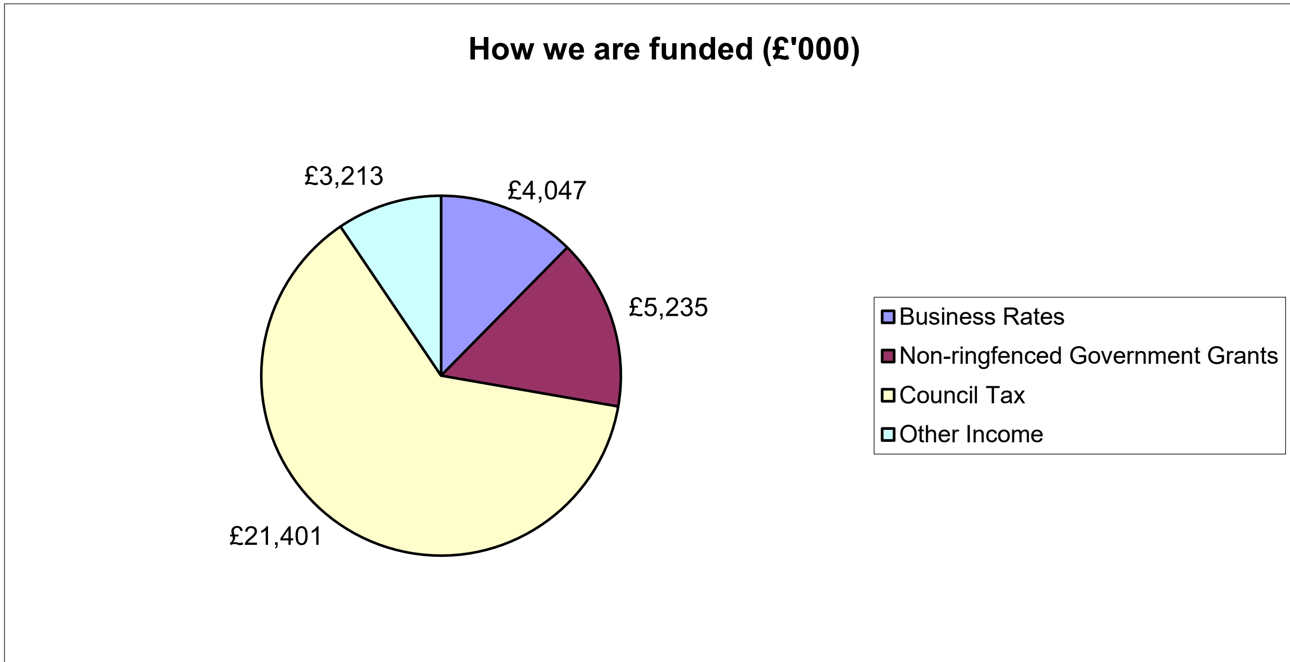
The final significant addition in the budget relates to costs associated with the Service enhancing the skills of its firefighters with regard to administering emergency first aid at an incident.

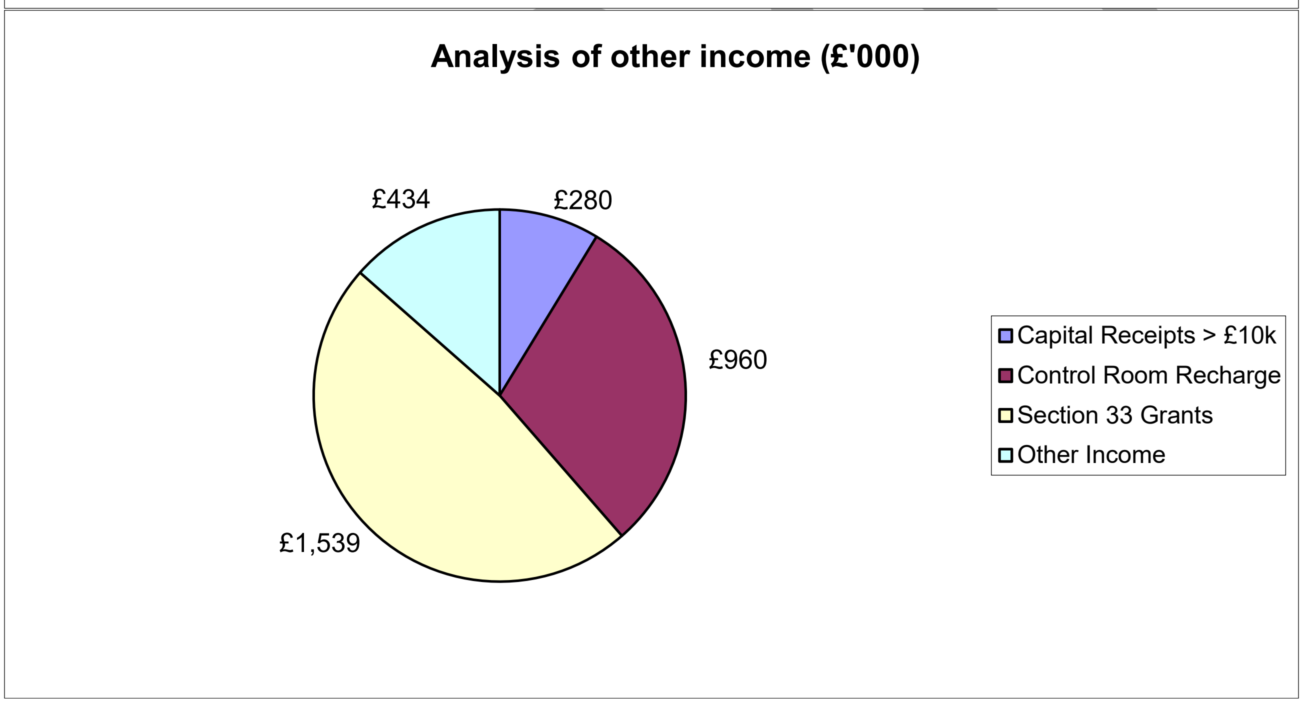
Financing the Budget

	£'000	**%**
Adjusted Budget 2020/21	**30,419**	
Inflation and Pressures	156	0.5
Budget Variations	333	1.1
Service pressures/efficiencies	-226	-0.7
Budget Requirement 2021/22	**30,682**	
Less:		
Transfer from reserves	0	
RSG & NNDR	-9,282	
Recommended Precept 2021/22	**21,400**	

The following page shows the medium term revenue forecast detailing the anticipated budget requirements and the indicative Authority tax rates for 2021/22 to 2023/24

	Estimate 2021/22 £'000	Incr.%	Forecast 2022/23 £'000	Forecast 2023/24 £'000
Budget (previous year)	**30,419**		**30,682**	**30,091**
Wholetime Firefighters Pay	0			
On-Call Firefighters Pay	0			
Fire Control Pay	0		0	0
Local Government Employees Pay (LGEs)	0		41	0
Other Price inflation	156			
Inflation	**156**	**0.5%**	**602**	**550**
LGE Staff	130			
Control Room Staff	3			
Firefighters	5		0	
Operational Activity	99		0	
Insurances	0			
Capital Charges	7		198	200
Other	89		-209	21
Budget Variations	**333**	**1.1%**	**-11**	**221**
Service Pressures/Efficiency Savings				
Budget Holder Savings	-226	-0.7%	-1,182	272
Service Pressures/Efficiency Savings	**-226**	**-0.7%**	**-1,182**	**272**
Budget Requirement	**30,682**	**0.9%**	**30,091**	**31,134**
Less:				
Settlement Amendments	0			
RSG	-2,811			
Transfer to Special Grant re localisation Reserve	0			
Developer Revenue Grant Contributions			0	0
NNDR Related Grant (Top Up Grant)	-2,424		-3,816	-3,854
National Non-domestic Rates	-4,143		-4,087	-4,128
Transfer from reserves	0		0	0
Fire Authority Precept	**21,400**		**22,188**	**23,152**
Tax Base	**291,046**		**295,473**	**297,937**
Band D Tax	**£73.53**		**£75.35**	**£77.71**
Year on Year Increase	**2.00%**		**2.5%**	**3.1%**


How we are funded (£'000)
£3,213
£4,047
£5,235
£21,401
Business Rates
Non-ringfenced Government Grants
Council Tax
Other Income


Analysis of other income (£'000)
£434
£280
£960
£1,539
Capital Receipts > £10k
Control Room Recharge
Section 33 Grants
Other Income

The Budget Build-up: Capital Expenditure

The Prudential Code, introduced as part of the Local Government Act 2003, requires authorities to ensure capital expenditure is both prudent and affordable.

The Capital Budget for 2021/22 amounts to £10.477m and is summarised below:

Schemes	**£'000**
Vehicles including Fire Appliances	2,258
Property Schemes	7,172
Operational Equipment	272
IT and Communications	775
Total Expenditure	**10,477**

A schedule setting out the medium term capital programme for 2021/22 to 2024/25 is shown on the next page.

The Capital Programme has been prepared after considering the Authority's Asset Management Plan.

The revenue budget accounts for the financing costs of the schemes in 2021/22 and future years.

A summary of how the Capital Programme will be financed is shown below:

	£'000
PWLB Loan	2,550
Capital Receipts	457
Revenue Contribution	637
Transfer from reserves	6,833
Total Financing	**10,477**

DRAFT SUMMARY MEDIUM TERM CAPITAL PROGRAMME 2021/22 TO 2024/25

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
CAPITAL EXPENDITURE (details – Appendix 3)				
Vehicle Replacement Programme	2,258	1,672	1,458	1,747
Equipment	272	205	211	107
Property Maintenance & Land	7,172	4,220	1,220	1,220
IT & Communications	775	350	350	350
TOTAL EXPENDITURE	**10,477**	**6,447**	**3,239**	**3,424**
FINANCED BY:				
Loan	2,550	2,567	2,585	2,360
Capital Receipts	457	375	237	447
Revenue Contribution to Capital Outlay (RCCO)	637	505	417	617
Transfer from Reserves	6,833	3,000	-	-
Capital Grants	-	-	-	-
TOTAL RESOURCES	**10,477**	**6,447**	**3,239**	**3,424**

Treasury Management Strategy Statement

The Local Government Act 2003 (The Act), supporting regulations and CLG Guidance require the Authority to 'have regard to' the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Authority to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act). This sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.

CIPFAs Code of Practice on Treasury Management has been adopted by this Authority. This strategy statement has been prepared in accordance with the Code.

The Overview and Scrutiny Committee has responsibility to ensure the effective scrutiny of the Treasury Management Policy (TMP) and strategies and will be provided with update reports during the year. As a minimum a mid-year report will be presented.

The Act therefore requires the Authority to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy; this sets out the Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2021/22 in respect of the following aspects of the treasury management function is based upon the Treasury Officers' views on interest rates, supplemented with leading market forecasts provided by the Authority's treasury advisor. The strategy covers:

- The current treasury position;
- Prospects for interest rates;
- Treasury limits in force which will limit the treasury risk and activities of the Authority including Prudential and Treasury Indicators;
- The borrowing strategy;
- The Minimum Revenue Provision;
- The investment strategy;
- The credit worthiness policy;
- Policy on the use of external service providers.

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Authority to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This therefore means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

- increases in interest charges caused by increased borrowing to finance additional capital expenditure and;
- any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the Authority for the foreseeable future.

It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Authority to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". The Authorised Limit represents the legislative limit specified in the act.

The Authority must have regard to the Prudential Code when setting the Authorised Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and in particular, that the impact upon its future Authority tax levels is 'acceptable'.

Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate those planned to be financed by both external borrowing and other forms of liability, such as credit arrangements. The authorised limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

The following Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy.

	2021/22 £m	**2022/23 £m**	**2023/24 £m**
Affordable Borrowing Limit			
Total Budget excl. capital	29.726	29.071	30.004
Total Budget incl. capital	30.682	30.091	31.134
Difference	0.956	1.020	1.130
Band D Impact	£3.28	£3.46	£3.79
Band D Authority Tax	£73.53	£75.69	£77.58
Band D Increase	£1.44	£2.16	£1.89

	2021/22 £m	**2022/23 £m**	**2023/24 £m**
Capital Financing Requirement	6.003	8.387	10.720
Operational Boundary	9.587	12.154	14.739
Authorised Limit	11.087	13.654	16.239
Upper limit for fixed rate interest exposure	100%	100%	100%
Upper limit for variable rate interest exposure	100%	100%	100%

	Upper Limit	**Lower Limit**
Maturity Structure of new Fixed Rate borrowing in 2020/21:		
Under 12 months	100%	0%
12 to 24 months	100%	0%
24 months to within 5 years	100%	0%
5 to 10 years	100%	0%
10 years and above	100%	0%

The Authority's current portfolio position at 31/12/20 comprised:

	Source	Principal £m	Rate
Fixed Rate Funding	PWLB	1.700	4.25%
Fixed Rate Funding	PWLB	1.500	4.55%
Gross Debt		**3.200**	
Total Investments		15.178	
Net Investment		**11.978**	

The anticipated borrowing requirements of the Authority are detailed below:

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
New Borrowing	2,550	2,567	2,585	2,360
Alternative Financing	0	0	0	0
Replacement Borrowing	0	0	0	0
Total	2,550	2,567	2,585	2,360

Prospects for Interest Rates

The Authority has appointed Link Treasury Services Ltd, as treasury adviser to the Authority and part of their service is to assist the Authority to formulate a view on interest rates. The following gives the Sector central view.

Sector Bank Rate Forecasts for financial year ends (March)

- 2020/ 2021 0.10%
- 2021/ 2022 0.10%
- 2022/ 2023 0.10%
- 2023/ 2024 0.10%

PWLB maturity certainty rates year to date to 31st December 2020 Note that the margin over gilt yields for certainty PWLB rates was cut by 100 bps from 180 bps to 80 bps on 25.11.20. There has not been a great deal of financial market volatility in PWLB rates since the start of the financial year, apart from a more significant spike up during the second half of August into early September and in mid-November.

The 50 year PWLB target certainty rate for new long term borrowing was unchanged at 2.30% all year to date until the margin change on 25.11.20 when it fell to 1.30%.

Link Treasury Services Ltd's report quarter ending December 2020 stated that the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecasts above, no increase in Bank Rate is expected within the forecast horizon ending on 31st March 2024 as economic recovery is expected to be only gradual.

Borrowing Strategy

The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt, as cash supporting the reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is high.

This Authority's total investments exceed gross debt with net investments of £11,978m. The general aim of this treasury management strategy is to reduce this total over the next three years in order to reduce the credit risk incurred by holding investments. Another factor which will be carefully considered is the difference between borrowing rates and investment rates to ensure the Authority obtains value for money once an appropriate level of risk management has been attained to ensure the security of its investments.

Against this background and the risks within the economic forecast caution will be adopted with the 2021/22 treasury operations - the aim will be to minimize debt interest costs. The Treasurer, in conjunction with the Authorities treasury advisor, will continually monitor the interest rate market and adopt a pragmatic approach to changing circumstances.

The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Authority can ensure the security of such funds. Borrowing in advance of need will only be undertaken where there is a clear business case for doing so for the current capital programme or to finance future debt maturities.

Investment Policy

The Authority will have regard to the MHCLG's Guidance on Local Government Investments, ("The Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes, ("the CIPFA TM Code"). The Authority's investment priorities are:

- the security of capital;
- the liquidity of its investments.

The Authority will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Authority is low in order to give priority to security of its investments.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Authority will not engage in such activity.

Investment instruments used in the financial year will be selected in accordance with the Treasury Management Policy and advice from the Authority's treasury advisors. Counterparty limits will be as set through the Authority's Treasury Management Policy.

Creditworthiness Policy

This Authority uses the creditworthiness service provided by Sector Treasury Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- credit default swap (CDS) spreads, to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Authority to determine the duration for investments and are therefore referred to as durational bands. The Authority is satisfied that this service now gives a much improved level of security for its investments. It is also a service which the Authority would not be able to replicate using in house resources.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate.

All credit ratings will be monitored regularly and always before an investment is made. The Authority is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn as soon as is possible.
- In addition to the use of Credit Ratings the Authority will be advised of information in movements in CDS against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.

The Authority will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings, (or equivalent from other agencies if Fitch does not provide).

Investments Strategy

Bank Rate is currently 0.10% with no increase expected for some time until economic recovery is expected to only be gradual.

In the current economic climate it is considered appropriate to keep investments short-term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions.

Owing to the continuing low returns on investments, reserves will be used to finance future capital expenditure, rather than taking out further loans, thereby securing future savings by reducing the requirement for debt financing.

At the end of the financial year, the Authority will report on its investment activity as part of its annual Treasury Report.

Treasury Management Consultants

The Authority uses Link Treasury Services Ltd as its external treasury management advisers.

The Authority recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

Scheme of Delegation and Role of Section 151 Officer

This Authority delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Policy and Resources Committee. The execution and administration of treasury management decisions is delegated to its Treasurer who will act in accordance with the organisation's policy statement and TMPs and if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

This organisation nominates the Policy and Resources Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Minimum Revenue Provision Policy Statement

The Authority is required to pay off an element of its accumulated capital spend each year through a revenue charge. This is called the minimum revenue provision.

The Authority implemented MHCLG's Minimum Revenue Provision, (MRP), guidance in 2008/09 and will assess its MRP for 2021/22 in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

A substantial proportion of the MRP for 2021/22 relates to pre April 2008 debt liability that will continue to be charged at the rate of 4%, in accordance with option 2 of the guidance. Certain expenditure reflected within the debt liability at 31 March 2021 will under delegated powers be subject to MRP under option 3, which will be charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.

Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Authority. However the Authority reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Authority are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

Chief Financial Officer’s Statement

Statutory Declarations

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 Authority tax. 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 Senior Management Team and all budget holders within the Service. The finance team has assisted all budget holders in a thorough scrutiny and challenge of the budget recommended to the Authority.

The Budget Book details and explains all Service pressures, as well as identifying 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. It is anticipated that these risks can be managed using contingencies and, if necessary, reserves. This is consistent with the Authority’s Medium Term Financial Strategy.

The budget has been subject to consultation. A press release was 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 2021/22.

Adequacy of Reserves

CIPFA has published a Guidance Note on Local 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.

At 31 March 2020, the Authority's usable General Reserve balance was £3,185k, representing 10% of the revenue budget. 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 Community Safety Reserve to allow for the continuation of the Home Smoke Alarm Initiative, and a Wholetime Recruitment Reserve to provide for any non-controllable changes in the year, relating to operations.

The Property Development Reserve is currently £8,406k. The current rate of return on cash investments is poor and it would therefore be prudent to review property requirements. There are already plans in place to fund the approved capital programme in relation to property, from reserves. The cost of borrowing is greater than the return on cash investments, it is therefore more cost effective to use funds currently held.

A Community Safety Reserve of £200k will be managed as a fund on behalf of the Authority. Release of funds will be subject to a successful bidding process made by partner organisations. Any bid will have to meet success criteria that will be based around community risk reduction.

The Wholetime Recruitment Reserve of £975k is being maintained at this level. This will allow release of revenue but provides for any non-controllable changes in the year, relating to operations and be financed from this reserve.

The level of reserves is important, not only for the budget 2021/22 but also in formulating the Medium Term Financial Strategy. The table below provides a detailed estimate on how reserves will 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 2020/21

	19/20	20/21	21/22	22/23	23/24	Narrative
	£'000	£'000	£'000	£'000	£'000	
Estimated Reserves at Start of Financial Year	**12,876**	**13,289**	**12,374**	**4,966**	**4,966**	
Property Development Reserve	8,406	8,406	8,406	2,454	2,454	The Property Development Reserve is earmarked to fund major property improvement and new capital schemes. A decision on Planning is expected imminently (before end of January 2021) on the proposed Training Centre and Fire Station at St John's in Huntingdon. This reserve will be used to finance the build and then partly re-imbursed through the sale of land at St Ives and Huntingdon.
Capital Financing Property Improvements			- 5,952	- 3,000		
				3,000		
General Reserve	2,470	3,185	2,470	1,589	1,589	
Capital Financing		- 715	- 881			
Underspends	715					
Community Safety Reserve	200	-	-	-		This reserve is held to fund specific projects and programmes. It will be called upon when required but it is not expected to be held for the long-term.
Operational Firefighter Reserve	975	975	400	400		The Service is currently over-established for Firefighters and this reserve will be used to cover any overspend in the short-term.
Pension Reserve	523	523	523	523		This reserve is held to fund ill health retirements that are often unexpected and to fund the current funding shortfall owing to the revaluation of the Firefighter Pension Fund.
Estimated Reserves at Year end	**12,574**	**12,374**	**4,966**	**4,966**	**4,043**	
General Reserves at Year end	2,470	2,470	1,589	1,589	1,589	
Earmarked Reserves at year end	10,104	9,904	3,377	3,377	2,454	

Proposed Recommendations

1. That approval is given to a Fire Authority budget requirement of £30,682,450.

2. That approval is given to a recommended Fire Authority precept for Authority Tax from District Authorities and Peterborough City Authority of £20,400,590.

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 (291,046):

Band	Authority Tax	Band	Authority Tax
A	£49.02	E	£89.87
B	£57.19	F	£106.21
C	£65.36	G	£122.55
D	£73.53	H	£147.06

4. That approval is given to the Prudential and Treasury Indicators as set out on page 10.

5. That approval is given to the Treasury Management Strategy Statement on pages 9 to 14.

6. That approval is given to the Capital Programme detailed at page 7.

7. That approval is given to the Minimum Revenue Provision Policy Statement detailed at page 15.

Appendix 1

DRAFT DETAILED MEDIUM TERM CAPITAL PROGRAMME 2021/22 TO 2024/25

	2021/22		2022/23		2023/24		2024/25	
	No.	£'000	No.	£'000	No.	£'000	No.	£'000
Vehicle Replacement Programme								
Water Tender/Rescue Pumps	3	759	3	759	3	759	3	759
Multistar (Aerial Appliance)	-	-	-	-	-	-	-	-
Service Vehicles (Cars)	28	675	35	831	15	388	29	642
Small/Derived Van	12	150	2	28	-	-	12	150
Medium Van's	5	117	-	-	2	47	5	117
Large Van	2	54	2	54	-	-	2	54
Personnel Carrier/MPV	1	25	-	-	-	-	1	25
Rescue Vehicle	2	214	-	-	-	-	-	-
Foam Water Carrier	-	-	-	-	1	264	-	-
Car Transporter	-	-	-	-	-	-	-	-
Command Support Unit	1	264	-	-	-	-	-	-
Total Vehicle Replacement Programme	**54**	**2,258**	**42**	**1,672**	**21**	**1,458**	**52**	**1,747**
Equipment								
Heavy Duty Combi's	11	165	1	15	-	-	-	-
Appliance Ladders	3	22	3	22	3	22	3	22
BA Compressors (Large)	-	-	-	-	1	22	-	-
BA Compressors (Small)	-	-	3	42	3	42	-	-
New workshop ramp	-	-	-	-	-	-	-	-
MARS units	-	-	5	10	-	-	-	-
Thermal Cameras	14	67	14	67	14	67	14	67
Hot Fire Containers	-	-	-	-	1	40	-	-
LPP’s (Light Portable Pumps)	3	18	3	18	3	18	3	18
Airbags	-	-	-	-	-	-	-	-
Defibrillators	-	-	35	31	-	-	-	-
Total Equipment	**31**	**272**	**64**	**205**	**25**	**211**	**20**	**107**

DRAFT DETAILED MEDIUM TERM CAPITAL PROGRAMME 2021/22 TO 2024/25 (Cont.)

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Property Maintenance and Land				
SHQ – External repair and maintenance	60	-	-	-
SHQ – Internal update	-	40	-	-
SHQ – Car park extension	-	-	100	-
Cambourne – provision of On-Call facilities	40	-	-	-
Cambridge – Appliance bay floor	-	20	-	-
Ely – Station refurbishment and upgrade	-	300	-	-
Gamlingay - Station refurbishment and modernisation	70	-	-	-
Linton - Station refurbishment and welfare facilities	-	-	60	-
Manea - Station refurbishment and welfare facilities	-	-	60	-
Sutton - Station refurbishment and welfare facilities	-	-	50	-
Papworth - Station refurbishment and welfare facilities	-	-	80	-
Ramsey – Station modernisation	-	-	70	-
Kimbolton – Station modernisation	50	-	-	-
St Neots – Station refurbishment and upgrade	250	-	-	-
Stanground and Dogsthorpe – Training facility	200	-	-	-
Thorney – Station modernisation	-	-	30	-
Wholetime station drill yards	300	-	-	-
Investment in On-call sites (IRMP)	200	-	-	-
On-call replacement roof programme	-	-	300	-
Wholetime replacement roof programme	-	270	-	-
Environmental invest to save	-	100	-	-
Electrical upgrades	-	200	-	-
Heating systems	-	240	-	-
Community Safety functional building	-	-	350	-
Stanground – 1st Floor Upgrade	-	-	70	-
All Sites – Remaining works from condition surveys	-	-	-	1,170
New Training Centre and Huntingdon Fire Station	5,952	3,000	-	-
Enhancement/Contingency	50	50	50	50
Total Property Maintenance and Land	**7,172**	**4,220**	**1,220**	**1,220**
IT and Communications				
Essential system enhancements	775	350	350	350
Total IT and Communications	**775**	**350**	**350**	**350**

2020/21		2021/22
£'000		**£'000**
	Expenditure	
18,409	Firefighters and Control Room Staff	18,528
6,786	Support Staff	6,916
477	Training	481
58	Other Staff Costs	58
25,730	**Total Employee Costs**	**25,983**
346	Repairs and Maintenance	348
320	Heating and Lighting	320
168	Cleaning Contract	168
729	Rents and Rates	812
1,563	**Total Premises Costs**	**1,648**
82	Office Equipment and Furniture and Fitting	83
979	IT Equipment	984
388	Clothing and Uniform	389
967	Communications	988
368	Mutual Protection	411
58	Subscriptions	58
34	Corporate Support	35
78	Community Safety	64
85	Fire Protection Expenses	85
90	Health and Safety	141
103	Members Fees	103
97	Audit Fees	98
90	Legal Fees	90
199	Consultant Fees	231
48	Printing and Stationery	48
	Cont……….	

2020/21		**2021/22**
£'000		**£'000**
17	Postage	17
73	Travel and Subsistence	73
31	Advertising	31
101	Hydrants/BA Maintenance	102
306	Operational Equipment/Infrastructure	397
108	Project Delivery Costs	108
129	Other Supplies and Services	127
4,431	**Total Supplies and Services Costs**	**4,663**
69	Car Allowances	69
276	Petrol, Oil and Tyres	279
140	Repair and Maintenance of Vehicles	144
485	**Total Transport Costs**	**492**
129	Section 2 and 12 Charges	130
24	Service Level Agreements	23
153	**Total Agency Charges**	**153**
1,036	Capital Financing	956
1,036	**Total Capital Charges**	**956**
-56	Capital Receipts > £10k	-280
-951	Control Room Recharge	-960
-1,539	Section 33 Grants	-1,539
-433	Other Income	-434
-2,979	**Total Income**	**-3,213**
30,419	**Net Revenue Expenditure**	**30,682**