

OFFICIAL

Financial Management Code Compliance Update

Finance & Resources Committee

Date: 14 October 2022

Agenda Item:

06

Submitted By: Chief Finance and Procurement Officer

Purpose To update members on the Authority's compliance with the Financial Management Code

Recommendations That members note the report

Summary The Financial Management Code sets out the principles by which local authorities (including fire and rescue) should be guided in managing their finances and the specific standards that should be achieved. The Code was introduced in 2020, and an assessment of compliance had to be completed by the 31st of March 2022. Finance and Resources Committee on the 15th of October 2021, were presented with a report detailing the authority's compliance with the code using a self-assessment which identified some areas for improvement. The internal audit plan 2022/23 included provision for an audit on compliance with the Financial Management Code, this has concluded with the Authority receiving a substantial audit opinion.

Local Government (Access to information) Act 1972

Exemption Category: None

Contact Officer: Alison Wood
alison.wood@westyorksfire.gov.uk
07500 075362

Background papers open to inspection: None

Annexes: Appendix A – Financial Management Code Self-Assessment Update
Appendix B – Internal Audit Report – Financial Management Code Compliance

1 Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code (FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.
- 1.2 The FM Code was introduced in 2020 and sets out the standards of financial management for local authorities. The code takes in consideration the varying nature, circumstances and needs of individual authorities and is therefore not prescriptive but enabling each authority to determine individual levels of compliance.
- 1.3 The FM Code is based on a series of principles by which authorities should be guided in managing their finances and is supported by specific standards which are considered necessary to provide the strong foundation to:
 - financially manage the short, medium, and long-term finances of a local authority
 - manage financial resilience to meet unforeseen demands on services
 - manage unexpected shocks in their financial circumstances.
- 1.4 Demonstrating compliance with the FM Code is a collective responsibility of elected members, the Chief Finance and Procurement officer (CFPO) and their professional colleagues in the leadership team. It is for all the senior management team to work with elected members in ensuring compliance with the FM Code and so demonstrate the standard of financial management to be expected of a local authority. In doing this the statutory role of the section 151 officer will not just be recognised but also supported to achieve the combination of leadership roles essential for good financial management.
- 1.5 The FM Code builds on established CIPFA Prudential and Treasury Management Codes which require local authorities to demonstrate the long-term financial sustainability of their capital expenditure, associated borrowing and investments.

2 Information

- 2.1 The FM Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, the code requires that a local authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities, and circumstances.
- 2.2 A report was presented to Finance and Resources Committee on the 15th of October 2021, which provided the results of a self-assessment conducted by Management Board and the Chief Finance and Procurement Officer. This self-assessment identified the following areas for improvement which were given an amber rating: compliance with the financial resilience index, engagement with key stakeholders in developing long term financial strategy and the use of a documented appraisal methodology for options appraisals.

A review of progress against these three areas was undertaken in July 2022 and the results are detailed below:

- Financial Resilience Assessment

An interactive tool has been developed by CIPFA which is made up of a set of indicators which take publicly available data and compare similar authorities across

a range of factors. There is no single overall indicator of financial risk, so the index instead highlights areas where additional scrutiny should take place in order to provide additional assurance.

An assessment of the financial resilience of a local authority using this index is mandatory, however this is not compulsory for fire and rescue services. In fact, the tool does not include Fire and Rescue financial data.

It can thus be assumed that this section for fire and rescue services is deemed to be not applicable when regarding compliance to the Financial Management Code. Nonetheless, an assessment of the Authority's financial reliance was undertaken prior to the setting of the 2022/23 budget which included an assessment against the three indicators in the CIPFA model. These indicators are usable reserve levels, social care ratio and gross external debt. Based on these indicators, the CFPO has assessed that WYFRS has strong financial resilience, in that, usable reserves amount to 44% of the 2022/23 annual revenue budget, there is no social care requirement, and the authority has a low level of debt.

It has been assessed that compliance with the financial resilience index has moved from amber to green, i.e. full compliance.

- Value for Money Appraisal Methodology

The Financial Management Code requires the authority to have a documented option appraisal methodology which is consistent with the guidance set out in the IFAC/PAIB publication: Project and Investment Creation: Principles in Project and Investment Appraisal. Due to the size of the authority in comparison with a local authority, the adoption of the model is deemed to be too onerous. The Authority does have an appraisal methodology in that a life cycle costing assessment is required for all business cases requesting a capital bid and projects are managed through the Change Management Board.

The development of the FSHQ site, the largest project since the fire authority was created will be managed via the Scape framework which includes an appraisal of value capitals, namely: natural capital, human capital, social capital and produced capital. This framework requires each subcontractor to provide at least three quotations, thus demonstrating value for money.

It has been assessed that compliance with the value for money appraisal methodology due to the reasons explained in the paragraph above has moved from amber to green, i.e. full compliance.

- Stakeholder Consultation

The Financial Management Code prescribes the need for the authority to engage with key stakeholders in developing its long-term financial strategy. Prior to the recommendation to members at the budget setting meeting of a precept increase, the financial implications of a precept increase are presented to the leaders of the five district councils. In addition, the CRMP is open to public consultation prior to it been presented to Fire Authority for approval, the 2022 – 2025 CRMP consultation response has been higher than in previous years but could be improved. Prior to the setting of the budget in February, communication was put on the Authority's website, detailed the recommendation to increase the precept by £5 in 2022/23.

Although, the authority does engage with stakeholders, it is acknowledged that this could be improved, especially around the setting of the precept. For the 2023/24 budget, the CFPO will work closely with Corporate Communications to increase stakeholder engagement.

The assessment has concluded that stakeholder engagement will remain at an amber rating.

The table below shows a summary of the RAG rating of the assessments

| | Oct-21 | Apr-22 |
|--|--------|--------|
| Financial Resilience Assessment | Amber | Green |
| Stakeholder Consultation | Amber | Amber |
| VFM Appraisal Methodology | Amber | Green |

2.3 An assessment was carried out against the other 14 areas, which concluded that they maintain their green rating. Details of the assessment are detailed in Appendix A.

2.4 Included with the Internal Audit Plan 2022/23 was the audit of the compliance to the Financial Management Code, this audit was carried out in July by the Senior Audit Manager. The audit review concurred with the self-assessment of the CFPO and Management Board and there is evidence to show a high level of compliance with the Code standards and thus with the Principles of Good Financial Management. The audit identified no elements of non-compliance and was given a substantial assurance which is the highest rating that can be allocated.

A copy of the audit report is appended to this report

3 Financial Implications

3.1 There are no financial implications associated with this report

4 Legal Implications

4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution

5 Human Resource and Diversity Implications

5.1 There are no human resource and diversity implications associated with this report

6 Equality Impact Assessment

| | |
|--|----|
| Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk)) | No |
|--|----|

7 Health, Safety and Wellbeing Implications

7.1 There are no health, safety and wellbeing implications associated with this report

8 Environmental Implications

8.1 There are no environmental implications associated with this report

9 Your Fire and Rescue Service Priorities

9.1 Compliance with the Financial Management Code underpins all the Your Fire and Rescue priorities

10 Conclusions

10.1 Following a number of local authorities experiencing financial difficulties resulting in the issue of Section 114 notices, CIPFA introduced the Financial Management Code in 2020 which is a self-assessment framework whereby authorities can demonstrate compliance with and areas for improvement in financial resilience. Assessment against the code is a requirement which had to be completed by the 31st of March 2022. Since compliance was reported to members in October 2021, there has been improvements in two areas previously identified as amber and one area, stakeholder engagement, that requires further development.

10.2 Although West Yorkshire Fire has a balanced budget and holds healthy reserves, compliance with the code provides additional assurance to members and executive officers about the financial sustainability of the Authority.

RESPONSIBILITY OF CHIEF FINANCE OFFICER AND MANAGEMENT BOARD

| | STANDARD | Guidance Notes - Key Questions | CFPO Assessment | RAG Rating October 2021 | RAG Rating July 2022 |
|---|---|---|--|----------------------------|-------------------------|
| A | The leadership team is able to demonstrate that the services provided by the authority provide value for money | Does the Authority have a clear and consistent understanding of what value for money means to it and its leadership team? | The Authority was rated good against efficiency in the HMICFRS inspection. Before a project is approved, a business case has to be presented to demonstrate the project delivers VFM. | GREEN | GREEN |
| | | Does the Authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services? | The procurement processes ensure that VFM is considered for all purchases. Cost/ benefit analysis is undertaken to ensure that expenditure is delivering value for money. | GREEN | GREEN |
| | | Is the Authority able to demonstrate the action that it has taken to promote value for money and what it has achieved? | A new reporting requirement has been implemented by the National Audit Office for 20/21 whereby Deloitte our external auditors have to produce an independent report on VFM for the Authority. This was presented to Audit Committee on the 22nd | GREEN | GREEN |
| B | The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government | Is the Chief Finance Officer a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions? | The Chief Finance and Procurement officer is a member of Management Board and the financial impact of projects/proposals are reviewed by the CFPO before approval | GREEN | GREEN |
| | | Does the CFO lead and champion the promotion and delivery of good financial management across the Authority? | Good financial management is promoted throughout the Authority. All managers with budgetary responsibility have one to one budget meetings so that the budgetary monitoring information is understood which facilitates improved financial understanding amongst managers. | GREEN | GREEN |
| | | Is the CFO suitably qualified and experienced? | The CFPO is a qualified CIPFA accountant with 26 years post qualification experience and is committed to CPD by the attendance at accounting update seminars and conferences. | GREEN | GREEN |
| | | Is the finance team suitably resourced and fit for purpose? | The finance team is adequately resourced and the accounting team are either qualified accounting technicians or/and either CIPFA or CIMA qualified accountants. The Authority subscribes to the CIPFA publication scheme which ensures that all staff have access to technical guidance and accounting code updates. | GREEN | GREEN |
| | | | The finance team attend training courses to assist them with the Closedown of Accounts and any new accounting requirements that are introduced e.g. IFRS16; changes to leasing arrangements. | GREEN | GREEN |

GOVERNANCE AND MANAGEMENT STYLE

| | STANDARD | Guidance Notes - Key Questions | CFPO Assessment | RAG Rating July 2022 | RAG Rating October 2022 |
|---|---|---|--|----------------------|-------------------------|
| C | The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control | Does the leadership team espouse the Nolan principles? | The leadership team exhibit the Nolan principles of public life (ie) selflessness, integrity, objectivity, accountability, openness, honesty and leadership and these are also represented in the Authority's Cultures and Values. | GREEN | GREEN |
| | | Does the Authority have in place a clear framework for governance and internal controls? | The constitution includes the framework for governance and internal control which is reviewed annually. The constitution includes contract procedure rules, financial procedure rules, code of corporate governance, member and officer code of conduct, officers delegation scheme, role and responsibilities of Management Board. | GREEN | GREEN |
| | | Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability? | Internal audit is provided through a Service Level Agreement with Kirklees Council. In addition the Authority has a Service Improvement and Assurance Team (SIAT) whose principle role is to provide high level assurance to Management Board and the Fire Authority through the implementation of the service assurance process. Each department are required to complete a self assessment which involves answering and providing evidence to a range of questions that include performance indicators, policy compliance, financial controls, operational effectiveness and internal and external audit review. | GREEN | GREEN |
| | | Does the leadership team espouse high standards of governance and internal controls? | The Authority has a formal code of conduct for the leadership team and members. A register of interest is maintained and kept up to date for the leadership team and members. The leadership team espouses the principles of constructive challenge by engaging with internal and external audit, consultation with stakeholders about the contents of the Community Risk Management Plan. | GREEN | GREEN |
| | | Does the leadership team nurture a culture of effective governance and robust internal control across the Authority? | The Authority ensures that new codes of practice that are issued by relevant or public bodies are complied with. The Authority puts in place an action plan to implement recommendations from internal audit reports | GREEN | GREEN |
| D | The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016) | Has the Authority sought to apply the principles, behaviour and actions set out in the framework to its own governance arrangements? | The Authority maintains an effective audit committee which meets 4 times per year. The internal audit manager reports on the findings and recommendations of each individual internal audit and if an audit has a limited assurance this is re-audited within 12 months to provide assurance that the recommendations are been implemented. The internal audit function is PSIAS conformant. | GREEN | GREEN |
| | | Does the Authority have in place a suitable local code of governance? | The code of governance is included within the Constitution which is reviewed on an annual basis | GREEN | GREEN |
| | | Does the Authority have a robust assurance process to support the Annual Governance Statement? | The Annual Governance Statement is reviewed and approved by Management Board before submission to Audit Committee for approval | GREEN | GREEN |
| E | The financial management style of the authority supports financial sustainability | Does the Authority have in place an effective framework of financial accountability? | Financial responsibility is clearly laid out in the constitution which includes delegated powers relating to financial decisions. Contract Procedure Rules are in place and compliance is subject to internal audit. | GREEN | GREEN |
| | | Is the Authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services? | Budget holders are required to report to the CFPO on forecast budget under/over spends and identify corrective measures if required. Business cases are required to be submitted for capital and revenue bids and an annual Organisational Planning day identifies future projects. | GREEN | GREEN |
| | | Does the Authority's finance team have appropriate input into the development of strategic and operational plans? | The finance team support managers by explaining budget performance and providing financial data and support for business cases before they are presented for approval. | GREEN | GREEN |
| | | Do managers across the Authority possess sufficient financial literacy to deliver services cost-effectively and to be held accountable for doing so? | The finance team provide financial support to managers and ad hoc training is undertaken to improve managers financial awareness, e.g. treasury management training is provided annually to give managers an overview of how the authority manages its cash flows. When a manager is promoted or appointed, a finance overview is included within their induction. | GREEN | GREEN |
| | | Has the Authority sought an external review on its financial style, for example through a process of peer review? | The Authority had a procurement peer review in 2019 and the CFPO is a member of the fire finance network where good practice is discussed. | GREEN | GREEN |
| | | Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities? | Officer delegated powers are clearly laid out in the Constitution | GREEN | GREEN |

LONG TO MEDIUM TERM FINANCIAL PLANNING

| | STANDARD | Guidance Notes - Key Questions | CFPO Assessment | RAG Rating October 2021 | RAG Rating July 2022 |
|---|--|--|---|----------------------------|-------------------------|
| F | The authority has carried out a credible and transparent financial resilience assessment | Has the Authority undertaken a financial resilience assessment? | This is not currently a requirement of Fire and Rescue Services, but an assessment will be carried out prior to budget approval in February | Amber | GREEN |
| | | Has the assessment tested the resilience of the Authority's financial plans to a broad range of alternative scenarios? | Funding scenarios of a 0%, 5% and 10% cut in funding and the options to address the funding deficits is presented annually to Executive Committee. In the Medium Term Financial Plan that is presented with the budget report in February includes the effect of a change in assumptions surrounding inflation, tax base growth, pay awards etc. | GREEN | GREEN |
| | | Has the Authority taken appropriate action to address any risks identified as part of the assessment? | A range of options are presented to the Executive Committee which could be used to address funding shortfalls. | GREEN | GREEN |
| G | The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members | Does the Authority have a sufficiently robust understanding of the risks to its financial sustainability? | The budget report details the risks to its financial sustainability which includes details of cost pressures, effect of the economy and the government finance policy on the revenue budget | GREEN | GREEN |
| | | Does the authority have a strategic plan and long-term financial strategy that adequately address these risks? | The Authority has a medium term financial plan that is reviewed during the year and reported to members | GREEN | GREEN |
| | | Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (e.g. using a technique such as scenario planning)? | Funding scenarios of a 0%, 5% and 10% cut in funding and the options to address the funding deficits is presented annually to Executive Committee | GREEN | GREEN |
| | | Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short and medium-term decision making? | The budget report presented to Full Authority identifies long term financial sustainability and the use of reserves. The report also includes the use of assumptions surrounding the MTFP and the impact of a change in these assumptions. | | |
| H | The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities | Has the authority prepared a suitable capital strategy? | The authority has a five year capital strategy which is included within the Treasury Management Strategy which is presented to Full Authority in February. | GREEN | GREEN |
| | | Has the authority set prudential indicators in line with the Prudential Code? | The CIPFA Prudential Code for Capital Finance in Local Authorities has been adopted and prudential indicators are included within the Budget Report and the Treasury Management Strategy. | GREEN | GREEN |
| | | Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators it has set? | The Mid year Treasury Management report is presented to Finance and Resources Committee. The CFPO and the Treasury Management Officer have quarterly updates with the Treasury Management Consultant where performance against prudential indicators is reviewed and reported. | GREEN | GREEN |
| I | The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans | Does the authority have in place an agreed medium-term financial plan? | The Authority has a Medium Term Financial Plan (MTFP) which is reviewed during the year | GREEN | GREEN |
| | | Is the medium-term financial plan consistent with and integrated into relevant service plans and it's capital strategy? | The MTFP is aligned to the CRMP, the workforce plan and is linked to the capital strategy | GREEN | GREEN |
| | | Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand? | The MTFP is based on credible assumptions and forecasts about the economy to include inflation, pay awards, tax base growth, effect of retirements on the workforce plan and budget. | GREEN | GREEN |
| | | Does the authority have in place a suitable asset management plan that seeks to ensure that it's property and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the Authority's strategic aims? | The authority's asset management plan is defined in the CRMP which sets out the infrastructure to support service delivery. The management of property assets is set out in the estates strategy, the authority's fleet is detailed in the vehicle replacement plan strategy and the ICT infrastructure is set out in the Data and Digital Strategy. These all feed into the MTFP and the capital strategy. | GREEN | GREEN |

THE ANNUAL BUDGET

| | STANDARD | Guidance Notes - Key Questions | CFPO Assessment | RAG Rating October 2021 | RAG Rating July 2022 |
|---|--|--|--|---|---|
| J | The authority complies with its statutory obligations in respect of its budget setting obligations | <p>Is the authority aware of its statutory obligations in respect of the budget-setting process?</p> <p>Has the authority set a balanced budget for the current year?</p> <p>Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so?</p> | <p>Training is provided to members by the CFPO to inform them of their statutory obligation in respect of setting the Authority's budget. Responsibilities are clearly laid out within section 8 of the budget report</p> <p>The authority has a balanced budget for 2022/23</p> <p>The issuing of a section 114 is unlikely for a fire and rescue authority due to the stability of service demands, members will be aware of the requirements of a section 114 notice at their respective district councils.</p> | <p>GREEN</p> <p>GREEN</p> <p>GREEN</p> <p>GREEN</p> | <p>GREEN</p> <p>GREEN</p> <p>GREEN</p> <p>GREEN</p> |
| K | The budget report includes a statement by the Chief Finance officer on the robustness of estimates and a statement on the adequacy of the proposed financial reserves. | <p>Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves?</p> <p>Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case?</p> <p>Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future?</p> <p>Does the report set out the current level of the authority's reserves, whether these are sufficient to ensure the Authority's ongoing financial sustainability and the action that the authority is to take to address any shortfall?</p> | <p>Section 6 of the budget report includes a Positive Assurance Statement from the CFPO on the robustness of estimates and the adequacy of financial reserves</p> <p>The report clearly lays out the assumptions and estimates and the impact of a variance in these</p> <p>The authority has sufficient reserves and has a strategy for the use of these reserves</p> <p>The budget report includes the current level of reserves and their planned use over the next four years.</p> | <p>GREEN</p> <p>GREEN</p> <p>GREEN</p> <p>GREEN</p> | <p>GREEN</p> <p>GREEN</p> <p>GREEN</p> <p>GREEN</p> |

STAKEHOLDER AND BUSINESS PLANS

| | STANDARD | Guidance Notes - Key Questions | CFPO Assessment | RAG Rating October 2021 | RAG Rating July 2022 |
|---|---|--|--|---|---|
| L | The authority has engaged where appropriate key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget | <p>How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget?</p> <p>How effective has this engagement been?</p> <p>What action does the authority plan to take to improve its engagement with key stakeholders?</p> | <p>The authority consults with stakeholders on the CRMP. The CFPO, Chief Fire Officer and the Chair of the Fire Authority presents the budget proposals formally to the political leaders of West Yorkshire before the budget is set. Proposals for the increase in precept are sent to the Federation for Small Business for their comment prior to it been presented to the Fire Authority for approval.</p> <p>Recent stakeholder engagement for the CRMP consultation has been limited due to restrictions on social gatherings imposed by the pandemic.</p> <p>The authority has a communications strategy and a community engagement strategy whose aim is to improve stakeholder engagement.</p> | <p>Amber</p> <p>Amber</p> <p>Amber</p> | <p>Amber</p> <p>Amber</p> <p>Amber</p> |
| M | The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions | <p>Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in the IFAC/PAIB publication Project and Investment Appraisal Creation: Principles in Project and Investment Appraisal?</p> <p>Does the authority offer guidance to officers as to when an option appraisal should be undertaken?</p> <p>Does the authority's approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options?</p> <p>Does the authority's approach to option appraisal include suitable mechanisms to address risk and uncertainty?</p> <p>Does the authority report the results of option appraisals in a clear, robust and informative manner that gives clear recommendation and outlines the risk associated with any preferred option(s)?</p> | <p>The authority does not currently have a formal process for the undertaking and documenting option appraisals. Alternative options are considered before a business case is presented to Management Board/Management Team and the progress is monitored and scrutinised at Change Management Board.</p> <p>Support is provided by the finance team to assist officers with appraising different options.</p> <p>Support is provided by the finance team to assist officers with appraising different options. The Life Cycle Costing Policy is used before committing to investments in property, fire appliance replacements and purchase of high value assets to ensure that all factors are considered before making a decision to invest.</p> <p>The risk is measured through the Risk Management Strategy Group and the Change Management Board.</p> <p>A full business case for revenue and capital is completed so that the financial impact and subsequent risk can be assessed.</p> | <p>GREEN</p> <p>GREEN</p> <p>GREEN</p> <p>GREEN</p> <p>GREEN</p> <p>GREEN</p> | <p>GREEN</p> <p>GREEN</p> <p>GREEN</p> <p>GREEN</p> <p>GREEN</p> <p>GREEN</p> |

MONITORING FINANCIAL PERFORMANCE

| | STANDARD | Guidance Notes - Key Questions | CFPO Assessment | RAG Rating October 2021 | RAG Rating July 2022 |
|---|--|---|---|----------------------------|-------------------------|
| N | The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability | Is the leadership team provided with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability? | Monthly budget monitoring reports are provided to budget holders and directors and a summary high level report is presented monthly to Management Team for review. | GREEN | GREEN |
| | | Do the reports cover both forward and backward-looking information in respect of financial and operational performance? | The report include forecasts for the current year and the outturn for the prior year for each cost element | GREEN | GREEN |
| | | Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such as contract monitoring data? | A performance management report is presented to Full Authority and areas underachieving target are reported to Audit Committee. The authority publishes all contracts on the authority's website in line with statutory | GREEN | GREEN |
| | | Are the reports provided to the leadership team in a timely manner and in a suitable format? | The reports are provided timely and feedback is sought on the presentation to ensure they are fulfilling budget holders requirements. Ad hoc reports are produced for budget holders upon request. | GREEN | GREEN |
| | | Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action? | Feed back is regularly sought on the suitability of the information provided and a monthly meeting is conducted with the budget holder and a member of the finance team to discuss any action that may be required from the budget report. The CFPO reports on virements/transfers between budgets and contingencies to Finance and Resources Committee | GREEN | GREEN |
| O | The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability | Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability? | Reporting is made on the critical areas of the Balance Sheet, i.e. investments, borrowing and reserves. Other areas such as creditors and debtors (excluding council tax) and provisions are low risk in comparison to the overall size of the Balance Sheet. | GREEN | GREEN |
| | | Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of it Balance Sheet? | These are reported in the Quarterly Financial Review report which is presented to Finance and Resources Committee | GREEN | GREEN |
| | | Is the authority taking action to mitigate any risks identified? | There are no risks currently identified, the authority's risk register includes a financial estimation of the impact of each risk should it materialise | GREEN | GREEN |
| | | Does the authority report unplanned use of its reserves to the leadership team in a timely manner? | The authority does not use reserves that have not been approved and planned | GREEN | GREEN |
| | | Is the monitoring of Balance Sheet risks integrated into the authority's management accounts reporting process? | The quarterly treasury management position is reported to Finance and Resources Committee and Balance Sheet expenditure is monitored centrally by the finance team. | GREEN | GREEN |

EXTERNAL FINANCIAL REPORTING

| | STANDARD | Guidance Notes - Key Questions | CFPO Assessment | RAG Rating October 2021 | RAG Rating July 2022 |
|---|---|---|---|----------------------------|-------------------------|
| P | The Chief Finance Officer has personal and statutory responsibility for ensuring that the Statement of Accounts produced the Local Authority complies with the reporting requirements of the Code | Is the authority's CFO aware of their responsibilities in terms of the preparation of the annual financial statements? | The CPFO is aware of her statutory responsibility for the preparation of the annual financial statements | GREEN | GREEN |
| | | Are these responsibilities included in the CFO's role description, personal objectives and other relevant performance management mechanisms? | These are included within the CPFO job description and are discussed in the annual review meeting | GREEN | GREEN |
| | | Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom? | The Statement of Accounts are prepared in accordance with the Code of Practice on Local Authority Accounting and within the statutory deadlines. | GREEN | GREEN |
| Q | The presentation of the final outturn figures and variations from the budget allows the leadership team to make strategic financial decisions | Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget? | The financial revenue outturn is reported to Audit Committee which includes a narrative on the significant variations from budget. The outturn budget report is issued to budget holders in June and the current years budget report includes the comparative expenditure from the previous year. | GREEN | GREEN |
| | | Is the information in these reports presented effectively? | The information is provided effectively. | GREEN | GREEN |
| | | Are these reports focused on information that is of interest and relevance to the leadership team? | All directorate expenditure is deemed to be important so outturn reports are provided for all cost centres and at a subjective level. | GREEN | GREEN |
| | | Does the leadership team feel that the reports support it in making strategic financial decisions? | The finance team actively seeks feedback on the suitability of the budget report and as such the reports do enable managers to make strategic financial decisions | GREEN | GREEN |

2022/23

PRIVATE & CONFIDENTIAL

CIPFA Financial Management Code Compliance



Internal Audit

Report Ref. WYFRS/0823

Draft Report

August 2022

1. INTRODUCTION

As part of the 2022/23 Audit, Internal Audit were requested to undertake an independent assessment of Code compliance during the first full year of its applicability. In addition to assessing compliance, any areas for improvement and suggestions as to how these could be achieved were sought.

2. SCOPE

In 2021 the CPFO and Management Board internally reviewed its current processes, procedures and governance arrangements, to understand where the Authority was already compliant with the FM Code standards and to identify any areas of non-compliance, or where compliance could be improved.

F & R Committee were informed there were no areas of significant non-compliance but the RAG rated self-assessment identified 3 areas where improvement could be made. One of these areas related to the undertaking of a financial resilience assessment which is a prescribed assessment using a framework designed by CIPFA. Although this is mandatory for local councils, there is no formal requirement for this to be undertaken by fire and rescue authorities but to demonstrate to Members the Authority's financial resilience, this was to be assessed prior to budget setting in February 2022. The other two areas of improvement identified were around the stakeholder engagement standard, where despite illustrating compliance, it was felt that improvements could be made to the documenting of the processes.

All actions were to be completed by 31 March 2022 when a further report was to be brought to F & R Committee (this has yet to happen) and Internal Audit would be requested to review evidential compliance.

This Audit assessment was based upon review of the original self-assessment and subsequent developments, documentary supporting evidence and discussions with the Chief Finance & Procurement Officer.

3. BACKGROUND

Objectives of the Code

The CIPFA Financial Management Code (the Code) is designed to support good practice in financial management and to assist authorities in demonstrating their financial sustainability. Without good governance an authority cannot make the changes necessary for it to remain financially sustainable. As such, financial sustainability must be underpinned by the robust stewardship and accountability to be expected of public bodies. Good governance gains the trust of taxpayers and other funders by giving them confidence that money is being properly spent. Good governance ensures better informed and longer-term decision making and therefore is essential for good financial management. The Code therefore sets the standards of financial management for authorities. It is based on a series of principles supported by specific standards and statements of practice which are considered necessary to provide the strong foundation to:

- financially manage the short, medium- and long-term finances of a local authority;
- manage financial resilience to meet foreseen demands on services; and
- financially manage unexpected shocks in their financial circumstances.

Each local authority must demonstrate that the requirements of the Code are being satisfied. Demonstrating compliance is a collective responsibility of elected members, the Chief Finance Officer and their professional colleagues in the leadership team.

Principles of Good Financial Management

The Code applies a principle-based approach. It does not prescribe the financial management processes that authorities should adopt. Instead, it requires that an authority demonstrate that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances. Good financial management is proportionate to the risks to the authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services. The Principles have been designed to focus on an approach which will assist in determining whether, in applying standards of financial management, an authority is financially sustainable:

- **Organisational leadership** - demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture
- **Accountability** - based on medium term financial planning which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs

- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making
- Adherence to **professional standards** is promoted by the leadership team and is evidenced.
- Sources of **assurance** are recognised as an effective tool mainstreamed into financial management and includes political scrutiny and the results of both external audit, internal audit and inspection.
- The long-term **sustainability** of local services is at the heart of all financial management process and is evidenced by prudent use of public resources.

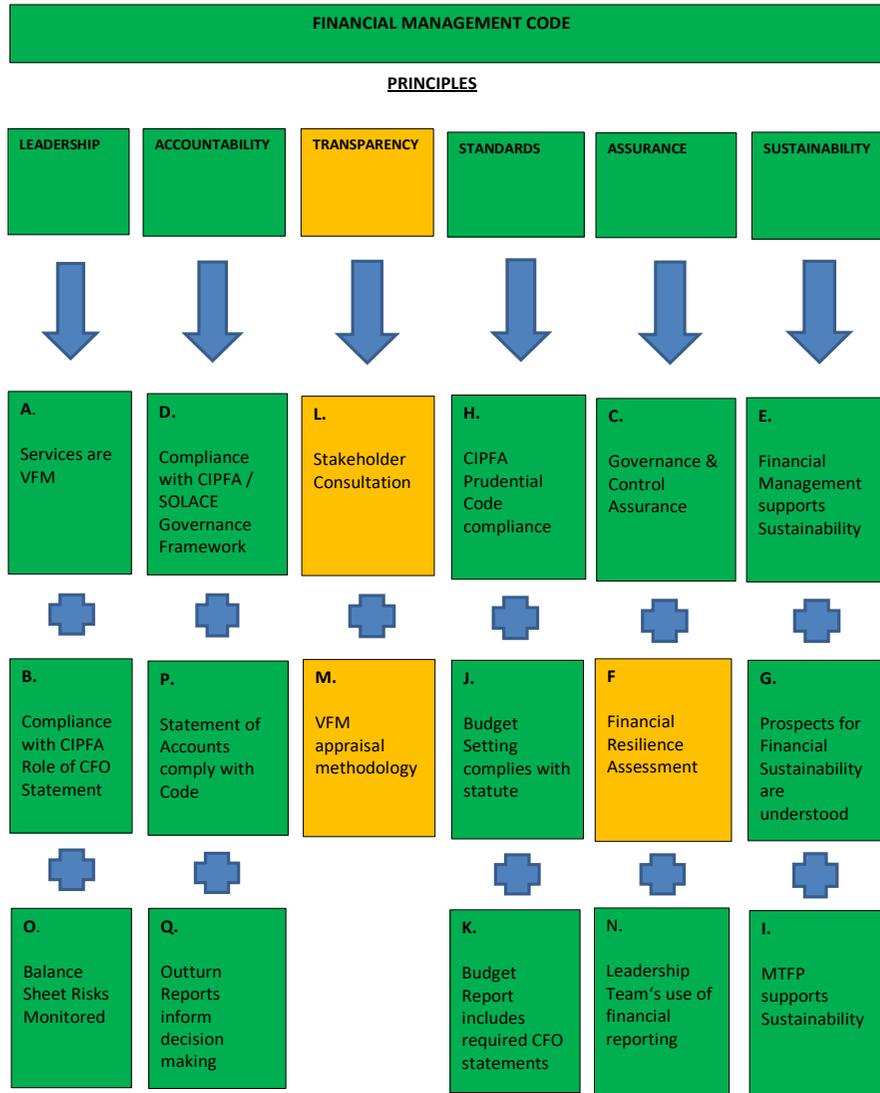
The Principles as set out are supported by defined financial management standards, the adherence to which will be by application and documentation of statements of standard practice.

4. AUDIT ASSESSMENT FINDINGS

The current level of compliance and any actions required to achieve full compliance are detailed in the table beginning on page 6. A three part rating system has been adopted for each of the Standards and thus the Principles they underpin, whereby compliance has been assessed as **HIGH**, **PARTIAL** or **NON**. Given the extent of the Code requirements and amount of evidence collected during the assessment, an exception based reporting style has been adopted, so that where compliance has been found to be “High” no further comments are made.

A chart showing how each of the Financial Management Standards support the Principles of Good Financial Management and how the current level of compliance of each affects one another is shown on the next page.

FM PRINCIPLES / STANDARDS - COMPLIANCE SUMMARY



5. CONCLUSION

The audit review concurred with the self-assessment of the Chief Finance & Procurement Officer and Management Board. Overall, the evidential review shows there is a high level of compliance with the Code Standards and thus with the Principles of Good Financial Management. There are no elements of non-compliance. This outcome can be reported in the 2021/22 AGS.

Some further action is required to reach full compliance with two of the Standards and in turn the Transparency Principle they underpin, in relation to the linkages with listening to what the key stakeholders are saying and being able to fully evidence value for money in the services provided.

The applicability of local authority mechanisms to a fire and rescue setting or identifying appropriate alternatives is also another issue.

6. RECOMMENDATIONS

1. Review, widen and develop the approach to key stakeholder consultation in conjunction with the Head of Communications.

Classification: Significant

2. Seek further advice from CIPFA and peers about VFM mechanisms and financial resilience modelling.

Classification: Merits Attention

7. AUDIT OPINION

The Audit Committee requires Internal Audit reports to include an audit opinion, which is reported to them in a quarterly summary of audit work undertaken. Based on the recommendation made in this report a “**Substantial Assurance**” opinion has been allocated.

Audit recommendations are classified to signify the risk, level of internal control adequacy or application associated with the issue identified. The classifications used, together with the methodology for determining the audit opinion and what it indicates about the internal control environment, are shown at Appendix A.

In addition, the various key processes and parts of the overall control environment are allocated a separate opinion based upon the findings and conclusions drawn by the auditor to provide management with an insight into any specific areas of concern or best practice.

Audit Assessment of Compliance with Code Standards

| Ref. | Section/Financial Management Standard | Level of Compliance (High/Partial/Non) | Key Areas still to be addressed | Current Position | Further Action Required |
|----------|--|---|---------------------------------|------------------|-------------------------|
| | Section 1 - Responsibilities of the Chief Finance Officer | | | | |
| A | The leadership team demonstrates that the services provided by the authority provide value for money. | | | | |
| B | The authority complies with the CIPFA Statement on <i>the Role of the Chief Finance Officer in Local Government</i> | | | | |
| | Section 2 - Governance and Management Style. | | | | |
| C | The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control. | | | | |

| | | | | | |
|----|---|--|--|--|--|
| D | The authority applies the CIPFA/SOLACE <i>Delivering Good Governance in Local Government: Framework (2016)</i> . | | | | |
| E | The Financial Management Style of the authority supports financial sustainability. | | | | |
| | Section 3: Long to Medium Term Financial Management. | | | | |
| F | The authority has carried out a credible and transparent Financial Resilience Assessment. | | | Not using the CIPFA model, as it does not relate to a F & R setting. However, the CFPO is confident that there is a base of documents and analysis that the Authority's arrangements are robust. | |
| F1 | Financial resilience is tested against best and worst case scenarios which cover a wide range of financial demographic and social challenges. | | | | |

| | | | | | |
|----|---|--|--|--|--|
| F2 | The authority uses independent objective quantitative measures to assess the risks to its financial sustainability. | | | | |
| F3 | Decision making by the authority demonstrates a sound understanding of the risks associated with its strategic business partners. | | | | |
| G | The authority has a Long Term Financial Strategy for financial sustainability and has reported to Members accordingly. | | | | |
| H | The authority complies with the CIPFA Prudential Code. | | | | |
| I | The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable Service plans. | | | | |
| | Section 4 – The Annual Budget | | | | |
| J | The authority complies with its statutory obligations in respect of the budget setting process. | | | | |

| | | | | | |
|----------|---|--|--|---|---|
| K | The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves. | | | | |
| | Section 5: Stakeholder engagement and business plans | | | | |
| L | The authority has engaged with key stakeholders in developing its long term financial strategy, medium term financial plan and annual budget. | | | Approach is largely historic, un-coordinated and limited in extent, scope for wider and more innovative engagement with key partners and others, especially given growing inter-dependence and common objectives. | Consider alternatives in conjunction with Comms & Corporate Services colleagues. (Rec 1). |
| M | The authority uses a documented option appraisal methodology to demonstrate the VFM of its decisions. | | | Not relevant to a F & R setting. Historic benchmarking with other Met Brigades. | Consider how to relaunch benchmarking with other Met Treasurers. (Rec 2) |
| | Section 6: Monitoring financial performance | | | | |

| | | | | | |
|--|--|--|--|--|--|
| N | The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability. | | | | |
| O | The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial stability. | | | | |
| Section 7 : External Financial Reporting | | | | | |
| P | The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the <i>Code of Practice on Local Authority Accounting in the UK</i> . | | | | |
| Q | The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions. | | | | |

8. Appendix

Appendix A – Recommendations and Assurance Level

9. Distribution List

Draft:

Alison Wood – Chief Finance & Procurement Officer

Final:

John Roberts – Chief Fire Officer / Chief Executive

Alison Wood – Chief Finance & Procurement Officer

Internal Audit Draft Report
CIPFA FINANCIAL MANAGEMENT CODE COMPLIANCE
Date 10/10/22
Ref: WYFRA/0823

For further details, please contact:

Simon Straker

Audit Manager

Internal Audit

High Street Buildings, High Street, Huddersfield HD1 2ND

Internal 73726 / External 01484 221000

This report is prepared in accordance with the Public Sector Internal Audit Standards.

Appendix A – Recommendations and Assurance Levels

Classification of Recommendations

Fundamental - A recommendation, often requiring immediate action that is key to maintaining an appropriate control environment and thereby avoiding exposure to a significant risk to the achievement of the objectives of the system, process or location under review.

Significant - A recommendation requiring action that is necessary to improve the control environment and thereby avoid exposure to a risk to the achievement of the objectives of the system, process or location under review.

Merits Attention - A recommendation where action is advised to enhance control or improve operational efficiency.

Assurance Level

| Assurance Level | Recommendation Classification | | |
|-----------------|---|---|--|
| | Fundamental | Significant | Merits Attention |
| Substantial | There are no fundamental recommendations | There are no more than one significant recommendation | There are no more than 5 merits attention recommendations. |
| Adequate | There are no fundamental recommendations | There are 2 – 4 significant recommendations | There are 6 – 10 merits attention recommendations |
| Limited | There is 1 or more fundamental recommendations | There are more than 4 significant recommendations | There are more than 10 merits attention recommendations |
| No Assurance | The number of fundamental recommendations made reflects an unacceptable control environment | N/A | N/A |

Audit Opinion on Control Adequacy & Application

| Assurance Level | Control Adequacy | Control Application |
|-----------------|---|--|
| Substantial | A robust framework of all key controls exists that are likely to ensure that objectives will be achieved. | Controls are applied continuously or with only minor lapses. |
| Adequate | A sufficient framework of key controls exists that are likely to result in objectives being achieved but the overall control framework could be stronger. | Controls are applied but with some lapses. |
| Limited | Risk exists of objectives not being achieved due to the absence of a number of key controls in the system. | Significant breakdown in the application of a number of key and / or other controls. |
| No assurance | Significant risk exists of objectives not being achieved due to the absence of key controls in the system. | Serious breakdown in the application of key controls. |

OFFICIAL

Information Governance Annual Update

Finance & Resources Committee

Date: 14 October 2022

Agenda Item:

07

Submitted By: Director of Corporate Services

| | |
|------------------------|---|
| Purpose | To provide an annual update on the implementation of Information Governance arrangements within West Yorkshire Fire and Rescue Service (WYFRS). |
| Recommendations | That the contents of the report are noted. |
| Summary | This report provides an annual update on the implementation of Information Governance and Security arrangements throughout the Authority. The General Data Protection Regulation (GDPR) came into force on 25 May 2018, the report highlights the arrangements that have been made to ensure compliance with the regulation |

Local Government (Access to information) Act 1972

Exemption Category: N/A

Contact Officer: Alison Davey, Head of Corporate Services
T: 01274 655801
E: alison.davey@westyorksfire.gov.uk

Background papers open to inspection: N/A

Annexes: N/A

1 Introduction

- 1.1 Information governance is an enterprise's strategic approach to managing its information, whether in digital data, documents, or archival records to support business outcomes. It can involve a wide range of cross-disciplinary policies, procedures, controls, tools, and technologies that help us to meet regulatory, legal, and operational demands. By balancing the proper use of data and information against regulatory and security demands, information governance can enhance operational transparency, enable legal compliance and risk mitigation, reduce likelihood and costs of legal and regulatory penalty.
- 1.2 WYFRS introduced a structured approach towards Information Security (IS) based on international best practice and implemented an Information Security Management System (ISMS) aligned to the international standard ISO 27001.
- 1.3 WYFRS has taken the proactive and pragmatic decision to implement sensible and proportionate security measures aligned to the HMG SPF and commensurate with the risks presented.
- 1.4 As an organisation, WYFRS has a regulatory obligation to implement and demonstrate compliance with the requirements of the UK General Data Protection Regulation (GDPR). To provide assurance of continuing adherence to the regulation, WYFRS conduct information governance audits across departments, data security e-learning is mandatory for all staff, face to face data protection training is implemented and regular data protection advice is communicated throughout the service.

2 Information

- 2.1 This report provides an update on the key areas of development during 2021/22 to ensure the effective implementation of the Information Governance (IG), Information Security (IS), Record Retention and wider Protective Security (PS) arrangements across the Authority.
- 2.2 The strategic Information Governance and Security Group (IGSG) and the operational Corporate Information Management Group (CIMG) are fully embedded and this has promoted information governance across all departments relating to information, physical and personnel security aspects across the service.
- 2.3 The Information Governance Statement is endorsed by the Chief Fire Officer. This outlines the Authority's commitment to IG across the service.
- 2.4 The requirements of the General Data Protection Regulation (GDPR) which was introduced on 25 May 2018 have been implemented across WYFRS and information governance is regularly reviewed to ensure continuing adherence to the regulation.

- 2.5 Information governance audits across departments/stations was temporarily suspended due to the pandemic. To ensure that departments were still assessed regarding their data protection arrangements, an audit process was introduced as part of the service improvement and assurance programme where departments assessed themselves against the audit criteria. These audits provide an assessment of each departments performance ensuring good data protection practice. WYFRS believe that audits play a key role in assisting various departments in understanding and meeting data protection obligations. The audit ensures effective controls, policies and procedures are adhered to supporting data protection obligations.
- 2.6 Assistance and training has been provided to Information Asset Owners (IAO) and Information Asset Administrators (IAA) to ensure department assets are managed appropriately and meet the requirements of the organisation, ensuring risks are dealt with effectively and in line with the Information Risk Policy. An Information Asset Owner's toolbox is available to assist IAOs and IAAs to fulfil their duties in ensuring security of data.
- 2.7 To ensure the Information Asset Register is updated in real time, IAOs take direct ownership of their assets on the register. Guidance has been produced and IAOs are required to report any changes to the register to the Information Governance and Security Group quarterly.
- 2.8 To ensure security of sensitive data including other documentation which should be restricted to specific users, all Information Asset Owners (IAO) undertake access permission audits, to ensure that access to particular documentations and sites are correctly allocated to users who require access to the information to undertake their job role.
- 2.9 WYFRS utilises the Information Commissioner's Office accountability framework self-assessment to ensure all obligations are met within the GDPR. The framework is divided into 10 categories which include; Leadership and Oversight, Policies and Procedures, Training and Awareness, Individuals' Rights, Transparency, Records of Processing and Lawful Basis, Contracts and Data Sharing, Risks and Data Protection Impact Assessments, Records Management and Security and Breach Response and Monitoring. WYFRS has undertaken the self-assessment and achieved the score of 97%. This framework is monitored regularly and actions taken to continuously improve.
- 2.10 WYFRS continues to adhere to the concept of privacy by design via the continual use of Data Protection Impact Assessments (DPIA). It is a process designed to systematically analyse, identify and minimise the data protection risks of a project or plan. It is a key part of accountability obligations under the UK GDPR, and helps assess and demonstrate compliance with data protection obligations. The use of a DPIA has increased awareness of privacy and data protection issues and ensured relevant staff involved in the project are considering data protection by design at an early stage and continually reviewing to manage and review any risks of processing data and measures put in place.

- 2.11 Regular internal articles have been published throughout the year to support staff and managers with regard to their data protection and security responsibilities. In addition, articles have also been provided giving advice on other areas of information security such as remote working, data breach reporting and the importance of Records Management best practice to reduce the risk of the change in the working environment.
- 2.12 Kirklees internal audit carried out an audit of WYFRS Data Protection/GDPR arrangements in December 2020/January 2021 and concluded that good progress has been made to implement GDPR and Data Protection requirements and processes appear well established with clear review processes and therefore the Internal Audit Report provided a Substantial Assurance opinion on the arrangements.
- 2.13 All information security incidents or suspected incidents are monitored through the Information Security Incident Management System. All staff are required to report information security incidents to enable actions to be taken to mitigate the risk of reoccurrence.
- 2.14 A project has been carried out whereby all departments have reviewed archived records and confidentially destroyed records no longer required in accordance with the Records Retention Schedule. This has significantly reduced archived records across the Service.
- 2.15 The Customer Service Excellence assessment in March 2022 confirmed that WYFRS had maintained the Compliance Plus standard for the way 'we protect customer privacy both in face-to-face discussions and in the transfer and storage of customer information.
- 2.16 In summary, the attainment against the information governance and security frameworks are as follows:-
- Data Security and Protection toolkit = 98%
 - Information Security Standard (ISO27001) = 99%
 - HMG Security Policy Framework = 98%
 - ICO Accountability Framework = 97%
- 2.17 WYFRS aims to deal with both Freedom of Information Requests (FOIs) and Subject Access Requests (SARs) within the statutory timescale. There were 14 SARs responded to in 2021/22 compared to 13 in 2020/21. 102 FOI requests were responded to during 2021/22 compared to 106 in 2020/21 and 2 internal reviews were dealt with.

- 2.18 The Environmental Information Regulation (EIR) request figure for 2021/22 is 20 (2020/21 the figure was 32 with an income of £6580.80) generating an income of £4,248 inc VAT.
- 2.19 The Access to Images Request system ensures that personal information (images) are only disclosed in compliance with the Data Protection Act and the rights of the individual and to provide an audit trail with clear segregation and lines of approval. The system relates to any requests to access any video footage captured on WYFRS owned CCTV systems be that fixed camera, Silent Witness, or mobile video. In 2021/22 WYFRS received a total of 84 requests to access CCTV footage compared with 101 in 2020/21.
- 2.20 WYFRS charge for Incident Reports. During 2021/22 WYFRS received an annual total of 119 requests which are charged at £55, resulting in a total of £6,545 on a cost recovery basis. For 2020/21, WYFRS received an annual total of 95 requests which generated an income of £5,170. The vast majority of requests were summary Incident Reporting System (IRS) reports received by insurance companies/claim handlers and full IRS reports requested by the Police or Local Authorities.
- 2.21 In accordance with the Local Government Transparency Code, WYFRS has a statutory duty of providing data transparency to local residents and businesses. As such a series of datasets are available on the corporate website and are updated on either a quarterly or annual basis in accordance with the specifications. The following information is a brief overview of the published datasets that can be found on the [Data Transparency](#) section of the authority's website:

a) Financial Transactions

All transactions WYFRS make via the Government Procurement Cards are published on the website on a quarterly basis, in addition to the spend over £500 that was previously published.

b) People and Pay

All details relating to senior staff salaries, pay scales, pay multiples, alongside the organisation chart can be found on the Data Transparency pages of the website. The organisation chart provides direct links to relevant departmental information, contact details of Heads of Department etc.

c) Tenders and Procurement

All Tender and Procurement information is logged on the website (for the amount of £5,000 or more).

d) Land and Assets

All details of land and assets owned by WYFRS is publicly available.

e) Trade Unions

All details relating to Fire Brigades Union (FBU), Fire Officers Association (FOA) and UNISON activity is published on the website.

3 Financial Implications

- 3.1 The Information Commissioner's Office issue monetary penalty notices, requiring organisations to pay up to €20 million or 4% of the company's global annual turnover for serious breaches of the General Data Protection Regulation.

4 Legal Implications

- 4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution

5 Human Resource and Diversity Implications

- 5.1 There are no direct human resource and diversity implications associated with this report.

6 Health and Safety Implications

- 6.1 There are no health and safety implications associated with this report.

7 Organisational Dependencies

- 7.1 The changes implemented to comply with the introduction of the UK GDPR in May 2018 have an impact throughout the Authority and particularly in relation to any existing or planned process, project or procurement that involves the collation and/or processing of personal information in whatever form that may be.

8 Your Fire and Rescue Service Links

- 8.1 This report refers to all of the priorities in Your Fire and Rescue Service.

9 Conclusions

- 9.1 Information Governance arrangements and security controls across the Service are regularly monitored, reviewed and continuously improved. Members are requested to note the contents of this report.

OFFICIAL

Quarterly Financial Review

Finance & Resources Committee

Date: 14 October 2022

Agenda Item:

08

Submitted By: Chief Finance and Procurement Officer

Purpose To present a Quarterly Review of the financial position of the Authority

Recommendations

- a) That members note the content of the report
- b) That members approve the revised revenue budget
- b) That members approve the revised capital plan

Summary

The purpose of this report is to present an overview of the financial performance of the Authority in the first 5.5 months of the current financial year. The report deals with revenue and capital expenditure. An update is provided on the current economic climate and Covid19 grant expenditure.

Local Government (Access to information) Act 1972

Exemption Category: None

Contact Officer: Alison Wood
alison.wood@westyorksfire.gov.uk
07500 075362

Background papers open to inspection: None

Annexes: Appendix A – Revision to Capital Plan
Appendix B – Capital Expenditure
Appendix C - Investments

1 Introduction

- 1.1 Expenditure is monitored throughout the year against the approved revenue budget with reports presented to departments, cost centre managers and directors. A high-level summary report is presented to Management Team on a monthly basis. The purpose of the report is to monitor progress against the approved revenue budget; provide a forecast outturn for the financial year; provide an explanation of any major variations, and to show the impact of any variations on the revenue balances of the Authority.

2 Information

Revenue Budget Revision

- 2.1 When the revenue budget is approved an amount is included in contingencies for any budget increases/decreases that were not included within the original budget. Growth and savings included within the approved original budget which have yet to be expended or realised are included within the general contingency.

As reported at Finance and Resources in July, a budget review has been undertaken with budget holders which has resulted a number of transfers to/from contingencies since the last report.

The following require a transfer to/from the general contingency budget:

2.2 Employees

- a) £0.491m has been removed from whole time employee budgets, detailed monitoring of the workforce plan budget against actual numbers in post is carried out on a monthly basis by the Chief Employment Services Officer. This has identified that as at the 31st of March 2023, it is forecast that the Authority will be employing 10.7 less posts than what is budgeted for. This variance is due to the continuing unpredictability of retirements and our ability to fill firefighter posts quickly. Although forecasts are made, these will be subject to variation during the year, but our recruitment planning ensures that we maintain staffing levels close to our establishment.,
- b) Detailed employee budget forecasting has identified that there was an error in the calculation of National Insurance, budgets have been re-adjusted requiring a £0.249m transfer from contingencies to employee budgets.
- c) A control employee has been seconded to work on the Emergency Services Network (ESN) project which is funded by grant. This has resulted in a budget over provision in control of £52k.
- d) There have been a number of adjustments to support staff salaries:
 - The implementation of the review of the pay spine has been delayed due to the length of time for Trade Union consultation. When this budget was agreed in November, it was forecast that that it would be implemented from the 1st of April, it is expected that implementation will be from October. This has resulted in a saving of £0.104m.

- Included within the base revenue budget were a number of bids for new support staff posts. Due to delays in recruitment some of these posts have yet to be filled, this has resulted in a saving of £0.111m
- Although the budget for the recruitment of fire protection officers was based on their expected recruitment dates in June, November and January, there has been delays in their appointment resulting in a saving of £0.186m.
- For those posts that are vacant at the start of the financial year, the budget is held in contingencies. Since the 1st of April five posts have been filled which requires £133k of budget transferring to support staff budgets.

2.3 Non-Employee Budgets

- e) An additional £19k is required for staff advertising which is been used to fund positive action recruitment campaigns.
- f) So that budget monitoring is not distorted, £63k of the day crew accommodation budget which is included in the premises budgets has been transferred to contingencies. Based on forecasts this budget is unlikely to be called upon in 2022/23.
- g) Although the Authority's electricity contract is not due for renewal until March 2023, the existing contract is subject to inflation. The current rate per unit has increased from 12p per unit to 29p per unit, an increase of over 200%. Based on historic usage this increase will see a forecast overspend of £344k and a required budget transfer from contingencies.

In addition, gas charges have also increased but the impact has been lessened as the Authority is tied into its gas contract until 2025. Forecasts indicate an increased budget requirement of £54k in 2022/23.

- h) The Authority has received £96k of rates refunds due to a reduction in rateable values at some fire stations, this has been transferred to contingencies.
- i) As expected, inflation has had an effect on the purchase of vehicle fuel which has required an increase to the base budget of £185k.
- j) A review of supplies and services budgets has identified savings of £480k which has partly offset the inflationary budget increases in utilities and fuel. These savings are:
 - £195k on the laundry renewal contract
 - £80k which is due to delays in the roll out of the new Wide Area Network contract in 2022/23
 - £132k on ICT maintenance and support budgets which is primarily due to budget overprovision.
 - £130k on ICT consultancy, due to resource and capacity constraints on projects, this work will be carried out in the next financial year.
 - The above savings have been offset by an increase in budget requirement for radio licencing of £57k, which is due to an increase in the monthly charge of Airwave which was not anticipated during budget calculations.
- k) There has been an overprovision of £26k for the pensions Service Level Agreement which is included in support services charges category of expenditure.

2.4 Income

- l) The authority has seen a reduction in income in two areas which require a transfer from contingencies of £28k:
- The Authority received notification from the Home Office in June that the Fire Link Grant for which the Authority is budgeted to receive £0.469m in 2022/23 is to be reduced by 20% across the fire sector in each of the next five years. The reduction in 2022/23 amounts to £65k. This reduction was not detailed in the Finance Settlement and is thus not included in the Medium-Term Financial Plan.
 - There is a forecast reduction in false alarm activation income of £35k
 - This has been offset by an increase in secondment income of £72k which is addition to that included within the base budget.

The table below details the current contingencies budget position following the above transfers, which has resulted in an increase in general contingencies of £0.597m:

| | <u>Opening Balance 1/4/22</u> | <u>Transfer to/from Contingencies</u> | <u>Closing Balance</u> |
|----------------------------|-----------------------------------|---|----------------------------|
| | £000 | £000 | £000 |
| General Contingency | 2,324 | 597 | 2,921 |
| Employee Contingency | 2,148 | 0 | 2,148 |
| TOTAL CONTINGENCIES | 4,472 | 597 | 5,069 |

Expenditure Monitoring

- 2.5 This report is based on expenditure to mid-September 2022 and includes the first five salary payments of 2022/23. The projected outturn is based on current years' expenditure and is forecast to the end of the year based on previous expenditure profiles. Overall, the latest forecast indicates there will be an under spending of £90k in the current financial year.
- 2.6 An improved budget monitoring report for managers was introduced in 2018/19 which highlights those areas of concern using a Red, Amber, Green (RAG) rating. For those budgets that are forecast to overspend or under spend a red "cross" will be inserted against the budget line and for those within 5% of budget, an amber mark will be inserted. For those budgets where there is either a red or amber indicator, the budget holder will be required to provide an explanation as to the reason for the projected overspend. This has brought increased accountability to budget holders and is reported to Management Team on a monthly basis.
- 2.7 The table below summarises the forecast with an explanation of the causes detailed below:

| | <u>Revenue</u> <u>Budget</u> £000 | <u>Forecast</u> £000 | <u>Variance</u> £000 |
|------------------------|---|-------------------------|-------------------------|
| Employees | | | |
| Wholetime | 50,920 | 50,909 | -11 |
| Retained | 2,699 | 2,672 | -27 |
| Control | 2,042 | 2,070 | 28 |
| Support Staff | 11,289 | 11,185 | -104 |
| Employee Contingency | 2,149 | 2,149 | 0 |
| Pensions | 1,700 | 1,700 | 0 |
| Training | 758 | 763 | 5 |
| Other Employee | 412 | 412 | 0 |
| TOTAL | 71,969 | 71,860 | -109 |
| Premises | 5,270 | 5,273 | 3 |
| Transport | 2,362 | 2,367 | 5 |
| Supplies and Services | 6,430 | 6,422 | -8 |
| Contingency - General | 2,921 | 2,921 | 0 |
| Support Services | 285 | 279 | -6 |
| Capital Charges | 8,983 | 8,983 | 0 |
| Income | -2,569 | -2,544 | 25 |
| Net Expenditure | 95,651 | 95,561 | -90 |

An explanation of the variances over £25k per expenditure category are explained below:

2.8 **Employees** -£109,000

Whole time Fire Fighters -£11,000

As a result of the net transfer of £242k to contingencies outlined in paragraph 2.1, the whole-time budget forecast is back in line with budget. This budget is monitored closely on a monthly basis and further adjustments may be required during the course of the financial year.

Retained Staff -£27,000

The budget for retained staff was increased for 2022/23 for the recruitment of ten retained employees. The budget underspend is due to a small variance in the recruitment dates to the profile included in the original budget.

Control Staff £28,000

The forecast overspend is due to an overspend on overtime which has been required to maintain cover whilst the newly recruited control operators commence employment and complete their training. Depending on overtime expenditure to the end of March 2023, the forecast overspend may reduce.

Support Staff -£104,000

Although £401k has been removed from support staff budgets, there still remains a projected underspend of £104k. This projected under spend on support staff is attributable to support staff vacancies that are currently vacant and that are in the process of been filled. Due to the length of the recruitment process there is a time lag in filling vacant posts, the target for the recruitment cycle is 84 days.

2.9 Non-Employee Budgets

Due the budget revisions detailed in section 2.1, premises, transport and supplies and services, there are no large variances in these budget categories.

2.10 Income £25,000

The projected under achievement of income is due to forecast reduction in youth training, COMAH recharges and external chainsaw training. This income is subject to external demand and as such is difficult to forecast. This income will be monitored over the next quarter and a budget transfer may be required at the next quarterly financial review report in February.

2.11 Economic Update

2.11.1 As identified in the budget review process detailed in paragraph 2.3 of this report, inflation is having a significant effect on the revenue budget. The paragraphs below provide members with a summary of the impact on the changes to the Authority.

On the 22nd of September, the base interest rate was increased by the Bank of England from 1.75% to 2.25%, the highest level since 2008. Current forecasts from our Treasury consultants predict that the bank base rate could rise to 5% by March 2023. The Authority will not need to take out any new borrowing until late 2024, when the majority of costs for the development of FSHQ and the rebuild of Keighley will materialise, so the effect of an increase in interest rates in terms of borrowing will not have an immediate impact the Authority.

Although PWLB rates have increased over the past few months, the rate for a 25-year loan is currently at 4.62%, an increase of 1.62% for the equivalent loan in June 2022, it is expected that PWLB rates will reduce by the time the Authority is required to take external borrowing in late 2024.

The increase in interest rates will mean that the Authority will achieve higher increased investment income which will be used to support the Medium-Term Financial Plan. Currently the Authority is receiving 1.8% on its most recent investment (excluding Money Market Funds), an increase of 1.0% from investments taken out earlier in the financial year, more detail on current investments is provided in Appendix C.

2.11.2 The Chancellor delivered a mini budget on the 23rd of September, a summary of the main points effecting the Authority is summarised below:

- Reversal of the increase in National Insurance of 1.25% for employers and employees from the 6th of November. Officially, NI was set to return to its old rate from April 2023, and this was to be replaced by a new Health and Social Care Levy at a rate of 1.25%. This levy has been scrapped and the cost will be funded through general taxation and borrowing. The government as part of the finance settlement

for 2022/23 introduced a new one-off Services Grant which was to fund the unfunded pay award from 2021 and the increase in NI of 1.25% from April 2022. The Authority received £1.7m of this grant, of which the NI element amounted to £0.400m. Providing the government does not claw back the proportion of grant that will not be required from November 2022 to March 2023, the Authority will have an additional £0.170m to support the revenue budget.

- The Chancellor announced the creation of Investment Zones, of which West Yorkshire Combined Authority has expressed an initial interest in. Although this does not directly impact the Authority, one of the proposals is to provide 100% business rate relief on newly occupied business premises and certain existing businesses where they expand in English Investment Zone tax sites. Councils hosting Investment Zones will receive 100% of the business rates growth in designated zones above an agreed baseline for 25 years. The Authority receives 1% of the five district councils' business rates, so this initiative should have a beneficial impact on business rates income the Authority will receive.
- The hourly rate for the Real Living Wage has been increased by £1 to £10.90. The Authority is a real living wage employer, and the financial impact of this increase will be assessed by the Chief Employment Services Officer, however, once the green book pay award has been agreed and implemented the effect should be minimal.

2.11.3 On the 21st of September, the government published the Energy Bill Relief Scheme for non-domestic energy customers which includes public sector organisations. This scheme will apply to fixed energy contracts agreed on or after the 1st of April 2022 as well as variable and flexible tariffs and contracts and will apply to energy usage from the 1st of October to the 31st of March. Through this scheme, the government will provide a discount on wholesale gas and electricity prices which is expected to be £211 for MWh for electricity and £75 per MWh for gas. The authority is on a flexible purchase contract for electricity with Npower, YPO, our current framework provider is working with Npower to assess the impact on existing contracts. However, our current usage is below the limit set by government so the authority will not benefit from this scheme.

3 Impact on Revenue Balances

3.1 The projected under spending will have the effect of increasing the general fund balance which is detailed in the table below:

| Description | Usable Reserves £000 |
|--|-------------------------|
| Opening Balance 1/4/22 | |
| General Fund | 5,000 |
| Earmarked Reserves | 32,313 |
| Impact of forecast | 90 |
| Forecast Usable Reserves at 31/3/2023 | 37,403 |

4 Covid 19 Pandemic Financial Update

- 4.1 As previously reported at Finance and Resources Committee, West Yorkshire has received a total of £2.736m in Covid19 grant funding, this is held in a separate earmarked reserve. The table below details the amount spent against this grant and forecast balance.

| | Actual £000's | Forecast £000's |
|-----------------------------------|------------------|--------------------|
| Grant Received | -2,736 | -2,736 |
| 2019/20 | -436 | |
| 2020/21 | -1,736 | |
| 2021/22 | -564 | |
| Expenditure to 31 March 2022 | | 2,086 |
| <u>Expenditure in 2022/23</u> | | |
| Overtime | 305 | 550 |
| Leave Buy Back | 41 | 100 |
| Total Expenditure | 346 | 2,736 |
| Grant Remaining at 31/3/23 | -2,390 | 0 |

4.2 Covid19 Expenditure

The grant will be used for the following purposes during 2022/23:

- a) The majority of expenditure is for overtime to cover employees taking leave during this financial year. Employees accrued leave in 2020/21 which they were unable to take due to the pandemic. In addition, the grant will be used to pay for overtime for crews who will be attending training courses that were postponed during the pandemic.
- b) The scheme whereby employees can sell up to five days holidays back to the Authority, has been extended into this financial year, the deadline for this is the 31 December 2022, so the costs will vary over the next six months. The forecast has been based on expenditure profiles in 2021/22.

5 Contact Procedure Rules

- 5.1 A requirement of the Authority's constitution, which was approved at Full Authority in February 2021, is to report to Finance and Resources Committee the approval of waivers to the Contract Procedure Rules (CPR) over £75,000.
- 5.2 In the second quarter of 2022/23, there have been two waivers which are in relation to the purchase of gym shoes for operational staff and the corporate communications external review.

- 5.2.1 A review was undertaken by the operations department for the provision of gym shoes. Gym shoes are provided for operational staff so that they can maintain their fitness and they are required to undertake physical exercise every day. For this reason, both Management Team and Management Board agreed that provision of gym shoes should continue via the Stores requisition process.

No formal contract has ever been in place and there are no existing framework agreements for this requirement. Moreover, an open tender process was unlikely to provide any benefit or return on investment due our small requirement. A local supplier was sourced who can provide all requirements at a maximum cost of £50 per pair (the current costs are circa £70 per pair), and a formal contract is now in place.

Because a tender process was not undertaken and the total cost of the contract will exceed £75k, an exemption to CPR was requested and duly approved. The total maximum value of the contract is circa £110k, assuming that every fire fighter obtains a pair of gym shoes every 2 years.

- 5.2.2 Management Team approved that, communication and engagement functions and activities across the service should be reviewed externally. Westco were chosen to undertake the review by the Head of Communications. Westco are an arms-length company set up by Westminster Council in 2003 and are nationally the only company who specialise in public sector communication reviews. The exemption was approved as it will inform the restructure of the corporate communications team which is deemed to be an urgent piece of work. If a full procurement process was undertaken, which due to the specialist nature of the tender would take six months, it is highly likely that the same company would have been successful due to the niche market of public sector communications which was explained earlier. The cost of the tender is £80k and is included within existing budgets.

6 Capital Expenditure Monitoring

6.1 Introduction

At its meeting on the 24th of February 2022 the Authority approved a five-year capital programme of £65.098m which included schemes to the value of £16.878m for the current financial year. In addition, schemes with a total value of £16.24m were approved in 2021/22 to be slipped into this financial year, resulting in an overall capital plan value of £33.108m.

At Finance and Resources Committee in July, members approved the slipping of some schemes into 2023/24, resulting in a revised capital plan of £26.068m

6.2 Revised capital plan 2022/23

In conjunction with the review of revenue budgets, managers were also asked to review the capital schemes for which they are responsible for. This has resulted in £7.714m been requested to be slipped into the next financial year and £0.630m been removed from the capital plan.

A brief explanation of the movements is provided below and are detailed in Appendix A:

- Out of the £12.714m capital budget for this financial year for the FSHQ development, £4.714m is required to be slipped into 2023/24. Following the signing of the contract, a cash flow report has been provided by Willmott Dixon which shows that £6.816m is to be spent against the contract with Willmott Dixon, the remaining £1.200m is for expenditure outside the contract which is the responsibility of the Authority.
- £3.000m for the rebuild of Keighley Fire Station, which is subject to a separate report on this agenda. Due to delays in the tender process, the commencement of the rebuild will begin in December 2022, meaning that the full capital allocation will not be required in this financial year.
- £0.240m has been removed from the capital plan for UPS on stations, for which the scheme received approval at the July F&R meeting. In error, the scheme was slipped from 2022/23 and a new capital bid for the same scheme was approved for the 2022/23 capital plan.
- £0.030m has been removed for the installation of Ludo Charging Points, the provision of electrical charging points is being re-scoped so this scheme will be re-submitted as a new capital bid in 2023/24.
- £0.022m has been removed for the purchase of new laptops for control offsite resilience. The actual cost of the laptops was under £10k, which means that it is under the deminimis level for capital and was thus required to be charged to revenue.
- £0.338m has been removed for the control system contingency which is scheme that has been slipped over a number of years. This contingency was to fund any costs that exceeded the grant provided for the control system. This contingency is no longer required as the final payment has been settled with Systel.

6.3 **Capital Payments 2022/23**

The actual capital payments to date total £2.440m, which represents 13.76% of the revised capital plan. If commitments are included in this, the actual expenditure to date is £4.395m, which equates to 24.80% of the capital plan.

Due to the procurement process for capital schemes, a large proportion of capital expenditure occurs in the latter part of the financial year.

As with revenue budget monitoring a RAG rating system has been introduced to capital budget monitoring which will improve accountability of capital scheme managers

A summary of the capital plan including slipped schemes is attached to this report in Appendix B, which shows details of expenditure on each individual scheme. This includes the revisions and approvals explained in sections 6.2 and 6.4 of the report.

6.4 **Approvals under financial procedure 3.11**

Under financial procedures 3.11 the Management Board can approve expenditure on schemes in the approved capital plan up to an amount of £100,000 along with a requirement to report these approvals to the Finance and Resources Committee.

Since the last Finance and Resources Committee in July, the Management Board have approved a virement between two capital schemes and the approval of expenditure on three schemes totalling £189,150

These are detailed in the table below:

Schemes Approved by Management Board

| Date | Directorate | Scheme | <u>Approval</u> | <u>Virement</u> |
|-------------|--------------------|------------------------|------------------------|------------------------|
| July | Service Delivery | Water Rescue Equipment | | -£35,200 |
| | Service Delivery | Wildfire Helmets | | £35,200 |
| August | Service Delivery | Lay Flat Hose | £50,000 | |
| | Service Delivery | BA Set Reducers | £46,150 | |
| September | Service Support | FF Laptops | £93,000 | |
| | | | £189,150 | £0 |

6.5 Capital Receipts

There have been no capital receipts received in this financial year.

7 Treasury Management

7.1 The Authority approved its Treasury Management Strategy on the 24th of February 2022 in accordance with the CIPFA Code of Practice on Treasury Management.

7.2 In the current financial year, the Authority is continuing to benefit from a positive cash flow through the early payment of Government grant and revenue balances which has meant that no new long-term borrowing has been required for the past ten years.

Consequently, in the current financial year treasury management activity has been limited to investments. The table in Appendix C shows the Authority currently has total investments of £64.938m split between ten counter parties with rates of interest receivable between 0.01% and 1.80%. This boosted at the end of July when the Authority received £31m in pension Top Up Grant.

Investments information is provided in Appendix C.

8 Debtors

8.1 The Authority receives income for services provided; these include special services, training courses, fire safety certificates, and licences for telecom masts on premises. In most cases the services provided are a result of an emergency which means that it is not possible to raise a charge in advance of the service and consequently debtor accounts are raised.

8.2 The level of outstanding debt owed to the Authority to the end of September 2022 is £290,210 which can be profiled as follows:

| | |
|------------------------|----------|
| Less than 60 days - | £222,732 |
| Greater than 60 days - | £ 67,478 |

8.3 The procedure for issuing accounts and debt collection is provided by Kirklees Council under a Service Level Agreement. A summary of the procedure for collecting outstanding debt is detailed below:

| | |
|---------|-------------------------------------|
| 21 days | first reminder letter |
| 28 days | second reminder letter |
| 35 days | instigation of debt recovery system |

As detailed above, there is currently £93,356 of debt which is at the recovery stage. However, previous experience suggests that the Authority will recover all of the outstanding debts.

9 Creditors

9.1 The Authority is required to pay all non disputed invoices within 28 days of receipt. In the first six months of the current financial year the Authority has received 4,381 invoices and paid 96% of them within 28 days, of which 61% were autopaid.

10 Financial Implications

The financial implications have been detailed in each section of the report.

11 Legal Implications

The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution

12 Human Resource and Diversity Implications

There are no human resource and diversity implications associated with this report

13 Equality Impact Assessment

| | |
|--|----------|
| Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorkfire.gov.uk)) | Yes / No |
|--|----------|

14 Health, Safety and Wellbeing Implications

There are no health, safety, and wellbeing implications associated with this report.

15 Environmental Implications

There are no environmental implications associated with this report.

16 Your Fire and Rescue Service Priorities

The management and monitoring of both revenue and capital resources is key to achieving all the fire and rescue services priorities.

17 Conclusions

This report identifies that the Authority is currently forecast to under spend its revenue budget in 2022/23 by £90k. The report has summarised the financial impact on Covid19, and it is expected that the grant received of £2.736m will cover all costs incurred in managing the pandemic, based on existing demands.

Members have been provided with an update on the mini budget and the financial implications for the Authority that fall out of this.

Both the revenue and capital budgets will continue to be monitored closely during the year in conjunction with directors and budget holders.

Appendix A

| Department | Scheme | Capital Plan 2022/23 | Capital Plan Slippage B/Fwd | Reduction to Plan | Slippage to 2023/24 | Revised Capital Plan 2022/23 |
|------------|----------------------------|-------------------------|--------------------------------------|----------------------|------------------------|------------------------------------|
| CRMP | FSHQ Development | £12,714,420 | | | -£4,714,420 | £8,000,000 |
| CRMP | Keighley Fire Station | £4,750,000 | | | -£3,000,000 | £1,750,000 |
| ICT | UPS on Stations | £480,000 | | -£240,000 | | £240,000 |
| Property | Ludo Charging Points | £30,000 | | -£30,000 | | £0 |
| Operations | Control Offsite Resilience | | £22,000 | -£22,000 | | £0 |
| Operations | Control Room Contingency | | £338,000 | -£338,000 | | 0 |
| | TOTAL | £17,974,420 | £360,000 | -£630,000 | -£7,714,420 | £9,990,000 |

Appendix B

CAPITAL BUDGET MONITORING 2022/23 SUMMARY

| Directorate | Capital Plan 2022/23 | | | | | | Capital Expenditure 2022/23 | | | |
|---------------------|-----------------------|--------------------|------------------|-----------------|---------------------|--------------------|-----------------------------|-------------------|-------------------|----------------------------|
| | 2022/23 | 2021/22 | 2022/23 | 2022/23 | 2022/23 | 2022/23 | 2022/23 | 2022/23 | 2022/23 | 2022/23 |
| | Original Capital Plan | Slippage b/f | Decrease | Increase | Slippage c/f | Total | Commitments Opex | Total Exp SAP | Total | Over/(Under) spend to date |
| Property services | £1,198,620 | £1,062,402 | -£252,518 | £265,518 | -£30,000 | £2,244,022 | £568,872 | £579,520 | £1,148,392 | -£1,095,630 |
| IRMP | £8,538,825 | £9,342,595 | £0 | £0 | -£8,114,420 | £9,767,000 | £4,680 | £987,871 | £992,552 | -£8,774,448 |
| ICT | £718,000 | £997,963 | -£90,000 | £345,068 | -£240,000 | £1,731,031 | £106,476 | £229,554 | £336,029 | -£1,395,002 |
| Employment Services | £0 | £17,969 | £0 | £229,500 | £0 | £247,469 | £0 | £0 | £0 | -£247,469 |
| Transport | £3,750,183 | £3,650,560 | £0 | £0 | -£6,325,178 | £1,075,565 | £1,238,462 | £302,009 | £1,540,471 | £464,906 |
| Operations | £2,272,575 | £1,159,269 | -£421,700 | £70,700 | -£822,000 | £2,258,844 | £37,433 | £167,654 | £205,088 | -£2,053,756 |
| Fire Safety | £400,000 | £0 | £0 | £0 | £0 | £400,000 | £0 | £172,919 | £172,919 | -£227,081 |
| | £16,878,203 | £16,230,758 | -£764,218 | £910,786 | -£15,531,598 | £17,723,931 | £1,955,923 | £2,439,527 | £4,395,451 | -£13,328,481 |

PROPERTY

| Details of Scheme | Capital Plan 2022/23 | | | | | | Capital Expenditure 2022/23 | | | |
|--|-----------------------|-------------------|------------------|-----------------|-----------------|-------------------|-----------------------------|-----------------|-------------------|----------------------------|
| | 2022/23 | 2021/22 | 2022/23 | 2022/23 | 2022/23 | 2022/23 | 2022/23 | 2022/23 | 2022/23 | 2022/23 |
| | Original Capital Plan | Slippage b/f | Decrease | Increase | Slippage c/f | Capital total | Commitments Opex | Total Exp SAP | Total | Over/(Under) spend to Date |
| Cookridge | £477,620 | £0 | £0 | £0 | £0 | £477,620 | £19,410 | £0 | £19,410 | £-458,210 |
| CCTV Upgrades | £176,000 | £0 | £0 | £0 | £0 | £176,000 | £0 | £31,226 | £31,226 | £-144,774 |
| Health & Safety Upgrades | £300,000 | £0 | £-252,518 | £0 | £0 | £47,482 | £0 | £24,690 | £24,690 | £-22,792 |
| L8 Upgrades | £44,000 | £0 | £0 | £0 | £0 | £44,000 | £0 | £22,954 | £22,954 | £-21,046 |
| Mirfield Asbestos Removal | £41,000 | £0 | £0 | £0 | £0 | £41,000 | £0 | £0 | £0 | £-41,000 |
| Ludo Charging Points | £30,000 | £0 | £0 | £0 | £-30,000 | £0 | £0 | £0 | £0 | £0 |
| EV Charging Points | £65,000 | £0 | £0 | £0 | £0 | £65,000 | £0 | £0 | £0 | £-65,000 |
| Stanningley Charging Points | £65,000 | £0 | £0 | £0 | £0 | £65,000 | £8,549 | £70,045 | £78,594 | £13,594 |
| Stanningley Boiler | £0 | £0 | £0 | £90,000 | £0 | £90,000 | £5,500 | £10,000 | £15,500 | £-74,500 |
| Total New Schemes 2022/23 | £1,198,620 | £0 | £-252,518 | £90,000 | £-30,000 | £1,006,102 | £33,459 | £158,915 | £192,374 | £-813,728 |
| Slipped Schemes | | | | | | | | | | |
| Odsal Fire Station | £0 | £419,840 | £0 | £162,518 | £0 | £582,358 | £156,509 | £210,146 | £366,656 | £-215,702 |
| Ilkley Dormitory Facilities | £0 | £112,532 | £0 | £0 | £0 | £112,532 | £3,304 | £102,508 | £105,812 | £-6,720 |
| Rawdon ablution Facilities | £0 | £9,695 | £0 | £0 | £0 | £9,695 | £0 | £1,580 | £1,580 | £-8,115 |
| Todmorden | £0 | £243,654 | £0 | £0 | £0 | £243,654 | £96,243 | £100,422 | £196,665 | £-46,989 |
| Vehicle workshop pit improvements | £0 | £1,228 | £0 | £0 | £0 | £1,228 | £1,228 | £0 | £1,228 | £0 |
| Risk Register - Asbestos | £0 | £7,503 | £0 | £0 | £0 | £7,503 | £1,600 | £0 | £1,600 | £-5,903 |
| Skelmanthorpe - Control Panel | £0 | £5,950 | £0 | £0 | £0 | £5,950 | £0 | £5,950 | £5,950 | £0 |
| PPE Storage Shelters | £0 | £262,000 | £0 | £13,000 | £0 | £275,000 | £276,528 | £0 | £276,528 | £1,528 |
| Total Slipped Schemes | £0 | £1,062,402 | £0 | £175,518 | £0 | £1,237,920 | £535,413 | £420,605 | £956,018 | £-281,901 |
| Not approved | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Total Capital Expenditure 2022/23 | £1,198,620 | £1,062,402 | £-252,518 | £265,518 | £-30,000 | £2,244,022 | £568,872 | £579,520 | £1,148,392 | £-1,095,630 |

CRMP

| Details of Scheme | Capital Plan 2022/23 | | | | | | Capital Expenditure 2021/22 | | | |
|--|-----------------------|-------------------|-----------|-----------|--------------------|-------------------|-----------------------------|-----------------|-----------------|----------------------------|
| | 2022/23 | 2021/22 | 2022/23 | 2022/23 | 2022/23 | 2022/23 | 2022/23 | 2022/23 | 2022/23 | 2022/23 |
| | Original Capital Plan | Slippage b/f | Decrease | Increase | Slippage c/f | Capital total | Commitments Opex | Total Exp SAP | Total | Over/(Under) spend to Date |
| Keighley Rebuild | £1,900,000 | £2,850,000 | £0 | £0 | £-3,000,000 | £1,750,000 | £0 | £0 | £0 | £-1,750,000 |
| FSHQ Rebuild | £6,438,825 | £4,975,595 | £0 | £0 | £-4,714,420 | £6,700,000 | £0 | £974,875 | £974,875 | £-5,725,125 |
| FSHQ Fire Station/USAR | £0 | £1,300,000 | £0 | £0 | £0 | £1,300,000 | £0 | £0 | £0 | £-1,300,000 |
| FSHQ TRTC refurbishment | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| FSHQ BA/ICT buildings | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Halifax Rebuild | £100,000 | £100,000 | £0 | £0 | £-200,000 | £0 | £0 | £0 | £0 | £0 |
| Huddersfield rebuild | £100,000 | £100,000 | £0 | £0 | £-200,000 | £0 | £0 | £0 | £0 | £0 |
| Training Facility FSHQ | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Total New Schemes 2022/23 | £8,538,825 | £9,325,595 | £0 | £0 | £-8,114,420 | £9,750,000 | £0 | £974,875 | £974,875 | £-8,775,125 |
| Slipped Schemes | | | | | | | | | | |
| Wakefield | £0 | £17,000 | £0 | £0 | £0 | £17,000 | £4,680 | £12,996 | £17,677 | £677 |
| Total Slipped Schemes | £0 | £17,000 | £0 | £0 | £0 | £17,000 | £4,680 | £12,996 | £17,677 | £677 |
| Total Capital Expenditure 2022/23 | £8,538,825 | £9,342,595 | £0 | £0 | £-8,114,420 | £9,767,000 | £4,680 | £987,871 | £992,552 | £-8,774,448 |

ICT

| Details of Scheme | Capital Plan 2022/23 | | | | | | Capital Expenditure 2022/23 | | | |
|--|-----------------------|-----------------|-----------------|-----------------|------------------|-------------------|-----------------------------|-----------------|-----------------|----------------------------|
| | <u>2022/23</u> | <u>2021/22</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> |
| | Original Capital Plan | Slippage b/f | Decrease | Increase | Slippage c/f | Capital total | Commitments Opex | Total Exp SAP | Total | Over/(Under) spend to Date |
| Firewall Replacement | £90,000 | £0 | -£90,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| WAN | £100,000 | £0 | £0 | £345,068 | £0 | £445,068 | £6,495 | £460 | £6,955 | -£438,113 |
| UPS on Stations | £240,000 | £240,000 | £0 | £0 | -£240,000 | £240,000 | £0 | £0 | £0 | -£240,000 |
| FF Laptops | £93,000 | £0 | £0 | £0 | £0 | £93,000 | £0 | £0 | £0 | -£93,000 |
| MDT | £150,000 | £0 | £0 | £0 | £0 | £150,000 | £0 | £0 | £0 | -£150,000 |
| Digital Humans | £20,000 | £0 | £0 | £0 | £0 | £20,000 | £0 | £0 | £0 | -£20,000 |
| One View Performance Management | £25,000 | £0 | £0 | £0 | £0 | £25,000 | £0 | £0 | £0 | -£25,000 |
| Total New Schemes 2022/23 | £718,000 | £240,000 | -£90,000 | £345,068 | -£240,000 | £973,068 | £6,495 | £460 | £6,955 | -£966,113 |
| Slipped Schemes | | | | | | | | | | |
| Upgrade of Gartan | £0 | £50,000 | £0 | £0 | £0 | £50,000 | £0 | £0 | £0 | -£50,000 |
| Computer Hardware Replacement | £0 | £36,577 | £0 | £0 | £0 | £36,577 | £349 | £24,773 | £25,122 | -£11,455 |
| MDT Hardware Replacement | £0 | £140,000 | £0 | £0 | £0 | £140,000 | £0 | £0 | £0 | -£140,000 |
| Enterprise Service Management Implemer | £0 | £25,315 | £0 | £0 | £0 | £25,315 | £25,315 | £0 | £25,315 | £0 |
| Appliance Mobiles | £0 | £29,200 | £0 | £0 | £0 | £29,200 | £0 | £29,200 | £29,200 | £0 |
| Print Solution | £0 | £174,000 | £0 | £0 | £0 | £174,000 | £0 | £0 | £0 | -£174,000 |
| ICT Station Equipment | £0 | £284,216 | £0 | £0 | £0 | £284,216 | £61,926 | £175,121 | £237,046 | -£47,170 |
| Additional resource for HR & Rostering | £0 | £18,655 | £0 | £0 | £0 | £18,655 | £12,390 | £0 | £12,390 | -£6,265 |
| Total Slipped Schemes | £0 | £757,963 | £0 | £0 | £0 | £757,963 | £99,980 | £229,094 | £329,074 | -£428,889 |
| Total Capital expenditure 2022/23 | £718,000 | £997,963 | -£90,000 | £345,068 | -£240,000 | £1,731,031 | £106,476 | £229,554 | £336,029 | -£1,395,002 |

EMPLOYMENT SERVICES

| Details of Scheme | Capital Plan 22/23 | | | | | | Capital Expenditure 2022/23 | | | |
|----------------------------------|-----------------------|----------------|----------------|-----------------|----------------|-----------------|-----------------------------|----------------|----------------|----------------------------|
| | <u>2022/23</u> | <u>2021/22</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> |
| | Original Capital Plan | Slippage b/f | Decrease | Increase | Slippage c/f | Capital total | Commitments Opex | Total Exp SAP | Total | Over/(Under) spend to Date |
| Treadmills | £0 | £0 | £0 | £229,500 | £0 | £229,500 | £0 | £0 | £0 | -£229,500 |
| | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Total New Schemes 2022/23 | £0 | £0 | £0 | £229,500 | £0 | £229,500 | £0 | £0 | £0 | -£229,500 |
| Slipped Schemes | | | | | | | | | | |
| Assist Technology | £0 | £17,969 | £0 | £0 | £0 | £17,969 | £0 | £0 | £0 | -£17,969 |
| | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Total Slipped Schemes | £0 | £17,969 | £0 | £0 | £0 | £17,969 | £0 | £0 | £0 | -£17,969 |
| Total Expenditure 2022/23 | £0 | £17,969 | £0 | £229,500 | £0 | £247,469 | £0 | £0 | £0 | -£247,469 |

OPERATIONS

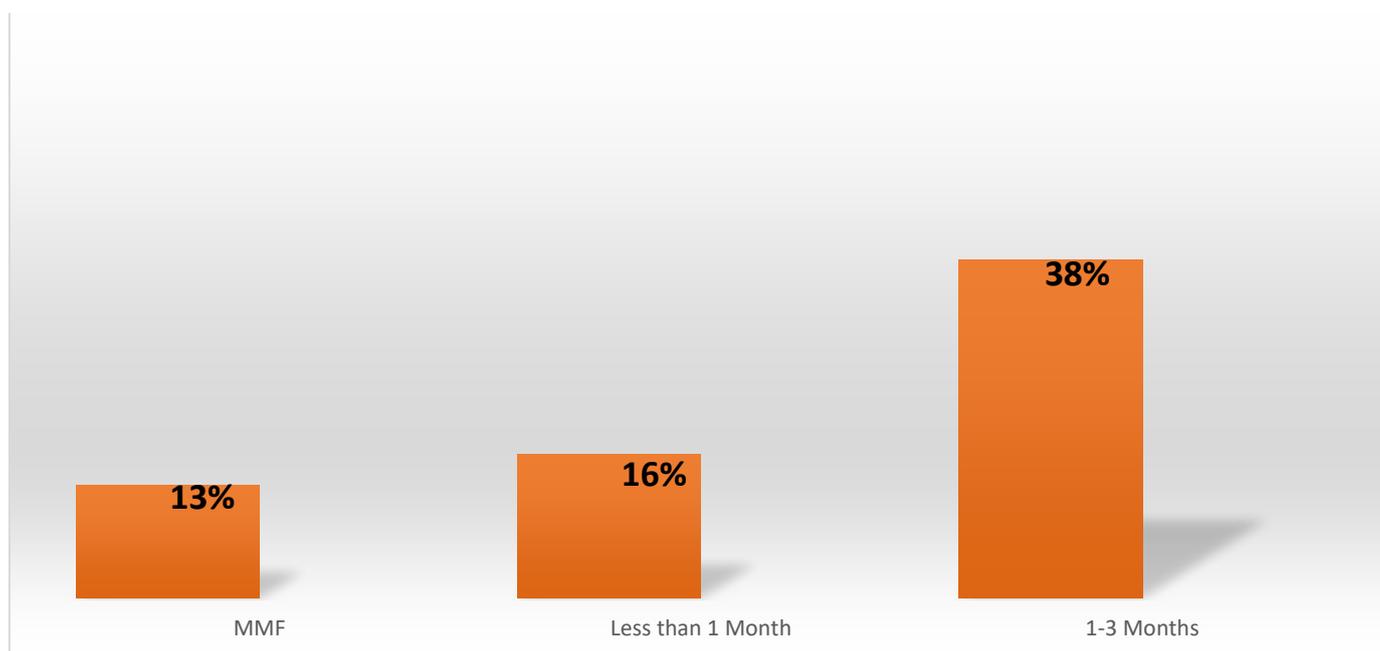
| Details of Scheme | Capital Plan 2022/23 | | | | | | Capital Expenditure 2022/23 | | | |
|--|-----------------------|-------------------|------------------|----------------|------------------|-------------------|-----------------------------|-----------------|-----------------|----------------------------|
| | 2022/23 | 2021/22 | 2022/23 | 2022/23 | 2022/23 | 2022/23 | 2022/23 | 2022/23 | 2022/23 | 2022/23 |
| | Original Capital Plan | Slippage b/f | Decrease | Increase | Slippage c/f | Total | Commitments Opex | Total Exp SAP | Total | Over/(Under) spend to Date |
| Particulate Flash Hoods | £210,000 | £0 | £0 | £0 | £0 | £210,000 | £0 | £0 | £0 | £-210,000 |
| BA Set Reducer | £46,150 | £0 | £0 | £0 | £0 | £46,150 | £0 | £0 | £0 | £-46,150 |
| Lay Flat Hose | £50,000 | £0 | £0 | £0 | £0 | £50,000 | £0 | £0 | £0 | £-50,000 |
| BA Cleaning & drying Units | £40,000 | £0 | £0 | £0 | £0 | £40,000 | £0 | £0 | £0 | £-40,000 |
| Wildfire Vehicle | £182,000 | £0 | £0 | £0 | £0 | £182,000 | £0 | £0 | £0 | £-182,000 |
| Water Hydrant | £360,000 | £0 | £0 | £0 | £0 | £360,000 | £0 | £37,019 | £37,019 | £-322,981 |
| Wildfire PPE | £31,000 | £0 | £0 | £0 | £0 | £31,000 | £1,520 | £27,231 | £28,751 | £-2,249 |
| Ladders | £100,825 | £0 | £0 | £0 | £-50,000 | £50,825 | £0 | £0 | £0 | £-50,825 |
| Uniform | £150,000 | £200,000 | £0 | £0 | £0 | £350,000 | £0 | £0 | £0 | £-350,000 |
| Body Worn Cameras | £67,500 | £15,000 | £0 | £0 | £0 | £82,500 | £0 | £0 | £0 | £-82,500 |
| Mobilising System | £1,000,000 | £0 | £0 | £0 | £-750,000 | £250,000 | £0 | £0 | £0 | £-250,000 |
| Gas Detector | £35,100 | £0 | £0 | £0 | £0 | £35,100 | £0 | £0 | £0 | £-35,100 |
| Ballistic Helmets | £0 | £0 | £0 | £25,000 | £0 | £25,000 | £0 | £0 | £0 | £-25,000 |
| 2nd Water bottles | £0 | £0 | £0 | £10,500 | £0 | £10,500 | £0 | £0 | £0 | £-10,500 |
| Wildfire Helmets | £0 | £0 | £0 | £35,200 | £0 | £35,200 | £0 | £0 | £0 | £-35,200 |
| Total New Schemes 2022/23 | £2,272,575 | £215,000 | £0 | £70,700 | £-800,000 | £1,758,275 | £1,520 | £64,250 | £65,769 | £-1,692,506 |
| Slipped Schemes | | | | | | | | | | |
| Portable Scene Lighting | £0 | £100,000 | £0 | £0 | £0 | £100,000 | £0 | £0 | £0 | £-100,000 |
| Technical Rescue Equipment | £0 | £75,000 | £0 | £0 | £0 | £75,000 | £0 | £47,606 | £47,606 | £-27,394 |
| Command Support | £0 | £100,000 | £0 | £0 | £0 | £100,000 | £0 | £0 | £0 | £-100,000 |
| Expansion Foam concrete | £0 | £51,656 | £0 | £0 | £0 | £51,656 | £35,914 | £0 | £35,914 | £-15,742 |
| Control Offsite Resilience | £0 | £22,000 | £0 | £0 | £-22,000 | £0 | £0 | £0 | £0 | £0 |
| Thermal Image | £0 | £55,000 | £0 | £0 | £0 | £55,000 | £0 | £0 | £0 | £-55,000 |
| DEFRA Water rescue | £0 | £116,861 | £-83,700 | £0 | £0 | £33,161 | £0 | £15,913 | £15,913 | £-17,248 |
| Replacement of Operational PPE | £0 | £85,753 | £0 | £0 | £0 | £85,753 | £0 | £38,398 | £38,398 | £-47,355 |
| Ops Contingency | £0 | £338,000 | £-338,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Hydrants | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £1,488 | £1,488 | £1,488 |
| Total Slipped Schemes | £0 | £944,269 | £-421,700 | £0 | £-22,000 | £500,569 | £35,914 | £103,405 | £139,318 | £-361,251 |
| Total Capital Expenditure 2021/22 | £2,272,575 | £1,159,269 | £-421,700 | £70,700 | £-822,000 | £2,258,844 | £37,433 | £167,654 | £205,088 | £-2,053,756 |

FIRE SAFETY

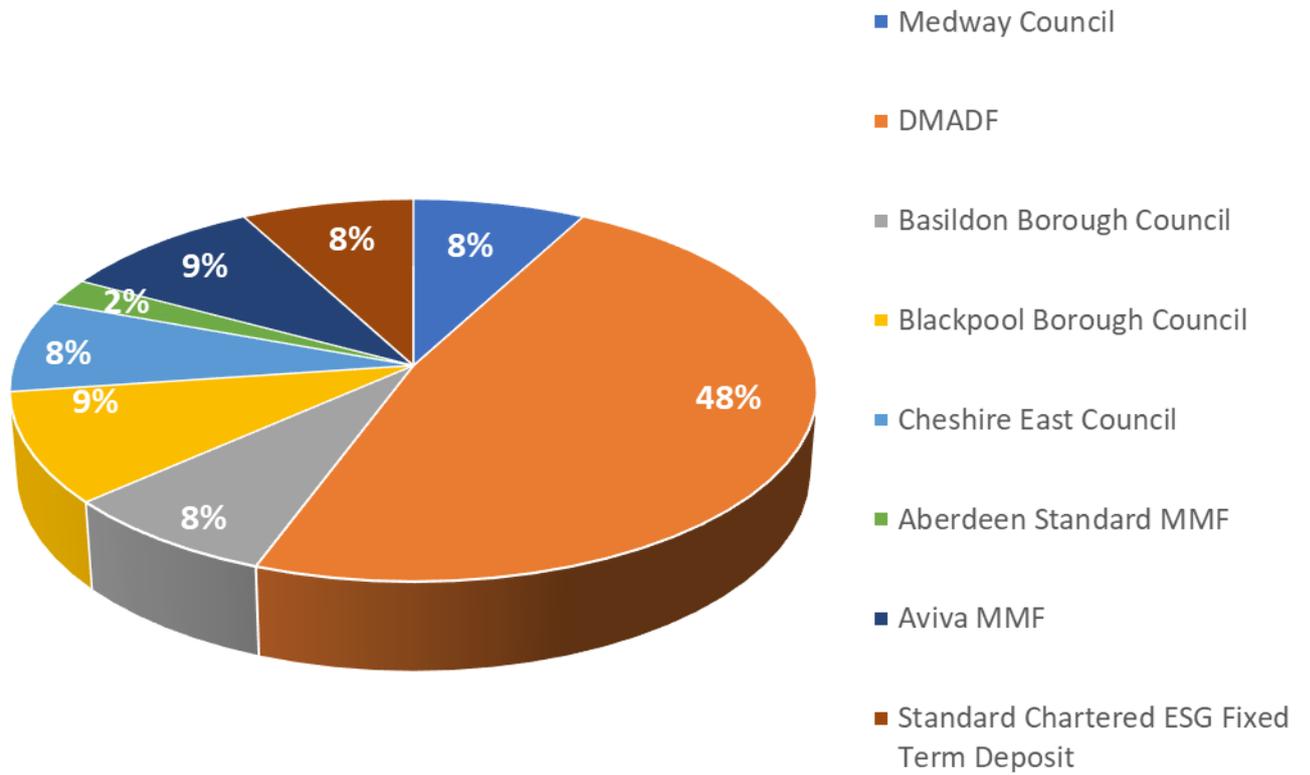
| Details of Scheme | Capital Plan 2022/23 | | | | | | Capital Expenditure 2022/23 | | | |
|--|-----------------------|----------------|----------------|----------------|----------------|-----------------|-----------------------------|-----------------|-----------------|----------------------------|
| | <u>2022/23</u> | <u>2021/22</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> | <u>2022/23</u> |
| | Original Capital Plan | Slippage b/f | Decrease | Increase | Slippage c/f | Total | Commitments Opex | Total Exp SAP | Total | Over/(Under) spend to Date |
| Fire Safety | £400,000 | £0 | £0 | £0 | £0 | £400,000 | £0 | £172,919 | £172,919 | -£227,081 |
| Total New Schemes 2021/22 | £400,000 | £0 | £0 | £0 | £0 | £400,000 | £0 | £172,919 | £172,919 | -£227,081 |
| Fire Safety | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Total Slipped Schemes | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| Total Capital Expenditure 2021/22 | £400,000 | £0 | £0 | £0 | £0 | £400,000 | £0 | £172,919 | £172,919 | -£227,081 |

Appendix C

| COUNTERPARTY | £ | Interest Rate | Date Invested | Maturity Date | Maturity Structure |
|---|-------------------|---------------|---------------|---------------|--------------------|
| Medway Council | 5,000,000 | 0.80 | 22/03/2022 | 22/12/2022 | 3-6 Months |
| Cheshire East Council | 5,000,000 | 1.80 | 23/08/2022 | 23/05/2023 | 6-9 Months |
| Basildon Borough Council | 5,000,000 | 1.18 | 20/05/2022 | 19/05/2023 | 6-9 Months |
| Blackpool Borough Council | 3,000,000 | 1.21 | 10/06/2022 | 09/06/2023 | 9-12 Months |
| Blackpool Borough Council | 3,000,000 | 1.21 | 22/06/2022 | 21/06/2023 | 9-12 Months |
| DMADF | 594,804 | 1.11 | 01/06/2022 | 01/09/2022 | Less than 1 Month |
| DMADF | 10,000,000 | 1.48 | 28/07/2022 | 09/09/2022 | Less than 1 Month |
| DMADF | 10,000,000 | 1.61 | 28/07/2022 | 14/10/2022 | 1-3 Months |
| DMADF | 10,000,000 | 1.64 | 29/07/2022 | 01/11/2022 | 1-3 Months |
| Aberdeen Standard MMF | 1,456,141 | 0.01 | MMF | MMF | MMF |
| Aviva MMF | 5,945,828 | 0.01 | MMF | MMF | MMF |
| Goldman Sachs | 928,711 | 0.01 | MMF | MMF | MMF |
| Lloyds 32 Day Notice Account | 12,156 | 0.20 | 31/08/2022 | 30/09/2022 | Less than 1 Month |
| Standard Chartered ESG Fixed Term Deposit | 5,000,000 | 1.24 | 31/08/2022 | 30/11/2022 | 1-3 Months |
| TOTAL | 64,937,640 | | | | |



Counterparty Structure



OFFICIAL

Reserves Strategy 2022/23 - 2026/27

Finance & Resources Committee

Date: 14 October 2022

Agenda Item:

09

Submitted By: Chief Finance and Procurement Officer

| | |
|------------------------|---|
| Purpose | To seek endorsement of the Authority's Reserves Strategy 2022/23 to 2026/27 and to approve the creation of a new Industrial Action Earmarked Reserve |
| Recommendations | That Members approve the Reserves Strategy 2022/23 to 2026/27. That members approve the creation of a new reserve, Industrial Action by the transfer of £1m from the pension equalisation earmarked reserve. |
| Summary | The level of usable reserves of stand-alone fire and rescue services is of particular interest at a national level and it is recognised that there is a need for greater transparency around reserves. The reserves strategy is approved annually at Finance and Resources Committee and Full Authority approves the use of reserves to support the revenue budget in February as part of the budget setting process. |

Local Government (Access to information) Act 1972

Exemption Category: None

Contact Officer: Alison Wood
alison.wood@westyorksfire.gov.uk
07500 075362

Background papers open to inspection: CIPFA LAAP Bulletin 99

Annexes: Reserves Strategy 2022/23 to 2026/27
NFCC Reserves Survey 2021

1 Introduction

- 1.1 It is a requirement that local authorities publish their reserves strategy either as a separate document on their website or include it a part of the budget setting process. The Reserves Strategy is formally approved at Finance and Resources Committee and then subsequently published on the Authority's website. In addition, the planned use of usable reserves over the next four years to support the Medium-Term Financial Plan is presented to Full Authority as part of the budget setting process.
- 1.2 Reserves are an essential tool of good financial management; they allow authorities to manage unpredictable financial pressures and plan for their future spending to facilitate long-term budget stability.

2 Information

- 2.1 At a national level there has been considerable debate about the level of general reserves that are being held by local authorities. Whilst there is no specified minimum general reserve level, a broad rule of thumb adopted by most Chief Finance Officers in Local Government has been that an appropriate and prudent level is one that is equivalent to 5% of the budget.
- 2.2 The current level of reserves for West Yorkshire as at the 1 April 2022 were £5.0m of general fund balances and £37.799m in earmarked reserves, equating to a total usable reserve balance of £42.799m. The general fund balance of £5m represents 5.2% of the revenue budget.
- 2.3 If the Authority were to spend its reserves over and above its cash balance, we would have to borrow either on a short or long-term basis, thus adding pressure to the revenue budget in the form of interest payments. The current policy of utilising our own cash rather than taking out new loans has saved the Authority over £8.2m over the past 11 years.
- 2.4 In determining the appropriate level of reserves required by the authority, the Chief Finance and Procurement Officer is required to form a professional judgement on this, considering the strategic, operational, and financial risk facing the authority. This is completed based on guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and includes an assessment of the financial assumptions underpinning the budget over the medium to long term. This includes issues such as uncertainty surrounding future funding settlements, pay awards, changes to pension schemes rates, volatility of the retirement profile.
- 2.5 In July 2021 the National Fire Chiefs Council with the guidance of the Fire Finance Network conducted a review of Fire and Reserves and forecasts about future levels of reserves to 2025/26. Thirty-nine Fire and Rescue Services, a response rate of 89%, responded to this survey which was coordinated by the Somerset Technical Team. A copy of the full is attached for information, the main highlights from the report are:
 - Total usable reserves for English Fire and Rescue Services (FRS) at the 1st April 2021 is £790m, an increase of £108m from the previous year, this is primarily due to unspent Covid19 grants.
 - Compared to the size of the Net Revenue Budget, earmarked reserves represented 37%% in 2020/21.
 - Over the medium term, FRS forecast a significant reduction in useable reserves, with an estimated balance of £273m by 2024/25, a 65% reduction from 2020/21.
 - A large proportion of reserves are earmarked to be spent in 2021/22 for capital expenditure (29.2%) and revenue funding pressures (13.4%).

- 2.6 A new earmarked reserve for Industrial Action totalling £1m has been created which will fund the additional costs relating to Industrial Action. The level has been based on expenditure incurred during the last period of industrial action in 2014 and 2015. This reserve has been funded by a transfer from the pension equalisation reserve which has a current balance of £5.02m.
- 2.6 A detailed analysis of the Authority's earmarked reserves and their planned use is included with the Reserves Strategy, which is attached to this report.
- 2.7 In summary, it is planned, to use over £28.6m of earmarked reserves by the end of 2025/26 which will be primarily to support the revenue budget if the results of the Comprehensive Spending Review, due in April 2023 are unfavourable. It is projected that earmarked reserves will be utilised as follows:
- £24.137m on the redevelopment of FSHQ.
 - £2.054m from the pay and prices reserve:
 - a) £0.711m for a 1% increase in pay award above the 4% budget provision,
 - b) £0.443m for eighteen months back pay relating the payment of overtime in holiday pay, also known as Bear v Scotland.
 - c) In March 2023 the Authority's electric contract will require renewal, which is expected to result in a substantial increase, a provision of £0.900m has been earmarked in 2023/24 for this cost.
 - £2.00m to support the Medium-Term Financial Plan in the event of the comprehensive spending review been less favourable than forecast, this would be primarily due to inflationary factors not built into base funding
 - £0.563m on the final payment for the Command-and-Control System
 - £0.604m to support the legacy business rates and council tax collection fund deficits resulting from Covid19, which will be met from the Tax Income Guarantee reserve
 - £0.675m on Covid19 expenditure, which is the balance remaining of £2.76m of the Covid grant received since the start of the pandemic, this will be used to fund the cost of overtime to cover cancelled annual leave and for crews to attend training courses that were postponed due to the pandemic.
 - £1.436m to fund in the short term the estimated increase in employer contributions resulting from McCloud/Sargeant pensions age discrimination ruling which come into effect from the 1st of April 2024. It has been assumed that the Authority will receive 90% funding of the increase cost, using the same methodology as in the increase experienced in April 2019.
 - £0.100m on invest to save initiatives from the Service Support Reserve
 - £0.145m on the administration of the pension remedy resulting from the McCloud/Sargeant case. The Authority received this grant in 2021/22 and will be fully spent by the end of 2024.

3 Financial Implications

- 3.1 The management of usable reserves is important for sound financial management and the production of a sustainable Medium Term Financial Plan. The earmarking of reserves for specified future projects and potential liabilities means that funding has been set aside and cannot be used for other purposes. This facilitates improved planning and transparency.

4 Legal Implications

- 4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution

5 Human Resource and Diversity Implications

- 5.1 There are no Human Resource and Diversity Implications

6 Equality Impact Assessment

| | |
|---|----|
| Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk)) | No |
|---|----|

7 Health, Safety and Wellbeing Implications

- 7.1 There are no Health, Safety and Wellbeing Implications

8 Environmental Implications

- 8.1 There are no environmental implications

9 Your Fire and Rescue Service Priorities

- 9.1 The reserves strategy supports all the fire and rescue service priorities.

10 Conclusions

- 10.1 It is a requirement that the Authority reviews and approves its Reserve Strategy on an annual basis. The use and management of reserves will be the key to financial stability especially at a time when the Authority is facing funding uncertainty. A new reserve has been created which will fund any costs incurred during a period of Industrial Action.

WEST YORKSHIRE FIRE AND RESCUE SERVICE

RESERVES STRATEGY 2022/23 TO 2026/27

1 What are Reserves

- 1.1 Reserves are an essential part of good financial management in that they help the fire authority manage with unpredictable financial pressures and plan for future spending commitments. The level, purpose and planned use of reserves are important factors in developing the Medium Term Financial Plan and setting the annual budget. In setting the budget the fire authority decides what it will spend and how much income it needs from council tax to supplement government funding. The fire authority may choose to fund some of its spending from its reserves and balances in the short term until long-term savings initiatives are realised.
- 1.2 Having the right level of reserves is important. If reserves are very low, there may be little resilience to financial shocks and sustained financial challenges.
- 1.3 The requirement for a local authority to maintain financial reserves is acknowledged in legislation and thus preventing the authority to over committing financially. These are:
 - The requirement to set a balanced budget as set out within the Local Government Finance Act 1992.
 - The requirement of the authority to make arrangements for the proper administration of their financial affairs and the appointment of a Chief Finance Officer (section 151 officer) to take responsibility for the administration of those affairs.
 - In accordance with the Local Government Finance Act 1988 (Section 114), the Chief Finance Officer must report if there is or is likely to be unlawful expenditure or an unbalanced budget.
 - The Local Government Act 2003, places a duty on the Chief Finance Officer to give positive assurance as part of the budget setting process of the adequacy of balances.
 - The Local Government Finance Act 1992 requires fire authorities as a precept authority to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
 - The external auditors' responsibility to review and report on the authority's financial standing as per the annual external audit report.
- 1.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) published LAAP Bulletin 99 in July 2014 which provides guidance on the management of reserves which has been adopted by the authority.

2 National Framework

- 2.1 The National Framework which was published in May 2018 includes a section on reserves, the main components of which are:

- General reserves should be held by the fire and rescue authority and managed to balance funding and spending priorities and to manage risks. These should be established as part of the medium term financial planning process.
- Each fire and rescue authority should publish their reserves strategy on their website. The strategy should include details of current and future planned reserve levels, setting out a total amount of reserves and the amount of each specific reserve that is held for each year. The reserves strategy should provide information for at least two years ahead.
- Sufficient information should be provided to enable understanding of the purpose for which each reserve is held and how holding each reserve supports the fire and rescue authority's medium term financial plan.
- Information should be set out in a way that is clear and understandable for members of the public and should include:
 - How the level of general reserve has been set.
 - Justification for holding a general reserve larger than five percent of budget
 - Whether the funds in each earmarked reserve are legally or contractually committed, and if so, what amount is committed and,
 - A summary of what activities or items will be funded by each earmarked reserve and how these support the fire and rescue authority's strategy to deliver good quality services to the public.

3 Determining the Level of Reserves

- 3.1 Reserves are an essential tool to ensure long-term budget stability particularly at a time when the Authority is facing significant year on year reductions in grant funding over the medium term.
- 3.2 Reserve balances have been identified as a key indicator of financial health and the Authority continues to have an appropriate level of reserves to deal with identified risks. As a minimum there, there are sufficient balances to support the budget requirements and provide adequate contingency for budget risks.
- 3.3 In accordance with the authority's financial regulations, the authority holds reserves which fall into two distinct categories:
 - General Reserves – these are necessary to fund any day to day cash flow requirements and also to provide a contingency in the event of any unexpected events or emergencies; and
 - Earmarked Reserves – these have been created for specific purposes and involve funds being set aside to meet known or predicted future liabilities. By establishing such reserves, it will smooth the expenditure profile and avoid liabilities being met from Council Tax in the year that payments are made.

- 3.4 The Authority also has a number of provisions on the Balance Sheet which, provide funding for a liability or loss that is known with some certainty will occur in the future but the timing and amount is less certain.
- 3.5 There is not a recognised formula for determining the level of reserves that each fire authority should maintain. It is up to each authority to consider the local circumstances and the potential issues/risks that may occur across the medium term. In determining the level of reserves for the Authority the risks and issues that should be taken into consideration will include the following:
- The risk that specific fire revenue grants are not continued, unlike revenue support grant and business rates top up grant, these grants are paid as Section 31 grants and are not included within baseline funding levels.
 - To provide cover for extraordinary or unforeseen events occurring: given the purpose of the fire and rescue service is to respond to emergency situations, there is always the potential for additional, unexpected and unbudgeted expenditure to occur.
 - The commitments falling on future years as a result of capital plans and proposals to improve the asset base. Having reserves mitigate the impact on the revenue budget of borrowing and/or revenue contributions to capital and would support projects/programmes that will support revenue efficiencies.
 - The risk on inflation, especially pay awards. In 2020/21 there was no provision for a pay award meaning that the resulting pay award had to be met from existing budgets. For 2022/23, there is currently a 4% provision for a pay award in the Medium-Term Financial Plan, and a 3% from 2023/24 but if this is higher and the cost cannot be found from within existing budgets, it will have to be funded from reserves.
 - Enable the Authority to resource one-off policy developments and initiatives without causing an unduly disruptive impact on Council Tax.
 - Spread the cost of large-scale projects which span a number of years, for example the redevelopment of the FSHQ site.
- 3.6 The Authority has a robust approach to managing risk and there are effective arrangements for financial control in place. However, given the high level of influence of third parties such as the Local Government Employers and Government departments on its income and expenditure there is always the risk that the Authority will unexpectedly become liable for expenditure that it has not budgeted for.
- 3.7 Reserves only provide one off funding so the Authority aims to avoid using reserves to meet regular and ongoing financial commitments, other than as part of a sustainable medium-term budget plan.
- 3.8 The Authority has set its' guideline Prudential indicator for the General Reserve at 5% of annual budget which is a commonly used benchmark across the fire

sector. The Authority also uses the Risk Register to determine the level of General Fund Reserve. This Risk Register details fifty four separate risks the Authority faces, which has an estimated financial liability of £5m. The General Fund reserve equates to 5.2% of the annual budget, slightly higher than the guideline of 5%.

4 Reserves Position 1 April 2022

4.1 The level of cash fluctuates during the year due to the timing of Government grants, notably the top up grant which we received £31 million in July 2022. If the Authority wanted to utilise reserves which exceeds our working cash flow balance, we would need to borrow. Because the rate of interest for investments is at such a low level, it is good financial management that we use our cash flow to fund expenditure rather than borrow.

4.2 The current balance of reserves is summarised in the table below:

| Type of Reserve | Balance at 1/4/22 |
|--------------------|--------------------|
| General Fund | £5,000,000 |
| Earmarked Reserves | £37,799,249 |
| TOTAL | £42,799,249 |

4.3 The general fund reserve is not specified for a determined use: it is maintained for cash flow purposes.

4.4 Earmarked reserves are funds that are set aside to meet costs for specific purposes in future financial years. These reserves allow the Authority to adopt a more flexible approach to budget management and meet cost pressures in future years. Some reserves are a result of the receipt of a Government grant that has been given for a specific purpose, others are from the transfer of revenue budgets to reserves for future costs.

4.5 Detailed below are the Authority's reserves, an explanation of their purpose and forecast balance at the 31/3/2027.

RESERVES AS A RESULT FROM GRANTS

| Description | Balance 1/4/22 | Estimated Balance 31/3/27 | Purpose and Origin of the Reserve |
|-----------------------------|-------------------|---------------------------------|--|
| Council Tax Reform | £27,000 | £27,000 | This was a one off grant received in 2012/13 from Central Government to assist with the costs associated with the reform of business rates. To date, no expenditure has been charged to this reserve. |
| Body Bag Decontamination | £40,000 | £40,000 | This grant was received in 2012/13 and 2013/14 from Central Government. |
| Control Room | £563,132 | £0 | This is the remainder of grant for the New Control Project which West Yorkshire manage on behalf of both West and South Yorkshire. This reserve will be fully used once the final payment to Systel has been paid. |
| Enhanced Logistics | £201,709 | £0 | This was a grant initially received in 2011/12 for the provision of the purchase of the new command unit. This is now complete and a replacement of the vehicle will be charged to this reserve if required in the future. |
| Transparency | £61,532 | £61,532 | This is a central government grant to enable organisations to meet the requirements of data transparency. To date, no expenditure has been charged to this reserve. |
| Business Rate Appeals | £1,301,160 | £1,301,160 | This reserve is used to manage the volatility on the revenue budget from business rate appeals. A grant is received from government each year to ease the potential cost which is based in the NNDR1 returns from the 5 district councils. |
| Tax Income Guarantee | £604,432 | £0 | This reserve holds the grant that government has provided to cover 75% of irrecoverable local tax deficits relating to council tax and business rates. The grant has been paid in full in 2021/22 and will be used against the deficit spread over the next three years. |
| Covid19 | £674,832 | 0 | This reserve holds the grant relating to supporting their costs associated with Covid 19. |

RESERVES AS A RESULT FROM REVENUE ALLOCATIONS

| Description | Balance 1/4/22 | Estimated Balance 31/3/27 | Purpose and Origin of the Reserve |
|--|-------------------|---------------------------------|--|
| Emergency Services Mobile Communications Programme (ESMCP) | £258,000 | £0 | This reserve has been established to recognise the risk that Government funding for ESMCP will cease once the system goes live, to counter balance this it is expected that annual costs will reduce once implemented. This reserve will fund those contracts for which the Authority will be contractually committed to after this date. |
| Insurance Claims | £388,362 | £388,362 | This reserve will be used for any uninsured losses the authority may face in future years e.g. mesothelioma and to support any additional contributions required by our insurance arrangements with the Fire and Rescue Indemnity Company (FRIC) |
| Service Support Reserve | £247,711 | £147,711 | This reserve was established in 2013/14 with the purpose to fund any expenditure that is not included in the MTFP but will generate savings in the longer term. £95k was paid from this reserve in 2021/22 to cover the costs associated with the lean working and property reviews. |
| Pension Equalisation Reserve | £5,021,983 | £2,585,983 | This reserve is used to ease the potential cost of increased ill health retirements which have to be met from revenue. Any underspend on the ill health revenue budget is transferred to this reserve at the end of the financial year. Currently this budget is £1.8 million and annual spend is in the region of £1.6 million. The amount transferred in 2021/2 was £439k. This reserve will also be used to fund in the short term, the increase in employer pension contributions resulting from the McCloud/Sargeant actuarial review in 2024. £1.0m has been transferred to the new industrial action reserve. |

| Description | Balance 1/4/22 | Estimated Balance 31/3/27 | Purpose and Origin of the Reserve |
|----------------------------|-------------------|---------------------------------|--|
| Industrial Action | 0 | 0 | Although the opening and closing balances are nil, £1.0m has been transferred from the pension equalisation reserve to fund the costs associated with industrial action, which is expected to be fully expended |
| Reserve for Pay and Prices | £2,127,211 | £73,211 | This reserve will be used to fund any pay awards that are in excess of that included within the Medium Term Financial Plan or any other inflationary increases not provided for in the annual budget. |
| Capital Finance Reserve | £24,137,044 | £0 | The purpose of this reserve is to ease the cost of financing the capital plan in future years. Property new builds and major refurbishments will be funded from the capital finance reserve. Any underspending on capital financing charges and the revenue budget are initially transferred to this reserve which may then be used to pay additional voluntary capital charges as per the Authority's Minimum Revenue Provision Policy. |
| Medium Term Funding Impact | £2,000,000 | £0 | This reserve has been established to mitigate any funding shortfalls as a consequence of the Fair Funding Review and the Comprehensive Spending Review due in 2022 which have not been included within the Medium Term Financial Plan |

5 Review of Reserves

5.1 The Authority's reserves will be reviewed as part of the following processes:

- The reserves will form part of the budget setting process and the level and use of reserves will be considered when setting the annual budget and Medium Term Financial Plan. This will include the approval at Full Authority Committee.
- The Reserves Strategy will be reviewed annually by the Finance and Resources Committee in October.
- Reserves are reviewed and externally audited during the closure of the Authority's accounts and are included in the Statement of Accounts. There is a statutory requirement to detail the movement between reserves during the year and show the opening and closing position in the Movement in

Reserves Statement and the Expenditure and Funding Analysis. The Statement of Accounts is approved at the Authority's audit committee.

- The minimum level of General Fund Reserves will be assessed during the year by the financial appraisal of risks on the Authority's risk register. The Risk Management Strategy Group which meets quarterly whose aim is to manage the register and identify and assess risks. This group is chaired by the Deputy Chief Fire Officer and is attended by internal audit, a member champion and those responsible for the key risks within the organisation.



Introduction

This paper summarises data from the NFCC Reserves Survey 2021. Specifically, it analyses the state of fire and rescue authorities' reserves following the 2020-21 financial year, as well as forecasts through to 2025-26.

Background

In the summer of 2018, the National Fire Chiefs Council Finance Committee (NFCC) and the Fire Finance Network (FFN) conducted a survey of Fire and Rescue Authorities' (FRAs) reserves positions and forecasts from 2016-17 to 2022-23, led by Mark Hemming (Buckinghamshire). In April 2019, NFCC and the FFN conducted a survey of Fire and Rescue Authorities' (FRAs) medium-term financial plans (MTFPs) and current budgetary positions, scoping from 2018-19 to 2022-23 and following up on the 2018 MTFP Survey led by Lynda Tunnicliff (Kent). Shortly after the 2019 Sector MTFP Survey the Reserves Survey was issued for 2019.

For 2020, the two main NFCC finance surveys were combined and circulated for completion by Amy Webb (then Devon & Somerset and CSR lead) on 7 May 2020. However, due to the combination of the Covid-19 pandemic and the length of the combined survey, responses were not received from all FRAs and most missed the deadline for responses by several months (the last response was received in March 2021). Furthermore, data received for the MTFP Budget parts of the 2020 Survey was patchy and therefore less information was able to be summarised. Given the issues with the 2020 Survey, for 2021 the Reserves Survey was issued once again as a standalone item. On 14 May, FRAs were asked to complete the Reserves Survey which, with the exception of the addition of a forecasting assumptions table (for more see below), was given in the same format as the Reserves section of the 2020 Survey.

Response Rate

The initial deadline for responses was 18 June, and by 2 July responses were received for 39 of the 44 FRAs (Isles of Scilly has been assumed to be a nil return in-line with Cornwall), a response rate of 89%. Whilst only 89% of responses have been received a comparison of 2018-19 reserves (the most recent year where a full dataset is available), shows that respondents make up 97.12% of total English FRA reserves. For the purpose of the analysis below, nationwide estimates will be given using this figure (i.e. by dividing the sum of responses by 0.9712).

Forecasting Assumptions

In previous surveys, analysis has been caveated with the following: *"The forecasting techniques and methodologies used by each respondent are beyond the scope of the survey and this analysis; and could vary significantly and (dependant on the methodologies used) could be subject to optimism and/or pessimism biases"*. In order to help understand respondents' forecasting assumptions better (as stated above) the 2021 Survey included a small assumptions table.

Based on the [March 2021 Economic and Fiscal Outlook](#), it was recommended that FRAs use the following assumptions:

Table 1 - Recommended Forecasting Assumptions

| Recommended Assumptions | 22-23 | 23-24 | 24-25 | 25-26 |
|--|--------------|--------------|--------------|--------------|
| <i>Pay Inflation</i> | 2.0% | 2.0% | 2.0% | 2.0% |
| <i>Non-pay Inflation</i> | 1.8% | 1.9% | 1.9% | 2.0% |
| <i>Increase in Settlement Funding Assessment (SFA)</i> | 1.8% | 1.9% | 1.9% | 2.0% |
| <i>Band D Increase (assume maximum inc. approved)</i> | 2.0% | 2.0% | 2.0% | 2.0% |
| <i>Increase in Council Tax Base</i> | 1.1% | 1.5% | 1.4% | 1.2% |

Approximately half of respondents used all of these assumptions as recommended. An unweighted average of the assumptions reported gives the following:

Table 2 - Respondents' Forecasting Assumptions (unweighted average)

| FRA Forecasting Assumptions | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|----------------|----------------|----------------|----------------|
| Pay Inflation | 2.04% | 2.01% | 2.01% | 1.42% |
| Non-pay Inflation | 1.74% | 1.82% | 1.83% | 1.90% |
| Increase in Settlement Funding Assessment (SFA) | 1.08% | 1.20% | 1.37% | 1.57% |
| Band D Increase (assume maximum inc. approved) | 1.99% | 2.00% | 2.05% | 2.05% |
| Increase in Council Tax Base | 0.92% | 1.20% | 1.26% | 1.12% |

From the Tables 1 and 2 above, one notes that as recommended pay inflation has been assumed to be around 2% for the years 2022-23 to 2024-25, however a much lower increase is forecasted in 2025-26. In fact, for 2025-26 almost all respondents forecast either a 1% or a 2% increase, with slightly more forecasting a 1% increase than a 2% increase. Non-pay inflation is assumed to be slightly lower than recommended but there is no significant divergence from recommended assumptions.

The most striking change between Table 1 and Table 2 is regarding Settlement Funding Assessment (SFA). Whilst it was recommended that respondents assume increases of around 1.9% each year, respondents are far less optimistic about the outlook for their SFA income, forecasting 1.1%, 1.2%, 1.4% and 1.6% in the respective years 2022-23 to 2025-26, this includes three respondents forecasting flat cash SFA and three more forecasting reductions in SFA over the forecasted period.

Regarding council tax it is (as recommended) assumed that Band D precepts increase by around 2% each year, though respondents' assumptions regarding taxbase lead to a lower expected council tax revenue (compared with the use of recommended assumptions). For the years 2022-23 to 2025-26 respondents assumed 0.9%, 1.2%, 1.3% and 1.1% taxbase increases.

Summary of FRAs' Reserves

As in previous analyses of FRA reserves, Table 3 below sets out the aggregate level of reserves levels for respondents broken down into the usual categories of General Fund, Earmarked Reserves, Capital Grants Unapplied and Capital Receipts Reserves. As stated above (based on previous years) respondents make up 97% of the national aggregate in 2019. Therefore Table 4 uses this figure to estimate total English FRA reserves from 2019-20 to 2024-25, whilst full response rates allow the use of outturn data for 2016-17 to 2018-19 without the requirement for such calculations.

Table 3 - Total Usable Reserves of Respondents

| Respondents (outturn) | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | £162,075,472 | £150,710,739 | £125,561,787 | £117,536,000 | £114,773,000 |
| Earmarked Reserves | £490,949,371 | £490,219,444 | £492,467,219 | £500,216,088 | £595,583,934 |
| Capital Grants Unapplied | £24,273,615 | £21,678,524 | £12,313,083 | £5,447,000 | £11,770,000 |
| Capital Receipts Reserve | £52,254,363 | £44,159,273 | £72,642,140 | £38,693,000 | £45,084,000 |
| TOTAL USABLE RESERVES | £729,552,821 | £706,767,980 | £702,984,229 | £661,892,088 | £767,210,934 |

| Respondents (forecasts) | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | £110,414,450 | £107,977,450 | £104,778,450 | £88,720,450 | £85,400,450 |
| Earmarked Reserves | £408,245,650 | £300,872,650 | £252,983,450 | £195,766,450 | £174,705,000 |
| Capital Grants Unapplied | £4,899,000 | £2,934,000 | £2,934,000 | £2,934,000 | £2,934,000 |
| Capital Receipts Reserve | £29,724,800 | £18,635,800 | £11,303,000 | £9,794,000 | £2,192,000 |
| TOTAL USABLE RESERVES | £553,283,900 | £430,419,900 | £371,998,900 | £297,214,900 | £265,231,450 |

Table 4 - Total Usable Reserves for All English FRAs

| All English FRAs (outturn) | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | £166,878,824 | £155,177,279 | £129,283,000 | £121,019,357 | £118,174,471 |
| Earmarked Reserves | £505,499,397 | £504,747,838 | £507,062,229 | £515,040,748 | £613,234,964 |
| Capital Grants Unapplied | £24,993,000 | £22,321,000 | £12,678,000 | £5,608,430 | £12,118,822 |
| Capital Receipts Reserve | £53,803,000 | £45,468,000 | £74,795,000 | £39,839,726 | £46,420,132 |
| TOTAL USABLE RESERVES | £751,174,221 | £727,714,117 | £723,818,229 | £681,508,261 | £789,948,389 |

| All English FRAs (forecasts) | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | £113,686,749 | £111,177,525 | £107,883,718 | £91,349,815 | £87,931,421 |
| Earmarked Reserves | £420,344,627 | £309,789,466 | £260,480,997 | £201,568,285 | £179,882,647 |
| Capital Grants Unapplied | £5,044,189 | £3,020,954 | £3,020,954 | £3,020,954 | £3,020,954 |
| Capital Receipts Reserve | £30,605,739 | £19,188,100 | £11,637,981 | £10,084,260 | £2,256,963 |
| TOTAL USABLE RESERVES | £569,681,305 | £443,176,044 | £383,023,650 | £306,023,313 | £273,091,985 |

Having originally peaked in 2016-17 at £751m, total English FRA reserves fell by 3.1% in 2017-18, a further 0.5% in 2018-19 and a further 5.8% in 2019-20; a total decline of 9.3%. As shown in Table 4, there was therefore approximately £680m of usable reserves held by FRAs in 2019-20. In 2020-21, Tables 3 and 4 show that reserves increased significantly, from £660m to £770m for respondents and from an estimated £680m to an estimated £790m nationwide; a new record for total usable reserves held. It is abundantly clear that reserves have increased in 2020-21 due to the Covid-19 pandemic – 28 specific references to Covid were made by respondents (relating to unspent grants, future resilience, project delays, and savings). It is therefore unclear at present, whether reserves will return to pre-pandemic levels shortly after the return to normal or whether longer-term scarring is seen.

Over the medium term, FRAs forecast a significant reduction in useable reserves, with the nationwide aggregate estimated to be just £273m in 2024-25 (a 65% reduction from March 2021 levels). It is worth noting that a significant reduction has been forecasted in previous years which has yet to materialise.

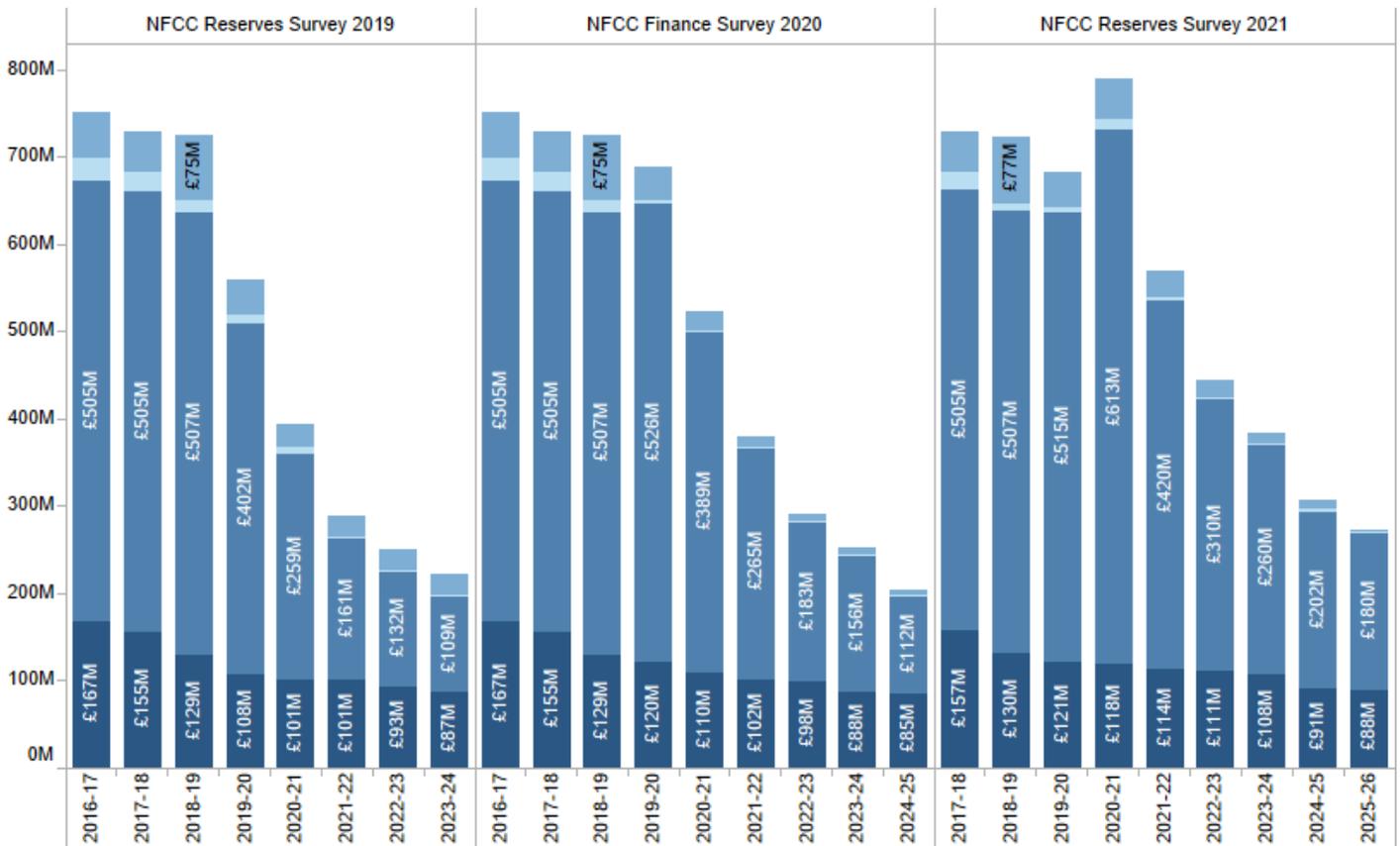
Comparison with Previous Surveys

Given the significant forecasted reduction in reserves it is important to put this into the context of previous returns. To this end, Figure 1 sets out the summary data from Table 4 compared with 2019 and 2020 surveys.

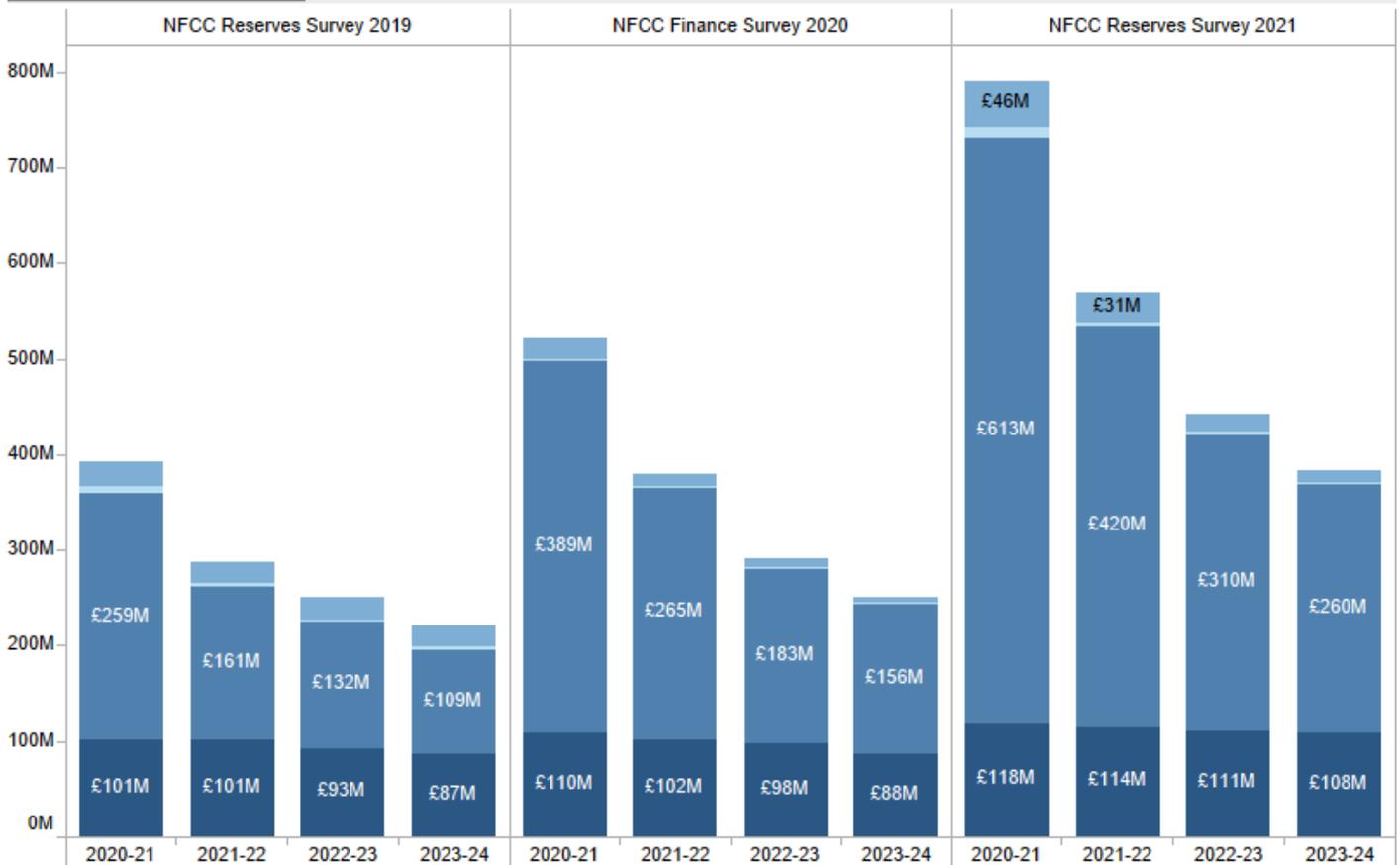


Total English FRA Reserves 2016-17 to 2025-26

As reported in NFCC Surveys 2019 to 2021



2020-21 to 2023-24 Only:



Reserve Capital Receipts Reserve Capital Grants Unapplied Earmarked Reserves General Fund

Figure 1 - Comparison of NFCC Reserves Surveys 2019 to 2021 (showing reserves from 2016-17 to 2025-26)

From Figure 1, one notes that, as stated above, significant reductions in total useable reserves have been forecasted in previous years, without substantial materialisation. In the NFCC Reserves Survey 2019 respondents forecasted a 23% reduction in reserves in 2019-20, but in the NFCC Finance Survey 2020 a 5% reduction was reported. In the 2020 Survey respondents forecasted a 24% reduction in reserves in 2020-21, but in the 2021 Survey a 15% increase has been reported.

Looking ahead 2021 forecasts show that respondents expect reserves to decrease by 29% in 2021-22. Given what has happened previously it is too soon to state whether or not these reductions will be realised. The likely reason for the discrepancy between previous forecasts and outturn figures is threefold:

1. **Covid-19:** As stated above, the pandemic has increased 2020-21 reserves due to unspent Covid funding, additional need for future resilience, delays to projects, and savings in training.
2. **Optimism Bias:** the speed that projects for which reserves are earmarked will be achieved is often subject to optimism bias. Clearly the impact of Covid-19 overlaps.
3. **Pessimism Bias:** Given the financial uncertainty of roll-over spending reviews and settlements it is important that FRAs plan for worst reasonable case scenarios regarding their funding. This is likely to feed into past survey responses, and whilst the forecasting assumptions given above should help explain this in future it is unlikely to completely explain all pessimism biases. Again, the impact of Covid-19 overlaps here. Looking ahead, respondents are cautious regarding taxbase growth in the medium term, whilst some are forecasting real terms reductions in SFA; whether or not this proves to be too pessimistic is currently unknown.

Statistically Forecasting Reserves based Exclusively on Outturn Data

On 30 November 2020, the Home Office published reserves levels for standalone FRAs. Given that this data (summarised to General, Earmarked and Capital reserves) is available from 2011, it is a more suitable dataset to conduct analytical outturn-based forecasts to establish what past trends suggest will happen to FRA reserves levels.

To this aim, the Technical Support Team aggregated standalone FRA's reserves levels from 2011 to 2019. These annual totals, which cover standalone FRAs only, have subsequently been uplifted to a national level using previous Reserves Survey responses and the result has been combined with Reserves Survey data.

Now, there is no unanimously agreed upon best method for forecasting future reserves based on outturn data, therefore the Technical Support Team has conducted multiple forecasts and used these to establish a feasible range. Based exclusively previous and current reserves levels the upper and lower bounds show the region in which total English FRA reserves would be expected to be in the upcoming years.

It should be noted that genuine reasons to expect a downward trend in reserves are clear in the dataset, perhaps most notably regarding reserves earmarked for capital spend (these are expected to be spent at some point), therefore it is understandable that respondents forecasts are lower than the feasible range established. However, until the two align more closely it is likely that government will see reserves as sufficiently, or perhaps even excessively, high. Home Office data uplifted to England-wide, Reserves Survey outturn figures, forecasts and the statistical feasible range of forecasts based on outturn data are all set out in Figure 2 below.

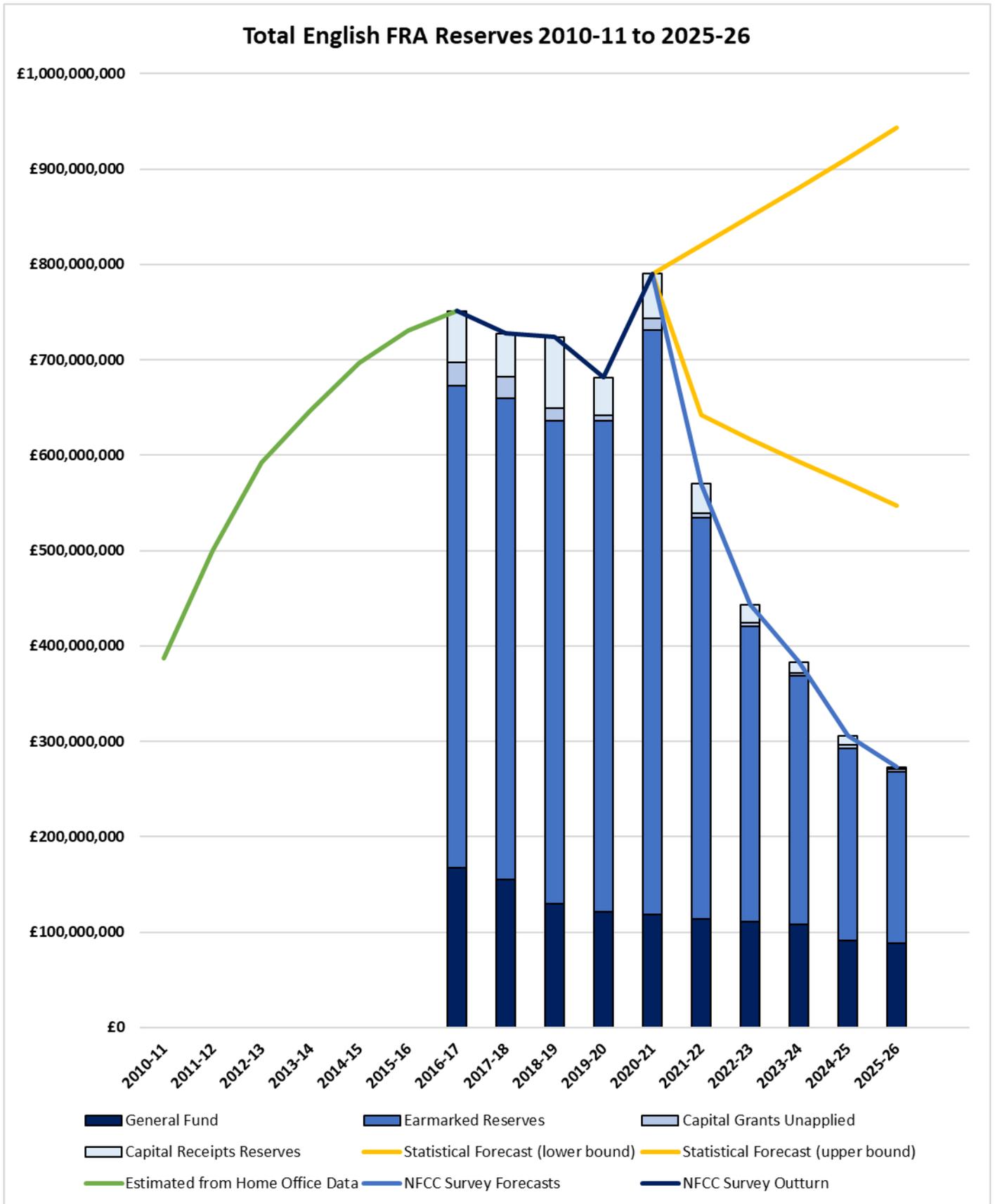


Figure 2 - Reserves March 2011-present and Forecasts to March 2026

From Figure 2, one observes that reserves levels increased significantly between 2011 and 2017 before starting to decline very slightly. As stated above, respondents have reported a new peak in March 2021 followed by a significant reduction in future years. However, as shown by the yellow lines, there is not yet sufficient outturn data to support this claim. The Technical Support Team’s outturn-based forecast estimates

shows that standalone FRAs' reserves could change by between an 20% reduction and a 31% increase from 2020-21 to 2025-26.

Again, it is vital to remember that this analysis does not say the reserves will stay within these upper and lower bounds. What this analysis does show is that until a greater decline in reserves comes 'on stream', there is insufficient evidence to suggest a significant reduction in reserves and insufficient data to establish an outturn-based estimate for the speed of any decline.

Reserves levels should continue to be monitored closely so that, as soon as any significant changes are seen, the medium-term national FRA reserves projection can be amended. It is vitally important that the government responds with sufficient support should such large losses come 'on stream'.

Breakdown of Reserves

As shown above, forecasts suggest that aggregated reserves will significantly decline in the medium term. Whilst this has not yet come 'on stream' it is important to note that a large proportion of current reserves are earmarked for capital spend and are therefore particularly likely to be spent in the medium term; even if the rate of spending may turn out to be slower than currently forecasted (whether or not these would be replenished is beyond the scope of this paper). With this in mind, Table 5 below sets out the proportion of in-year reserves earmarked for different types of spend (capital, revenue, unspent grants and other). For 2019-20, figures provided in Table 5 have also been given in Figure 3 below.

Table 5 - Breakdown of Usable Reserves 2017-18 to 2025-26

| BREAKDOWN OF USABLE RESERVES | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| General Fund | 21.6% | 18.1% | 17.8% | 15.0% | 20.0% | 25.1% | 28.2% | 29.9% | 32.2% |
| Property - New Build | 9.0% | 7.9% | 7.4% | 7.9% | 7.7% | 4.1% | 0.9% | 0.1% | 0.0% |
| Property - Refurbishment | 4.4% | 4.1% | 3.9% | 3.4% | 1.7% | 0.9% | 0.8% | 1.0% | 1.1% |
| Operational Vehicles | 3.4% | 2.9% | 2.6% | 4.4% | 3.2% | 1.9% | 0.4% | 0.3% | 0.4% |
| Non-Operational Vehicles | 0.4% | 0.3% | 0.4% | 0.3% | 0.2% | 0.2% | 0.0% | 0.0% | 0.0% |
| Operational Equipment | 1.0% | 1.0% | 1.1% | 1.0% | 1.0% | 0.7% | 0.4% | 0.3% | 0.3% |
| IT (excluding Control Rooms) | 1.4% | 1.7% | 1.5% | 2.2% | 2.3% | 1.6% | 1.7% | 0.6% | 0.4% |
| Control Rooms | 1.0% | 1.0% | 1.6% | 1.1% | 0.9% | 1.1% | 0.8% | 0.5% | 0.1% |
| Reserve allocated for future capital | 10.9% | 12.2% | 10.9% | 6.9% | 5.4% | 3.8% | 2.7% | 1.5% | 1.4% |
| Other Capital Projects | 7.3% | 9.0% | 8.0% | 7.6% | 6.8% | 7.0% | 7.2% | 7.1% | 7.0% |
| Earmarked Reserves (for Capital) | 38.6% | 40.2% | 37.3% | 34.8% | 29.2% | 21.1% | 14.8% | 11.4% | 10.7% |
| Reorganisation | 5.2% | 5.3% | 4.8% | 3.5% | 4.0% | 3.8% | 3.4% | 2.4% | 2.2% |
| Recruitment | 0.7% | 0.9% | 0.8% | 0.6% | 0.6% | 0.6% | 0.6% | 0.5% | 0.3% |
| Training | 0.4% | 0.5% | 0.7% | 0.7% | 0.6% | 0.5% | 0.4% | 0.5% | 0.5% |
| Revenue Funding Pressures | 7.2% | 8.8% | 10.3% | 10.5% | 13.4% | 16.5% | 18.3% | 18.9% | 19.3% |
| Insurance reserves | 2.6% | 2.8% | 3.0% | 2.9% | 3.8% | 4.9% | 5.6% | 5.7% | 6.1% |
| Reserves of trading and business units | 0.2% | 0.2% | 0.2% | 0.1% | 0.2% | 0.2% | 0.2% | 0.3% | 0.2% |
| Reserves for service departmental use | 2.2% | 2.0% | 2.3% | 2.9% | 2.3% | 2.2% | 2.2% | 2.2% | 2.4% |
| Digital Transformation revenue project | 0.6% | 1.2% | 1.8% | 2.0% | 1.4% | 0.6% | 0.5% | 0.5% | 0.6% |
| Other Revenue Reserves | 7.8% | 8.6% | 10.0% | 11.7% | 12.2% | 12.5% | 13.8% | 15.4% | 15.2% |
| Earmarked Reserves (Revenue) | 27.1% | 30.2% | 33.9% | 35.0% | 38.4% | 41.8% | 44.9% | 46.4% | 46.9% |
| ESMCP | 2.4% | 2.3% | 2.6% | 2.4% | 2.2% | 1.9% | 1.4% | 0.9% | 0.7% |
| Airwave/Firelink | 0.4% | 0.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| National Resilience/New Dimensions | 0.8% | 0.6% | 0.5% | 1.8% | 0.5% | 0.5% | 0.4% | 0.3% | 0.3% |
| Other Revenue Grants | 3.3% | 1.2% | 1.1% | 5.4% | 1.9% | 1.5% | 1.4% | 0.2% | 0.2% |
| Sub-Total: Unspent Grants | 6.8% | 4.4% | 4.3% | 9.6% | 4.6% | 3.9% | 3.3% | 1.5% | 1.1% |
| PFI Contracts | 3.9% | 4.4% | 4.6% | 4.0% | 5.5% | 6.9% | 7.7% | 9.3% | 9.9% |
| Other (please add comments) | 2.1% | 2.8% | 2.2% | 1.7% | 2.4% | 1.2% | 1.1% | 1.6% | -0.9% |
| Other Revenue Reserves | 6.0% | 7.1% | 6.8% | 5.6% | 7.8% | 8.1% | 8.8% | 10.9% | 9.0% |
| TOTAL USABLE RESERVES | 100.0% |

Please note that 2018-19 figures will differ slightly from the 2020 analysis due to incomplete responses.

Breakdown of Total Useable Reserves 2020-21

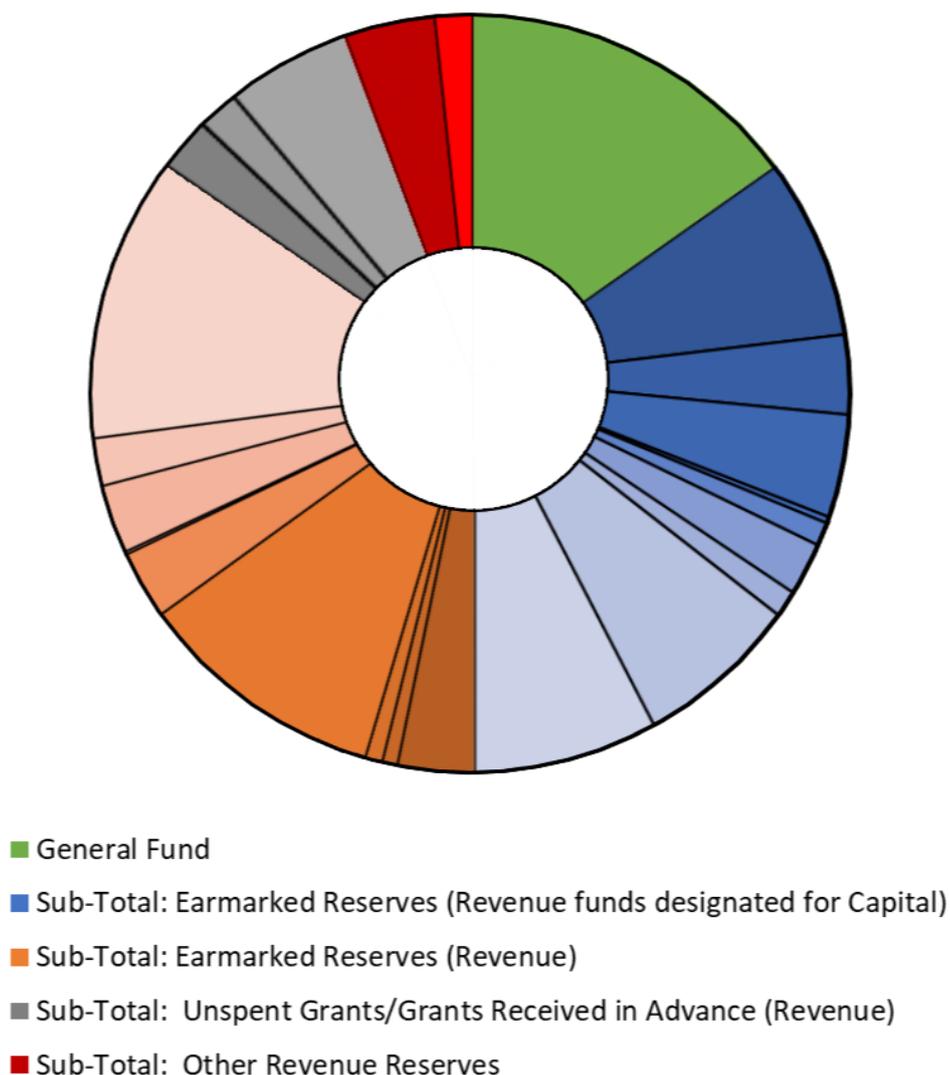


Figure 3 - Breakdown of Total Usable Reserves in 2020-21 (colours as in Table 5)

Earmarked Reserves Designated for Capital

From Table 5 and Figure 3 above, one observes that Earmarked Reserves designated for Capital Spend made up 34.8% of the total reserves in 2020-21, down from 37.3% in 2018-19 and 40.2% in 2018-19. Whilst earmarked reserves designated for capital spend made less of the total reserves at March 2021 than in March 2020, this is purely a reflection of increasing reserves elsewhere. In cash terms nationwide estimates for all English FRAs show an increase in reserves earmarked for capital from £254m in 2019-20 to £275m in 2020-21; though this is less than the total reserves earmarked for capital spend in 2017-18 and in 2018-19.

Within this 34.8% however, 6.9% has been set aside as reserve funds allocated for future capital and 7.6% for other capital projects (mostly unapplied capital receipts reserves), with the remaining 20.3% of total reserves (estimated to be £161m, a significant increase from £125m in 2019-20) set out for known specific projects; though some of the reserves allocated for future capital and other capital projects will be set out for specific projects, as these are not provided, a conservative approach has been adopted. It is, therefore, extremely likely that at least approximately one-fifth of reserves will indeed be spent in the medium term.

Regarding earmarked reserves for specific capital spend, 11.3% of total reserves (£89m nationwide) has been set aside for property. Of this, the vast majority has been set aside for new builds. It is likely that the

pandemic will have delayed many of these projects however forecasts suggesting that these reserves will be spent in the medium term seem very reasonable, (again, replenishment is likely but not forecasted at this stage). Following reserves earmarked for property, 4.7% of all reserves have been earmarked for vehicles with 2.2% earmarked for IT in 2019-20 (excluding digital transformation, see below).

Earmarked Revenue Reserves and General Reserves

In 2020-21 earmarked revenue reserves made up 35.0% of respondents total reserves, this is estimated to be £277m nationwide (up from approximately £231m in 2019-20). Of this, 10.5% of the total reserves has been set aside for revenue funding pressures; this is in addition to the 15% of general reserves.

General reserves are forecasted to fall by more than a quarter between 2020-21 and 2025-26 (from £118m to £88m). However, as earmarked reserves are forecasted to fall further, general reserves are forecasted to make up a significantly larger proportion of the total reserves in 2025-26 (32.2%).

In addition to reserves earmarked for revenue funding pressures, a significant proportion of reserves (11.7% of the total) were categorised as 'Other Revenue Reserves' by respondents for 2020-21, as in 2019-20 a large proportion of this is unspent Covid funding. Following this, 3.5% of total reserves are earmarked for reorganisation, 2.9% for insurance, 2.9% for service departmental use and 2.0% for digital transformation.

Unspent Grants/Grants Received in Advance

Unspent grants more than doubled from £29m in 2019-20 to £76m in 2020-21. Again, this was largely associated with Covid funding. In terms of total reserves in 2020-21, unspent grants made up 9.6% of the total position, of this 5.4% was classified as other, 2.4% was associated with ESMCP and 1.8% (up from 0.5% in 2019-20 associated with national resilience).

Other Reserves

Other reserves total c.£45m nationwide a very slight reduction in cash terms from 2019-20, though because of other reserves increasing, this represents a decrease from 6.8% of total reserves to 5.6% in 2020-21. The majority of this continues to relate to PFI contracts (4.0%) which aren't expected to decrease significantly during the medium term (as with General Reserves, this means that a larger percentage of total reserves is expected to relate to PFI contracts in the coming years). Other reserves include business rates reserve, referendum reserves and a capital receipts reserve.

Comparison of FRAs in terms of NRB

Using Fire and Rescue spend as reported in the Revenue Outturn for 2019-20 to scale responses according to budget size, Table 6 below sets out respondents' current reserves positions from highest to lowest reserves. As one might expect, Table 6 shows that county/unitary FRAs (given in blue) hold the lowest fire and rescue specific reserves, as reserves are often held centrally by the local authority and would be made available to the fire service as required.

Table 6 – 2020-21 Reserves by FRA Proportional to Fire and Rescue Service Budgets (£millions)

| FRA | GF | ER (Cap) | ER (Rev) | Unspent | Other | All | FRS Spend | % of Budget |
|------------------------|---------------|---------------|---------------|--------------|--------------|---------------|-----------------|-------------|
| Shropshire & Wrekin | 2.18 | 12.53 | 2.40 | 0.00 | 0.18 | 17.28 | 21.59 | 80% |
| Tyne & Wear | 3.94 | 12.30 | 18.31 | 1.77 | 1.03 | 37.35 | 47.35 | 79% |
| Merseyside | 3.00 | 13.58 | 10.47 | 10.55 | 1.87 | 39.46 | 52.20 | 76% |
| Kent | 3.71 | 27.05 | 5.56 | 5.62 | 7.88 | 49.81 | 72.93 | 68% |
| Bedfordshire | 2.40 | 4.52 | 9.66 | 0.00 | 0.00 | 16.57 | 26.73 | 62% |
| Lancashire | 6.04 | 19.73 | 3.30 | 2.67 | 4.59 | 36.33 | 59.27 | 61% |
| Devon and Somerset | 5.32 | 23.39 | 9.68 | 6.76 | 1.38 | 46.53 | 78.15 | 60% |
| East Sussex | 1.96 | 10.68 | 6.56 | 3.93 | 0.00 | 23.14 | 39.96 | 58% |
| Staffordshire | 1.91 | 1.50 | 6.70 | 1.55 | 5.58 | 17.24 | 30.95 | 56% |
| Hereford & Worcester | 1.54 | 6.61 | 6.52 | 1.30 | 0.00 | 15.97 | 30.34 | 53% |
| Cheshire | 2.21 | 3.86 | 14.35 | 0.00 | 0.00 | 20.42 | 41.40 | 49% |
| West Yorkshire | 5.00 | 17.57 | 13.65 | 0.26 | 0.00 | 36.48 | 79.96 | 46% |
| Hampshire | 2.50 | 25.78 | 5.76 | 1.76 | 0.00 | 35.80 | 78.70 | 45% |
| West Midlands | 5.83 | 19.08 | 10.94 | 9.23 | 0.00 | 45.09 | 99.94 | 45% |
| Dorset & Wiltshire | 2.84 | 4.99 | 9.61 | 6.82 | 0.00 | 24.26 | 55.75 | 44% |
| Greater Manchester | 11.78 | 10.60 | 10.46 | 8.17 | 0.00 | 41.01 | 95.25 | 43% |
| Avon | 1.50 | 11.68 | 4.66 | 0.25 | 1.36 | 19.45 | 45.51 | 43% |
| Cleveland | 1.55 | 1.15 | 8.04 | 0.00 | 0.00 | 10.74 | 27.25 | 39% |
| Buckinghamshire | 1.50 | 2.61 | 1.82 | 0.49 | 0.60 | 7.02 | 18.38 | 38% |
| South Yorkshire | 5.00 | 3.39 | 9.23 | 0.42 | 0.00 | 18.04 | 49.34 | 37% |
| Essex | 4.35 | 0.00 | 9.66 | 0.80 | 9.67 | 24.48 | 72.10 | 34% |
| Humberside | 6.37 | 4.16 | 2.11 | 0.80 | 0.30 | 13.74 | 41.71 | 33% |
| Derbyshire | 1.90 | 3.73 | 5.63 | 1.27 | 0.00 | 12.53 | 38.17 | 33% |
| Cambridgeshire | 2.10 | 4.44 | 2.56 | 0.31 | 0.00 | 9.42 | 29.35 | 32% |
| North Yorkshire | 1.08 | 0.40 | 5.14 | 1.34 | 0.00 | 7.95 | 31.03 | 26% |
| Durham | 1.46 | 2.69 | 2.81 | 0.78 | 0.00 | 7.74 | 30.35 | 26% |
| Berkshire | 2.27 | 3.78 | 2.27 | 0.51 | 0.00 | 8.83 | 35.26 | 25% |
| Nottinghamshire | 5.09 | 0.56 | 2.74 | 2.42 | 0.00 | 10.80 | 43.79 | 25% |
| Northamptonshire | 3.00 | 0.81 | 1.28 | 0.39 | 0.00 | 5.47 | 23.23 | 24% |
| London | 15.45 | 13.17 | 64.83 | 0.84 | 0.00 | 94.29 | 407.37 | 23% |
| Gloucestershire | 0.00 | 0.00 | 0.01 | 0.73 | 4.90 | 5.64 | 25.01 | 23% |
| Suffolk | 0.00 | 0.22 | 0.38 | 0.14 | 2.22 | 2.97 | 25.25 | 12% |
| Cumbria | 0.00 | 0.00 | 0.00 | 0.16 | 1.76 | 1.92 | 22.84 | 8% |
| Norfolk | 0.00 | 0.30 | 1.49 | 0.12 | 0.00 | 1.90 | 31.62 | 6% |
| Warwickshire | 0.00 | 0.00 | 0.00 | 1.14 | 0.00 | 1.14 | 22.53 | 5% |
| Hertfordshire | 0.00 | 0.00 | 0.00 | 0.43 | 0.00 | 0.43 | 42.25 | 1% |
| Cornwall | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 24.29 | 0% |
| IOS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.63 | 0% |
| Lincolnshire | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.44 | 0% |
| All Respondents | 114.77 | 266.85 | 268.57 | 73.72 | 43.30 | 767.21 | 2,023.18 | 38% |
| Non-Respondents | 3.40 | 7.91 | 7.96 | 2.18 | 1.28 | 22.74 | 135.31 | 17% |
| England | 118.17 | 274.75 | 276.53 | 75.90 | 44.59 | 789.95 | 2,158.49 | 37% |

Table 6 shows that reserve levels continue to vary significantly amongst FRAs. Whilst all the lowest levels of reserves are held by counties and unitaries followed by London, the range (of standalone FRAs' reserves positions) starts at 24% (Northamptonshire) and ends at 80% (Shropshire) of fire and rescue service expenditure. Despite this large range, no FRA is a statistical outlier.

Table 6 shows that whilst it is helpful to understand the national FRA reserves position, between authority variation is very high. It is therefore vital that reserves levels continue to be monitored closely at an individual

FRA level as well as a national level. Table 6 shows that the government may be required to respond with sufficient funding quickly as some FRAs are far better placed to use large amounts of reserves whilst others will need to keep a significant proportion of their current reserves to manage their medium term budgets and risks.

Summary of Reserves Position

Fire and rescue reserves reached a new peak in 2020-21, based on responses received to date this is estimated to total £790m nationwide, a £108m, 16% increase. However, it is abundantly clear that reserves have increased in 2020-21 due to the Covid-19 pandemic – 28 specific references to Covid were made by respondents (relating to unspent grants, future resilience, project delays, and savings). It is therefore unclear at present, whether reserves will return to pre-pandemic levels shortly after the return to normal or whether longer-term scarring is seen.

FRAs continue to forecast significant reductions in reserves with nationwide estimates for 2025-26 totalling £273m, a £517m, 65% reduction from 2020-21. However, as shown above, there is not yet sufficient outturn data to support this claim. The Technical Support Team's outturn-based forecast estimates shows that standalone FRAs' reserves could change by between an 20% reduction and a 31% increase from 2020-21 to 2025-26. Again, it is vital to remember that this analysis does not say the reserves will stay within these upper and lower bounds. What this analysis does show is that until a greater decline in reserves comes 'on stream', there is insufficient evidence to suggest a significant reduction in reserves and insufficient data to establish an outturn-based estimate for the speed of any decline.

Given that one-fifth of reserves are earmarked for known capital projects, it is very likely that significant levels of reserves will indeed be used in the medium term. Continued uncertainty due to Covid-19 and roll-over spending reviews and settlements mean that more reserves are required for risk management than normal. Further the governments reasonably good funding of the sector in response to the pandemic (but without any guaranteed funding for 2021-22) has seen large levels of unspent grants in 2020-21.

Reserves levels should continue to be monitored closely so that, as soon as any significant changes are seen, the medium-term national FRA reserves projection can be amended. It is vitally important that the government responds with sufficient support should such large losses come 'on stream'. Beyond the national FRA reserves position, between authority variation is very high. It is therefore vital that reserves levels continue to be monitored closely at an individual FRA level as well as a national level. The government may be required to respond with sufficient funding very quickly should forecasted losses come through, particularly as some FRAs are far less able to manage such a reduction than others.

OFFICIAL

Review of Standing List of Member Attended Conferences

Finance & Resources Committee

Date: 14 October 2022

Agenda Item:

10

Submitted By: Director of Corporate Services

Purpose To invite Members to consider the standing approved list of Conferences.

Recommendations a) That consideration be given to the approved standing list of conferences;
b) That relevant allowances be payable to attending Members as appropriate;
and
c) That the standing list of conferences agreed at a) above be reviewed in September 2025.

Summary To consider the approved standing list of conferences.

Local Government (Access to information) Act 1972

Exemption Category: None

Contact Officer: Jik Townson, Committee Services
Jik.townson@westyorksfire.gov.uk
01274 682311 X 671340

Background papers open to inspection: None

Annexes: None

1 Introduction

- 1.1 The standing list of conferences was last reviewed on 11 October 2019 and approval had been given for the attendance of Members on the basis of one Member from each political group as appropriate:

2 Information

- 2.1 The current standing list of conferences comprises the following;

- LGA Fire Conference (on a 1:1:1 basis)
- LGA Annual Conference (on a 1:1:1 basis)
- LGA Fire Leadership Academy (funded by the Local Government Association)

An indication of the most recent conference and expenses fees is as follows;

LGA Fire Conference – March 2022 (1 delegate)

- conference fee only - £395 + VAT

LGA Annual Conference – June 2022 (2 delegates)

- conference fee for 1 delegate paid - £495 + VAT (chair presented a paper so conference fee cancelled)
- accommodation for 1 delegate for 3 nights - £375
- mileage and parking for 2 delegates - £78

Fire Leadership Academy – January 2022 (1 delegate)

- Course and accommodation FOC
- Rail - £69

AFSA Conference – November 2021 (1 Delegate)

- conference fee for 1 delegate £310
- accommodation for 1 delegate £194
- mileage and parking for 1 delegate £107

3 Financial Implications

3.1 The cost of the conferences, including travel and subsistence, will be met from within existing budgetary provision.

4 Legal Implications

4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution

5 Human Resource and Diversity Implications

5.1 There are no human resources and diversity implications arising from this report.

6 Equality Impact Assessment

| | |
|---|----|
| Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk)) | No |
|---|----|

7 Health, Safety and Wellbeing Implications

7.1 There are no health and safety implications arising from this report.

8 Environmental Implications

8.1 Members are encouraged to travel by rail wherever possible or to car share when appropriate.

9 Your Fire and Rescue Service Priorities

9.1 This report links to all the Your Fire and Rescue Service priorities

10 Conclusions

10.1 Members are requested to approve the standing list of conferences, and include the AFSA Winter Conference.

OFFICIAL

Keighley Fire Station Redevelopment

Finance & Resources Committee

Date: 14 October 2022

Agenda Item:

11

Submitted By: Director of Service Support

Purpose

The purpose of this paper is to seek approval for the demolition of the existing fire station at Keighley and the construction of a new state of the art fire station in its place.

Recommendations

It is recommended that the Finance and Resources Committee approve the capital expenditure for the redevelopment of Keighley Fire Station site as detailed in this paper.

Summary

The new fire station at Keighley and the redevelopment of the site has been designed and obtained planning approval. The proposed works have been compliantly tendered, and a preferred bidder identified to undertake the scheme. WYFRS are seeking budget approval of £6,651,500 to undertake the proposed redevelopment works at the Keighley Fire Station site on Bradford Rd.

Local Government (Access to information) Act 1972

Exemption Category: None

Contact Officer: Richard Young, Head of Estates
Richard.young@westyorksfire.gov.uk
07760 992133

Background papers open to inspection: None

Annexes: None

1 Introduction

- 1.1 Keighley Fire Station is located on Bradford Road and borders with both Lancashire and North Yorkshire Fire and Rescue Services. The station is a wholetime one pump station and houses specialist wildfire and hazardous material vehicles. The team at the station is made up of a station commander, 24 firefighters and a station clerk.
- 1.2 The station was constructed in 1964 and is one of the last remaining fire stations of its type architecturally in the North of England constructed by the West Riding County Fire Authority. Keighley Fire Station is a modular CLASP construction building, Clasp buildings were designed with a 60-year life span, the station will shortly meet this milestone. Examples of stations of the same design and construction could at one time be found in Harrogate, these have long since been replaced. The building is life expired and suffers from numerous problems. The biggest issue from a property maintenance perspective is the presence of asbestos containing materials in every element of the building fabric. Asbestos materials are in the make up of the walls and above every suspended ceiling. In addition to this the station does not meet the needs of the modern day service WYFRS deliver.
- 1.3 It was identified in the IRMP (now CRMP) that a wholetime fire station is required in the town of Keighley to enable WYFRS to deliver an effective service and respond to incidents in line with the agreed planned attendance times.

2 Information

- 2.1 Bradshaw Gass and Hope were appointed in May 2020 as the Principal Designer and Architect for the redevelopment of Keighley Fire Station. Bradshaw Gass and Hope were procured on the now redundant *E Delta* system using a restricted tender process. The invited bidders all being pre-qualified consultants, seven quotations were requested, four compliant bids were received. Bradshaw Gass and Hope were deemed to be the most economically viable bidder having the lowest priced bid. In addition to this LK management who undertake project management duties were procured along with DP One planning advisors using the same procurement approach.
- 2.2 Engagement with all stakeholders has taken place and plans have been developed in line with the new Fire Station Design Guide. Planning approval for a new fire station located on Bradford Rd in place of the existing station was validated 25th October 2021 and subsequently approved 20th April 2022.
- 2.3 In order to maintain fire coverage to Keighley and the surrounding areas a temporary fire station will be constructed on the existing site, planning permission for this was submitted 6th October 2021 and subsequently approved 6th May 2022.
- 2.4 Delay's to obtaining planning approval were encountered during the process related to historical drainage layouts on the site. The local planning authority along with Yorkshire Water required further in-depth information relating to our proposals to overcome and build around the drainage network prior to granting approval.
- 2.5 Adjacent to the fire station there are a row of garages which have shared access across the fire station land. During the delay in obtaining planning permission WYFRS were approached by the owner of the garages who is willing to sell them. WYFRS instructed Walker Singleton to undertake a valuation exercise so a sale price could be agreed. Purchasing the garages would give WYFRS sole control over the land and enable the site to become fully secure.

- 2.6 Following the planning approval the design information was pulled together and a tender pack produced. The works were tendered in July of this year with tender returns submitted 31st August 2022. The works were advertised using an open tender approach published on our tender portal In-Tend. We received seven intentions to price, six were submitted with five being deemed as compliant. The works were tendered factoring in both price and quality with 60% of the overall tender score making up the quality element and 40% subsequently linked to cost.
- 2.7 The quality submissions have been evaluated by Richard Young (Head of Estates), Emma Kettlewell (Property and Project Manager), Simon McCartney (Facilities Manager) and Sue Tattersfield (Projects Officer). The pricing documentation has been thoroughly examined by the consultants Bradshaw, Gass and Hope.
- 2.8 The scheme was advertised for tender, with an award criteria of 60% for quality and 40% attributed to costs. The price and quality scores have been combined and identified a winning bidder. William Birch & Sons LTD have been identified as the most economically viable bidder.
- 2.9 There has been an uplift in the cost between the figure in the capital plan and the sum for which we are seeking approval for of 40%. This is attributed to the following:-
- The original budget costs provided were more akin to a station like the Wakefield. Since the construction of Wakefield the Station Design Guide has been produced and a new standard for a modern fire station agreed. Keighley is the first station to be design in accordance with this agreed standard. This means an increase in specification which consider contaminants, Equality and Diversity and Hybrid Working.
 - Inflation costs on construction projects since the construction of Wakefield has risen by 23%, 11% of which has occurred since this time 2021.
 - There are significant risk contingencies which make up the budget following ground surveys that were undertaken and lessons learned from the HQ project around asbestos and other unforeseen items.
 - Keighley houses specialist hazardous material and wildfire provision and as such has an additional appliance bay.
 - Keighley has significant works in relation to constructing a temporary fire station which is required to maintain cover to the district in line with CRMP.
 - The proposals include the purchase of the adjacent land.
- 2.10 We have analysed the costs per square metre and crossed referenced with the costs at Wakefield and the costs at Shipley Fire Station for greater assurances. We feel the costs submitted are fair and just and in line with current market trends.
- 2.11 WYFRS are seeking the approval of the following budget(s) to deliver the new Fire Station at Keighley.

| Element | Budget Requirement |
|---|-----------------------------|
| Winning Tender Bid <i>Includes a £200k contingency</i> | £5,742,644 |
| WYFRS Ancillary Costs | £908,856 |
| TOTAL | £6,651,500 (Rounded) |

3 Financial Implications

- 3.1 There is currently £4.75m in the approved capital plan for the redevelopment of Keighley Fire Station. It has been a reserve strategy policy that the rebuild and major refurbishment of fire stations is funded from the earmarked capital finance capital reserve, which there is no charge to revenue. However, the redevelopment of the FSHQ site has meant that the earmarked reserve is fully expended on this scheme.
- 3.2 The rebuild cost of £6.651m exceeds existing capital provision by £1.902m, which will have to be funded by borrowing. Because the scheme is to be funded by borrowing, this will incur annual capital financing charges of £0.227m over the life of the asset (40 years). This cost can be funded from the balance of the revenue contribution to capital budget totalling £0.491m which is built into the capital financing charges budget.
- 3.3 It is planned that any under spend that occurs on the 2022/23 revenue budget is transferred to the earmarked capital finance reserve. This reserve will then continue to be used to fund fire station rebuilds.

4 Legal Implications

- 4.1 The proposed works will be delivered using the JCT standard contract with a bill of quantities and will be executed under seal.
- 4.2 The Monitoring Officer has considered this report and has no observations to make at the time of submission.
- 4.3 The project has been procured in accordance with CPR rules and regulations.

5 Human Resource and Diversity Implications

- 5.1 The project at will have a positive impact on staff and visitors based at Keighley. The new station when complete will offer a fully accessible building to all public facing and green book staff. Accessible provisions from a DDA perspective will not be offered to the top third floor dormitory area. This will be for exclusive use by operational crews on station. The station will provide facilities that addresses equality issues in relation to people with protected characteristics, including but not limited to, accessibility, gender, and religion. The scheme has been designed in accordance with the new fire station design guide and the associated EIA undertaken in connection with this guide.
- 5.2 The temporary station will provide all the facilities expected on a fire station albeit at a reduced size and scale. Staff on station have been consulted throughout the design process, it has been agreed that the solutions designed are workable and satisfy the crews.

6 Equality Impact Assessment

| | |
|---|------------|
| Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk)) | Yes |
| Date EIA Completed | 06/06/2020 |

| | |
|-------------------|------------|
| Date EIA Approved | 18/08/2020 |
|-------------------|------------|

The EIA is available on request from the report author or from diversity.inclusion@westyorkshire.gov.uk

7 Health, Safety and Wellbeing Implications

- 7.1 The project proposed will have a positive impact on Health, Safety and Wellbeing it will be the first new station (outside of FSHQ) designed and constructed in line with the new Fire Station Design Guide.

8 Environmental Implications

- 8.1 The proposed new station is fully electric and will use air source heat pumps, solar panels are included in the roof construction and the whole building will benefit from LED lighting controlled on PIR sensors. A building management system will be included ensuring that the building M & E installations operate at their most efficient. The building fabric will be constructed to meet current building regulations in terms of heat loss and thermal efficiency. Interceptor tanks will be installed to control the water discharge and contaminants emanating from the site. Electrical vehicle charging points will be installed.

9 Your Fire and Rescue Service Priorities

- 9.1 Ensuring we have resources allocated in locations that have the greatest impact requires buildings that are safe and fit for purpose. We will deliver value for money, the works required at Keighley have been competitively procured. The project will have robust governance procedures and protocols in place ensuring integrity and transparency. The Authority is committed to meeting if not exceeding the requirements of equality and diversity, this redevelopment project will meet this need as well as promoting firefighter safety and address contamination issues.

10 Conclusions

- 10.1 It is recommended that the proposals in the report be approved.