This message is sent on behalf of Mr Mark Nolan, Clerk and Monitoring Officer to Lancashire Combined Fire Authority

Dear Sir/Madam,

To enable the revenue budget consultation to take place, please find below the initial draft budget. Please note that the revenue budget at this stage has not been considered by the Lancashire Combined Fire Authority. It would be helpful if you could let me have any comments you wish to make on the revenue budget proposals by no later than 10 February 2022. This will enable your views to be tabled for consideration by the Authority at its budget setting meeting on 21 February 2022.

In line with the Authority's objective to deliver affordable, value for money services the Authority's Budget Strategy remains one of: -

- Delivering services as outlined in the Risk Management Plan and other plans;
- Continuing to invest in improvements in service delivery;
- Continuing to invest in improving facilities;
- Continuing to deliver efficiencies;
- Setting a robust budget;
- Maintaining an adequate level of reserves;
- Maintaining future council tax increases within the Governments referendum principles.

Draft Budget

In order to determine the future budget requirement, the Authority has used the approved 2021/22 budget as a starting point, and has uplifted this for inflation and other known changes and pressures, to arrive at a draft budgetary requirement, prior to utilising any reserves, as set out below: -

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Preceding Years Draft Net Budget Requirement	58.2	61.4	62.4	63.9	66.0
Add back previous years unidentified savings target	0.3	-	-	-	-
Add back previous years Vacancy Factors	1.4	2.8	1.4	1.4	1.2
Inflation	2.0	1.4	1.5	1.5	1.5
Other Pay Pressures	0.2	-	(0.1)	-	-
Committed Variations	-	0.1	0.3	0.3	0.3
Growth	2.8	(1.9)	(0.2)	-	-
Efficiency Savings	(0.8)	-	-	-	0.2
Gross Budget Requirement	64.2	63.9	65.3	67.1	69.2
Vacancy Factors	(2.8)	(1.4)	(1.4)	(1.2)	(1.5)
Net Budget Requirement	61.4	62.4	63.9	66.0	67.7

Inflation

The following amounts have been added to the budget in respect of inflationary pressures, in line with current estimates: -

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
The impact of the unbudgeted pay awards in 2021/22: • Grey book (operational staff) at 1.5% from 1 July 2021 onwards • Green book (support staff) estimated at the most recent offer of 1.75% for the full financial year (not yet agreed/implemented)	0.7	-	-	-	-
A 2% allowance has been built in for all future pay-awards	0.8	1.0	1.1	1.1	1.1
Non-pay inflation • Energy - 25% inflation for 22/23 and subsequently 2.5% thereafter • Fuel - 12.5% inflation for 22/23 and subsequently 2.5% thereafter • Rates – 5% each year • Other - 2.5% each year	0.5	0.4	0.4	0.4	0.4
	2.0	1.4	1.5	1.5	1.5

Each 1% pay award in excess of the above assumptions equates to an additional cost of £400k per year for grey book personnel, and £75k for green book personnel.

Other Pay Pressure

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Employers National Insurance increase of 1.25% in relation to the Health and Social Care levy (this is offset by a new Service Grant allocation - see funding section later in the report)	0.3	-	-	-	-
Pay has been re-costed, taking account of changes to personnel, grades etc. Given this accounts for the majority of the overall budget it is worth highlighting some of the assumptions used: - <u>Whole-time Pay</u> • Approx. 200 personnel are currently paid at development rates of pay, it is assumed that this continues at this level throughout the budget period. (If all personnel were	(0.1)	-	(0.1)	-	-

paid at competent rates of pay this would cost an additional £1.2m) • Approx. 385 personnel are currently paid CPD, it is assumed that this continues at this level throughout the budget period. (If all personnel were paid CPD this would cost an additional £0.1m) • Approx. 30 personnel are currently 'opted out' of the FF pension scheme, it is assumed that this continues at this level throughout the budget period (if all personnel were in the pension scheme this would cost an additional £0.3m) • The FF pension scheme transitional arrangements are due to be ended, with all FF transferring into the 2015 scheme on 1 April 2022, a reduction of £0.3m. <u>On-Call Pay</u> • Approx. 225 of all on-call personnel are currently paid at development rates of pay, it is assumed that this continues at this level throughout the budget period (if all personnel were paid at competent rates of pay this would cost an additional £0.2m) • Approx. 80 on-call personnel are currently paid CPD, it is assumed that this continues at this level throughout the budget period (if all personnel were paid CPD this would cost an additional £0.1m) • Approx. 80 personnel are currently 'opted out' of the FF pension scheme, it is assumed that this continues at this level throughout the budget period (if all personnel were in the pension scheme this would cost an additional £0.2m) • The FF pension scheme transitional arrangements are due to be ended, with all on call FF transferring into the 2015 scheme on 1 April 2022, a very small reduction of £6k. <u>Support Pay</u> • The budget is based on the assumed scale points of personnel in post at 1 April 2022. No allowance has been made for future incremental progression or staff turnover where typically new starters commence at the bottom of the pay grade.					

• Approx. 10 personnel are currently ‘opted out’ of the LGPS pension scheme, it is assumed that this number remains consistent throughout the budget period (if all personnel were in the pension scheme this would cost an additional £30k)					
	0.2	-	(0.1)	-	-

Committed Variations

Committed variations are those items which are unavoidable, or which arise from previously agreed policy decisions.

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
The budget reflects the additional drawdown against the apprentice levy, net of our 5% co-investment cost. The increase arising from the government funding of 95% of any levy account shortfall, The extent of the levy drawdown depends on the number and timing of WT recruits in training, hence the reductions in future years reflect the reduction in recruit numbers.	(0.4)	-	0.2	0.1	0.1
Increased MRP/interest payable in relation to the draft capital programme in line with anticipated borrowing (as referred to in the Capital budget report elsewhere on the agenda)	-	-	-	0.2	0.2
Other	0.4	0.1	0.1	0.1	0.1
	-	0.1	0.3	0.3	0.3

Growth

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
The number and timing, and hence cost, of recruit Fire-fighters is affected by • Changes in establishment, we have built in agreed changes to this. However, the cessation of DCP and the outcome of the ECR will affect establishment levels in the future but as yet, these are unknown and hence have been excluded. • Retirements/leavers, we have incorporated anticipated retirements and an assumed level of early leavers into our forecasts. However, the on-going uncertainty surrounding pensions may have an impact on these, and whilst we have increased our allowance for this there is no guarantee that this will be accurate (further details are set out later in the report). • Capacity within the organisation, both to undertake the comprehensive recruitment process required, but more specifically	0.3	(0.5)	-	-	-

capacity at Training Centre to run multiple recruit courses alongside all the other essential training that is required. As such the budget allows for the following recruits/apprentice FFs each year:- • 22/23 – 82 apprentices • 23/24 – 24 apprentices • 24/25 – 24 apprentices • 25/26 – 24 apprentices • 26/27 – 24 apprentices Appendix 1 shows the impact this recruitment has on staffing levels, and hence vacancy levels.					
The WT overtime budget is ‘flexed’ to take account of the costs of covering vacancies during the year. As there are a significant level of operational vacancies next year the overtime budget has been increased, with a reduction in 2023/24 reflecting the reduction in forecast vacancies	0.4	(0.4)			
Establishment at Training Centre has been increased to reflect the additional recruit courses required next year, as well as the increasing demands on training requirements in general	0.2	(0.1)	-	-	
The increase in budget reflects the temporary requirement to enhance the delivery of protection services, and to better integrate this with crews/operational response	0.2	-	(0.2)	-	-
As referred to in the capital budget report the Revenue Contribution to Capital Outlay (RCCO) has been increased to £3.0m in 22/23, reflecting the significant increase in staffing vacancy factors currently being experienced, and the need to provide additional funding for the capital programme. The contribution has been reduced to £2.25m in future years reflecting the anticipated short-term nature of this position.	0.7	(0.7)	-	-	-
Capacity within support functions has been a major challenge for a number of years, however, demands placed on these departments has grown significantly in recent years, perhaps best illustrated by the amount of work required to support changes to the pension schemes. Whilst we have marginally increased resources in some areas in this and	0.7				

previous budgets, it is clear that this has not been sufficient to address our current challenges. As highlighted later in the report recruitment into several departments has been problematic for a number of years, with the situation becoming significantly worse in the last 12 months. We are now carrying over 20 vacant support posts (over 10%), and the most often cited reason for struggling to recruit is comparability of salary. Whilst market supplements have been applied to some posts this is not considered a long-term solution. As such we propose undertaking a review of requirements at the start of the new year, and have therefore built an allowance into the budget to meet these costs and to put support functions on a sustainable long-term footing. This allowance is included to aid financial planning at this stage, as the actual requirements will not be known until the review is undertaken. Note as cost and timing of outcomes is uncertain, we propose transferring any unused funds arising from this into the Capital Funding Reserve, to reduce the need to borrow in later years.					
Members have agreed that the Authority will undertake an Emergency Cover Review (ECR) in 22/23, incorporating the withdrawal of the DCP duty system. It is worth highlighting that converting a DCP station back to the 2-2-4 duty system costs approx. £0.5m, per station, a total of £5.5m across the 11 DCP stations. Clearly this is unaffordable and hence we will need to look for alternative solutions. At this stage it is impossible to forecast the outcome of this review and hence we have assumed it will be cost neutral from a budget perspective. Obviously, if this is not the case then future years budgets will come under increasing pressure and it will become more difficult to set a long-term balanced budget.	-	-	-	-	-
Pension costs, as members are aware we have previously set aside over £2m to meet backdated employer contributions associated	-	-	-	-	-

with changes to pensionability of allowances. It has always been assumed that the Government would meet the cost of any backdating, net of both employee and employer contributions, via the pensions holding account that we report each year. On a similar basis we have assumed that the Government would meet all costs, including backdated employer contributions, associated with the McCloud judgement and the introduction of Immediate Detriment. Whilst we are still working on final costings relating to pensionability of allowances, and are awaiting more definitive guidance re immediate detriment, it does appear that the Governments position has changed and that there is a real risk that we are left picking up significant costs associated with this. We have not built any allowance into the budget for this. However, it must be acknowledged that these will be one-off costs and hence, we may be able to meet these from reserves.					
Other	0.3	(0.2)	-	-	-
	2.8	(1.9)	(0.2)	-	-

Efficiency Savings

The Authority has a good track record of delivering efficiency savings, with the following savings identified below: -

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
We have top sliced the majority of non-pay budgets by 2.5%.	(0.2)	-	-	-	-
Adjust pooled PPE budget to reflect lifecycle replacement requirement.	(0.2)	-	-	-	0.2
Reduction in car users/mileage budgets across all budgets, in line with trends seen in 19/20, 20/21 and year to date 21/22 – reflects alternative ways of future working.	(0.2)	-	-	-	-
Other	(0.2)				
	(0.8)	-	-	-	0.2

Gross Budget Requirement

As set out above the overall gross budget requirement for each year is as follows: -

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Draft Gross Budget Requirement	64.2	63.9	65.3	67.1	69.2

Vacancy Factors

The budget needs to take account of forecast vacancy factors arising from retirement and recruitment profiles: -

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
The vacancy factor for whole-time has also been updated and is based on the following: - • Each year a number of personnel who have reached full pension benefits delay their retirement. Whilst this varies each year it averages out at approx. 7 personnel at any point in time. As such we have assumed that all bar 7 personnel who can retire do so immediately. • It is also worth noting that the requirement reflects anticipated early leavers, i.e., personnel who retire before reaching forecast retirement date or who resign or are dismissed, of:- ➢ 17 in 22/23 ➢ These numbers reduce in future years in order to avoid double counting of those who have retired 12/24 months earlier than their estimated retirement date, hence the allowance reduces to ➢ 12 in 23/24 ➢ 9 in 24/25 ➢ 6 in subsequent years • Recruit numbers are as set out earlier and we assume that all recruits successfully complete the course. Appendix 1 shows the impact this has on staffing levels, and the resultant vacancy levels. The forecast establishment position as at the end of March 2022 is 13 vacant posts, rising to 32 before the first cohort of WT recruits are posted to station. It is still not clear what further impact either the transitional pension arrangements or making allowances pensionable will have on the	(0.8)	0.2	0.1	0.3	0.1

retirement profile, or what impact the ECR will have on this. Note, as set out above the WT overtime budget is ‘flexed’ to take account of the costs of covering the vacancies during the year.					
On Call vacancy factors has been increased from 18% to 21% reflecting the current level of staffing, and assuming this remains constant.	(1.2)	(1.2)	(1.3)	(1.3)	(1.3)
Support staff vacancy factor has been increased from 3.75% to 10.0%, broadly reflecting the current level of vacancies. This has been reduced back to 5% in 23/24 and 2.5% in subsequent years on the assumption that this is a temporary problem, which the review of support pay and capacity requirements should address.	(0.8)	(0.4)	(0.2)	(0.2)	(0.2)
	(2.8)	(1.4)	(1.4)	(1.2)	(1.5)

Net Budget Requirement

As set out above the overall net budget requirement for each year is as follows: -

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Draft Budget Requirement	61.4	62.4	63.9	66.0	67.7
Budget Increase	4.9%	1.7%	2.7%	3.2%	2.7%

Grant Funding

The Governments Budget will set the overall total for public sector spending which will then be allocated out to departments as part of the Spending Review, and these are then allocated out to individual Authorities as part of the Local Government Finance Settlement, the first draft of which was announced in December.

Due to economic uncertainty the anticipated multi-year settlement has been postponed again, hence the draft settlement only covers 22/23.

Similarly, the Fair Funding review, which looked to re-assess the methodology under which funding was allocated to individual authorities, and the implementation of a revised Business Rates Retention Scheme, have both been put on hold for at least a further 12 months.

The draft 2022/23 Local Government Finance Settlement showed an increase in the Governments Settlement Funding Assessment of 1.08%. The Settlement Funding Assessment comprises:-

• Revenue Support Grant (from the Government)	£8.8m
• Business Rates (from local billing authorities)	£11.3m
• Business Rates Top-Up (from the Government)	£4.4m
	£24.5m

Looking beyond 22/23, it is assumed that this will grow in line with this increase and hence we have allowed for 1.0% growth each year. The table below sets out our assumed level of funding (Settlement Funding Assessment) over the next 5 years: -

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Estimated Settlement Funding Assessment	24.5	24.8	25.0	25.2	25.5
Growth	1.1%	1.0%	1.0%	1.0%	1.0%

Service Grant

A new one-off grant has been introduced in 2022/23, Services Grant, worth £822 million to local government. This grant allocation is for 2022/23 only, but the Government has confirmed it will work with the sector on how to distribute this funding from 2023/24 onwards. As the grant includes funding for the increase in employer National Insurance Contributions it is assumed that this element will recur in subsequent years, but it may be under a different heading. We have not built in any allowance for the balance of this grant in future years.

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Service Grant	1.1	0.3	0.3	0.3	0.3

Business Rates Adjustments

We are awaiting final details of our Business Rates from billing authorities, hence have used the Governments estimate of £4.4m, as set out above.

In addition to the above Business Rates the Authority receives Section 31 grant from the Government to compensate for specific reliefs it has agreed as part of policy decisions, i.e., small business relief etc. This year the anticipated grant remains at £1.3m, the same as last year (the actual figure will not be known until billing authorities confirm business rates details). We have assumed this increases in line with inflation in future years.

We are awaiting details of the collection fund surplus or deficit from billing authorities. We are also awaiting confirmation as to whether there is any compensation due in respect of additional business rates reliefs granted by the Government and what our share of that is. As such we have assumed that the only adjustment required reflects the 3-year smoothing of last year's deficit, i.e., £80k.

	2022/23	2023/24	2024/25	2025/26	2026/27
Section 31 Grant – Business Rates Reliefs	(£1.3m)	(£1.3m)	(£1.3m)	(£1.3m)	(£1.3m)

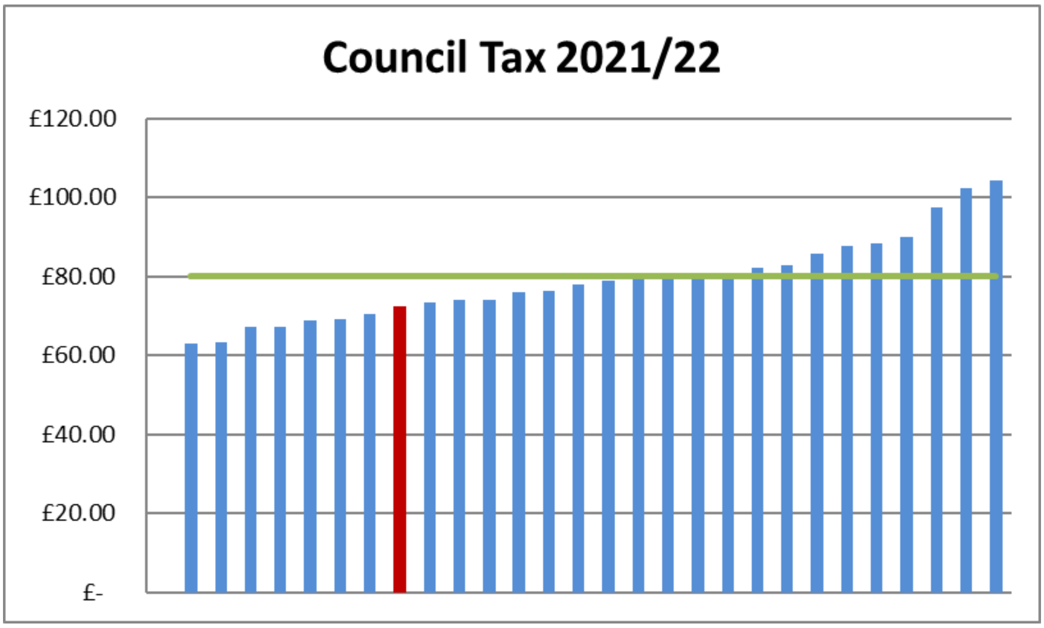
Business Rates Collection Fund Deficit c/fwd from 21/22	£0.1m	£0.1m	-	-	-
Business Rates Collection Surplus in year	-	-	-	-	-
Total Business Rates Adjustment	(£1.2m)	(£1.2m)	(£1.3m)	(£1.3m)	(£1.3m)

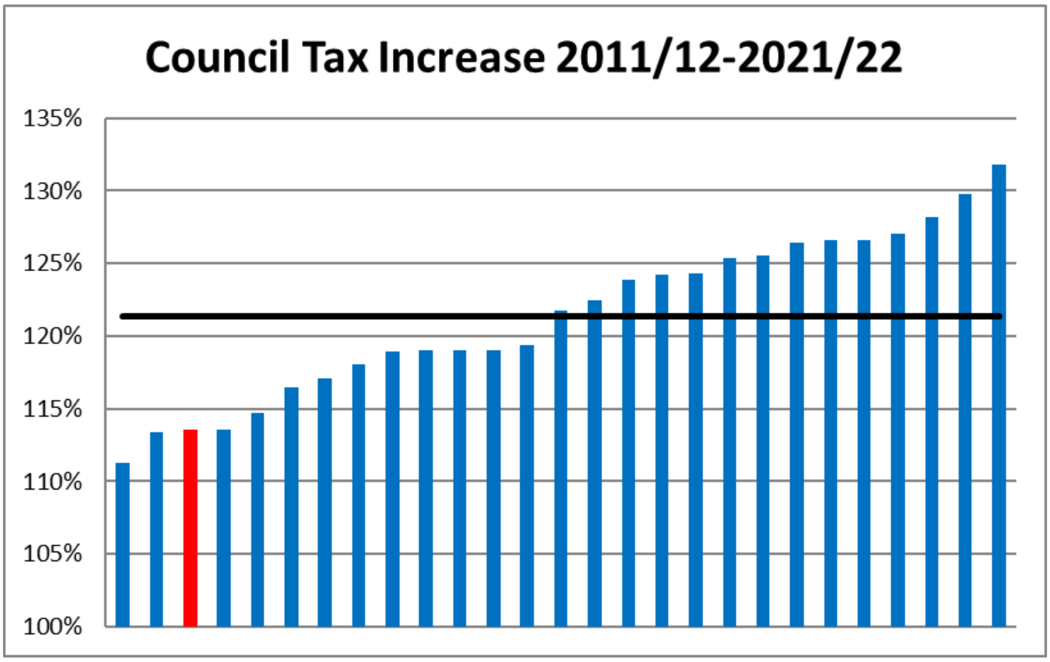
Funding projections will be updated once Billing Authorities provide more detail re business rates.

Council Tax

In setting the council tax, the Authority aims to balance the public's requirement for our services with the cost of providing this. As such the underlying principle of any increase in council tax is that this must be seen as reasonable within the context of service provision.

The Authority became a precepting authority on 1 April 2004. Since this our council tax increases have been limited by either capping or the current referendum thresholds set by the Government. As such our council tax increases and hence budget increases have been constrained by these and our desire to deliver value for money services. Our council tax of £72.27 is still below the national average of £80.06, and our increase of just 13.5% since 2010/11 compares with an average increase of 21.4% over the same period and is the third lowest of any Fire Authority.

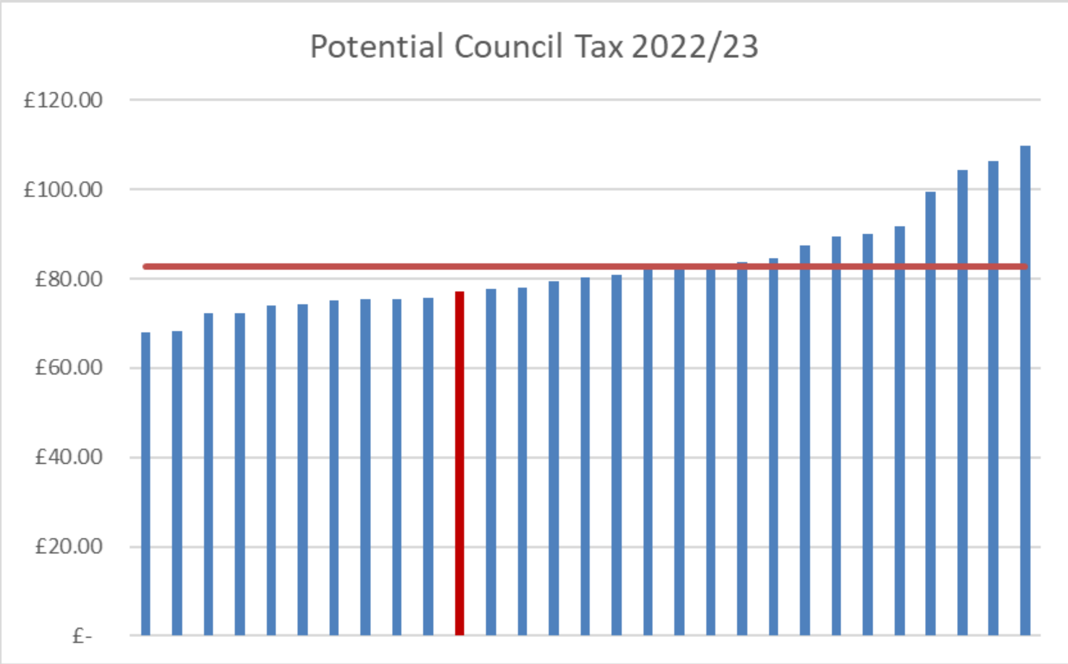


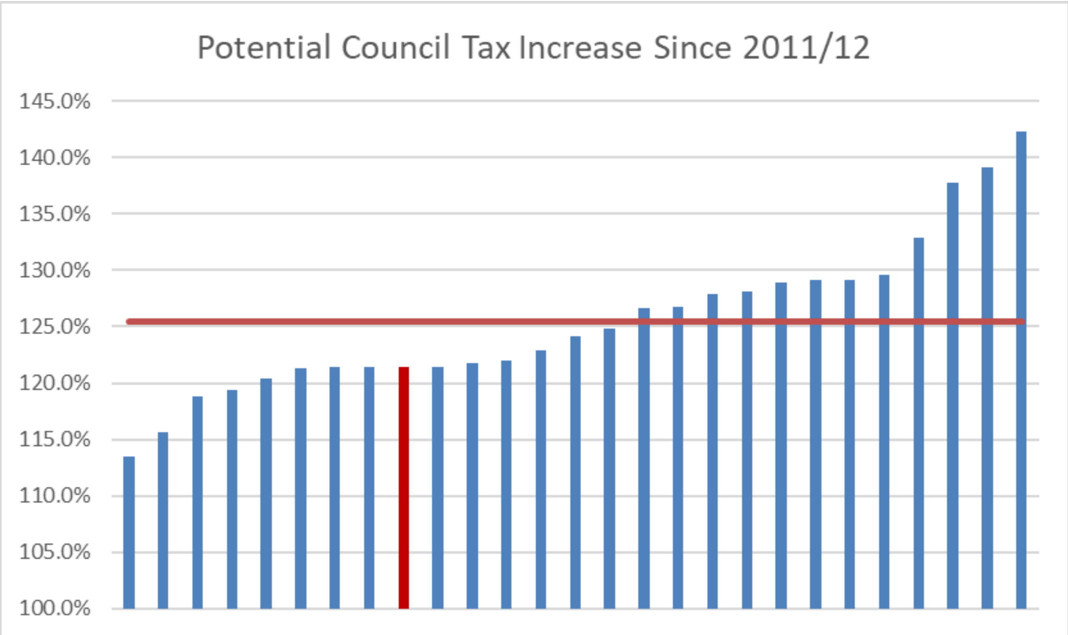


The draft Local Government Settlement confirmed that “the Government is proposing a 2% core referendum threshold and is consulting on proposals to allow the 8 FRAs with the lowest precept levels to increase council tax by £5 for one year only in 2022/3. This is to assist those FRAs in addressing immediate pressures and to maintain a sustainable income baseline for future years”. It is worth highlighting that this flexibility was last allowed in 2013/14, and that the sector as a whole has been lobbying for re-introduction of this flexibility for all Authorities since this date, hence this a major shift in the Government’s stance, but one which is very unlikely to be repeated in future years.

Lancashire are in the bottom quartile for council tax levels and hence, if the flexibility is supported following the consultation exercise, this will apply to ourselves. Based on our estimated tax base this will generate £2.25m of funding compared with £650k from a 2% increase, an additional £1.6m. Furthermore, it should be emphasised that this additional funding will set a new council tax baseline and hence becomes a recurring increase.

Assuming all Authorities increase by the maximum amount permissible (£5 or 2% depending in which quartile they are in) our council tax of £77.27 would still be below the national average of £82.66, and our increase of 21.4% since 2010/11 would compare with an average increase of 25.5% over the same period and will still be the joint seventh lowest of any Fire Authority.





Council Tax-Base

We are waiting for billing authorities to confirm the council tax base, and hence have utilised an assumed increase of 1.35% (based on provisional returns submitted to date). For the purpose of medium term forecasting we have assumed that the taxbase increases by 1.5% in subsequent years in line with historic averages.

	2022/23	2023/24	2024/25	2025/26	2026/27
Estimated Number of Band D equivalent properties	448,707	455,438	462,270	469,204	476,242

Last year the Government allocated an additional £670m of Local Council Tax Support Grant to councils, of which our share was £0.8m, to offset the reduction in tax base during the pandemic. It is assumed that this was a one-off allocation, and hence this has not been allowed for in this year's budget.

We are awaiting details of the collection fund surplus or deficit from billing authorities. As such we have assumed that the only adjustment required reflects the 3-year smoothing of last year's deficit, i.e., £121k.

	2022/23	2023/24	2024/25	2025/26	2026/27
Council Tax Collection Fund Deficit c/fwd from 21/22	£0.1m	£0.1m	-	-	-
Council Tax Collection Surplus in year	-	-	-	-	-
Net Collection Fund	£0.1m	£0.1m	-	-	-

Both the tax base and collection fund deficit will be updated once figures are received from billing authorities.

Draft Council Tax Requirements

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Draft Budget Requirement	61.4	62.4	63.9	66.0	67.7
Less Settlement Funding Assessment	(24.5)	(24.7)	(25.0)	(25.2)	(25.5)
Less Service Grant	(1.1)	(0.3)	(0.3)	(0.3)	(0.3)
Less Business Rates Adjustment	(1.2)	(1.2)	(1.3)	(1.3)	(1.3)
Less Council Tax Collection Deficit/(Surplus)	0.1	0.1	-	-	-
Equals Precept	34.7	36.3	37.3	39.1	40.5
Estimated Number of Band D equivalent properties	448,707	455,438	462,270	469,204	476,242
Equates to Council Tax Band D Property	£77.27	£79.60	£80.64	£83.25	£85.14
Increase in Council Tax	£5.00	3.0%	1.3%	3.2%	2.3%

(For information, a 1% change to the council tax equates to £0.3m.)

As can be seen the increase in 22/23 is in line with the additional flexibility allowed for in the draft settlement. Increases in subsequent years are marginally above the 2% referendum limit, reflecting the removal of Service Grant.

The following table sets out the funding gap each year: -

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
£5 increase in council tax in 22/23 followed by 2%	-	(0.3)	(0.1)	(0.6)	(0.7)

Reserves

A reasonable level of reserves is needed to provide an overall safety net against unforeseen circumstances, such as levels of inflation/pay awards in excess of budget provision, unanticipated expenditure on major incidents, and other “demand led” pressures, such as increased pension costs, additional costs associated with national projects, etc. which cannot be contained within the base budget. In addition, they also enable the Authority to provide for expenditure, which was not planned at the time the budget was approved, but which the Authority now wishes to implement.

As such a review of the strategic, operational, and financial risk facing the Authority is undertaken each year to identify an appropriate level of reserves to hold, this incorporates issues such as higher than anticipated pay awards, increased number of ill health retirements, etc. The most significant change is the increased risks associated with pension costs arising from the review of pensionability of allowances and the Immediate Detriment position. As such the minimum requirement has increased to £4.0m. As at 31 March 2022 we anticipate holding £6.0m, providing scope to utilise approx. £2.0m of reserves.

Therefore, the Treasurer considers this reserve is at an appropriate level.

Summary Council Tax 2022/23

We are recommending a £5.00 increase in council tax for an average band D property:-

	£5
	£m
Gross Budget Requirement	61.4
Less Settlement Funding Assessment	(24.5)
Less Service Grant	(1.1)
Less Business Rates Adjustment	(1.2)
Less Council Tax Collection Deficit	0.1
Equals Precept	34.7
Estimated Number of Band D equivalent properties	448,707
Equates to Council Tax Band D Property	£77.27
Increase in Council Tax	£5.00

The increase of £5.00 per annum equating to 10p per week for an average band D property. It is also worth highlighting that Fire accounts for a very small proportion of the total council tax bill, with the 2021/22 average band D bill in Lancashire being £1,996, of which 'Fire' accounts for £72, less than 4%.

Robustness of the Revenue Budget 2022/23

Under Section 25 of the Local Government Act 2003, the Chief Finance Officer is required to make a statement about the robustness of the budget.

The professional opinion of the Treasurer is that the budget has been prepared on a robust basis for the following reasons:

- The budget is reflective of existing service plans;
- The budget takes account of the anticipated on-going revenue impact of current and future capital programmes (no allowance has been made for any potential borrowing associated with the capital programme as we are still finalising this);
- The allowances included for inflation and pay awards represent a best estimate of the likely cost of this, at

	2022/23
Uniformed Pay Award	2.0%
Non-Uniformed Pay Award	2.0%
Non-Pay Inflation (Additional inflation has been allowed for in 22/23 in respect of energy and fuel)	2.5%

- As part of the budget setting process all estimates, including savings and income forecast, are assessed for reasonableness;
- The situation in respect of future funding, and in particular the outcome of next year's Spending Review and the longer-term impact of the pandemic on business rates and council tax will be kept under review and reported to the Authority in due course.

- The level of and appropriateness of reserves has been reviewed by the Treasurer, based on the potential risks faced by the Authority;
- The following significant financial risks have all been assessed and the Treasurer feels that these are adequately covered within the budget estimates presented or within the level of reserves currently held: -
  - Reductions in funding levels over and above those forecast;
  - Reduction in funding via Business Rates retention scheme;
  - Reduction in council tax funding due to changes in collection rates, localisation of council tax support, reducing tax base and/or council tax referendum limits;
  - Higher than anticipated inflation;
  - Larger increases in future pension costs/contributions;
  - Significant changes in retirement profiles;
  - Increase in costs arising from demand led pressures, i.e., increasing staff numbers, overtime due to spate conditions or major equipment replacement requirements;
  - Inadequacy of insurance arrangements

Summary

The lack of a multi-year settlement makes longer term planning more difficult as there can be no certainty around future funding forecasts. Offsetting this is the opportunity provided by the £5 council tax flexibility allowed this year. The Home Office have clearly stated that this flexibility is only for this year, and it is hard to see a situation where that does not prove to be the case in the medium term.

Raising council tax by the maximum permissible still only increases the overall council tax bill by £5 but generates £2.25m of funding for the Authority. This increase provides an opportunity to address some of the capacity and pay issues within support functions, as well as reduce the pressure on the ECR delivering sufficient change to offset the cessation of DCP and meet future budget pressures. It gives greater long term funding certainty which will form the basis of our future investment requirements, which are essential if we are to continue to hit our ambition to be the best equipped, best trained, and best accommodated Service.