

TO: Policy and Resources Committee

FROM: Deputy Chief Executive Officer - Matthew Warren

PRESENTING OFFICER: Deputy Chief Executive Officer - Matthew Warren
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Comprehensive Spending Review and Draft Budget 2021/22

1. Purpose

- 1.1 The purpose of this report is to present the Policy and Resources Committee with an overview of the Comprehensive Spending Review (CSR) and proposed draft budget for 2021/22.

2. Recommendations

- 2.1 The Policy and Resources Committee is asked to:
- endorse the draft budget for 2021/22 including the provisional precept attached at Appendix 1,
 - endorse the proposed draft 2% increase in council tax for consultation.

3. Risk Assessment

- 3.1 Economic/Political – the council tax increase must be set at an appropriate level to protect the financial stability of the Authority without breaching the Government cap.
- 3.2 Economic – there is significant uncertainty around the settlement figures. The medium term financial strategy (MTFS) will have to provide flexibility to respond to any pressure(s) that may present itself in future financial years.

4. The Comprehensive Spending Review

- 4.1 The Government spending review, originally scheduled for publishing in the autumn of 2019, has now been delayed beyond 2020 owing to the on-going global pandemic. The Government announced in November 2020 that public bodies, including fire and rescue services, would receive a one year financial settlement for 2021/22. The earliest a medium term review is now likely to be concluded is the autumn of 2021. At the time of writing it was understood that the draft settlement figures would be announced week commencing 14 December 2020.

- 4.2 When announcing the one year CSR, the Chancellor declared that a pay freeze will be introduced for all public sector employees, with the exception of the NHS, for the next financial year.
- 4.3 The detail contained within the settlement highlights the Governments position in terms of council tax and clearly identifies an ability to raise council tax for all local authorities. It has assumed this increase will be taken when calculating an individual services' spending power.

5. Budget Build 2021/22

- 5.1 The on-going economic uncertainty caused by the global pandemic makes forecasting the budget beyond the next financial year very challenging. Whilst we expect a medium term CSR sometime in 2021, details of what this might contain and what impact it will have on the Service are unknown at this time.
- 5.2 The pandemic has had an impact on council tax collection rates in the current financial year. Whilst this deficit will be largely funded by Government (up to 75%), the impact on Band D equivalent properties will remain. This will likely mean that forecast growth in properties within Cambridgeshire will not happen next year and any financial benefit of this growth for the Service will not happen until financial year 2022/23. The potential cost impact of this to the Service is approximately £200k.
- 5.3 The budget for 2021/22 will be built assuming a pay freeze. However a number of budget pressures remain for the Service in the next financial year. These include continued pandemic related expenditure and a significant pressure on insurance resulting from the Fire and Rescue Insurance Consortium re-tendering its re-insurance cover. In addition, the Service is seeking to provide all operational firefighters with advanced medical care training.
- 5.4 Should the Authority support an increase in council tax equivalent to the Governments capping limit, the cost for a Band D property will increase by £1.44 per annum, less than three pence per week. This increase will provide additional funding to the Service of £420k per annum.
- 5.5 The Authority responded effectively to austerity with significant re-structuring and reductions of the budget to ensure it continued to provide a highly effective fire and rescue service. However this has resulted in base budget increases being kept to an absolute minimum and the Authority now having to rely on reserves to finance flexibility in expenditure on items such as wholtime firefighters and significant capital expenditure. The additional funding from a council tax increase will help the Service to better finance unplanned expenditure.
- 5.6 The proposed draft budget has been prepared including an increase for illustrative purposes. It is proposed that the Authority consult on council tax

once the settlement is better understood. The Service will present a detailed final budget for endorsement by the Policy and Resources Committee in January prior to the Authority approving the precept in February 2021.

BIBLIOGRAPHY

Source Documents	Location	Contact Officer
Fire Authority Estimates 2021/22	Hinchingsbrooke Cottage Brampton Road Huntingdon	Matthew Warren 01480 444619 matthew.warren@cambsfire.gov.uk

	Estimate	2021/22
	£'000	Incr. %
Budget (previous year)	30,419	
Wholetime Firefighters Pay	0	
Retained Firefighters Pay	0	
Fire Control Pay	0	
Local Government Employees Pay (LGEs)	0	
Other Price inflation	156	
Inflation	156	0.5%
LGE Staff (Replacement Cleaning Contract/Health and Well-being)	130	
Control Room Staff	3	
Firefighters	5	
Operational Activity	99	
Capital Charges	21	
Other (Healthshield and National Operational Guidance)	90	
Budget Variations	348	1.1%
Service Pressures/Efficiency Savings		
Budget Holder Savings	-150	-0.5%
Service Pressures/Efficiency Savings	-150	-0.5%
Budget Requirement	30,773	1.2%
Less:		
Revenue Support Group	-2,795	
National Non Domestic Rate (Top Up Grant)	-2,424	
National Non-domestic Rates	-4,210	
Transfer from reserves	0	
Fire Authority Precept	21,344	