

HAMPSHIRE AND ISLE OF WIGHT FIRE AND RESCUE AUTHORITY
15 FEBRUARY – BUDGET AND PRECEPT REQUIREMENT 2022/23
ADDENDUM TO AGENDA ITEM 7

INTRODUCTION

1. The economic impacts of the Covid-19 pandemic continue to make the assessment of expected business rate income challenging for billing authorities. This is further complicated by the Government grant funding arrangements that compensate for the effects of Covid-19 and other business rate reliefs.
2. The purpose of this addendum is to set out the final figures notified by billing authorities and to confirm the final local government finance settlement figures published on 7th February. The changes affect the revenue account and appendix A only. For ease of reference, the recommendations in this Addendum replace in their entirety the recommendations in the report published at agenda item 7 for the meeting on 15 February 2022.

2022/23 BUDGET AND PRECEPT

3. Final business rates income figures and section 31 business rate grant information have been received since the publication of the original papers. Retained business rate income fell by £0.808m compared to the figures contained within the original papers. However section 31 grants to compensate for business rates reliefs increased by £1.251m, resulting in a net increase of £0.443m of funding available.
4. Due to the continued uncertainty around pay and price inflation, it is proposed that this additional funding is held as part of the allocation for pay inflation. This would provide the Authority with additional resilience if the pay award were to exceed the 2% currently held within the budget for 2022/23, particularly given the inflationary pressures on household incomes at the moment.
5. The position around the business rates collection fund remains uncertain, so an assumption of neither surplus nor deficit remains.

6. As a consequence of this change, the table in paragraph 46 that presents the changes since the budget update report is represented here, with changes highlighted:

Changes since Budget Update report	£'000
Forecast deficit in December 2021 Budget Update report	1,333
<u>Changes since Budget Update report:</u>	
Council tax increase	(2,758)
Collection fund increase	(465)
Services grant	(1,131)
Other grant changes	(32)
Business rates related section 31 grant increase	(1,251)
Reduction in business rates	808
Recommended additional contingency	500
Efficiencies to 2023/24	562
Bring forward ICT reserve contribution	218
One off contribution to Capital Payments Reserve	73
Isle of Wight Estate – Year 2	1,700
Additional pay inflation allocation	443
Proposed budget (surplus)/deficit	-

RECOMMENDATION

The Authority is recommended to approve:

1. The additional delivery pressure of £0.218m per annum for contributions to ICT reserves.
2. The one-off Transformation Reserve draw of £0.250m to support the delivery of the Safety Plan year 3 objectives.

3. That the Authority agrees to continue the suspension of the Immediate Detriment Framework until the Standards and Governance Committee meeting currently scheduled for May 2022.
4. That the Authority delegates authority to the Chief Financial Officer in consultation with the Chairman of the Authority, the Chairman of Standards and Governance and the Chief Fire Officer to make necessary decisions about Immediate Detriment in the interim, including decisions to apply immediate detriment in very exceptional circumstances where significant hardship could be caused by not applying it.
5. The Revenue Budget, as set out in Appendix A in this Addendum.
6. The Medium Term Financial Plan, as set out in Appendix B.
7. The Capital Programme and funding as set out in Appendix C.
8. The Reserves Strategy as set out in Appendix D.
9. The Treasury Management Strategy as set out in Appendix E, including the Annual Investment Strategy for 2022/23, (and the remainder of 2021/22).
10. Delegated authority to the Chief Finance Officer to manage the Fire and Rescue Authority's investments and borrowing according to the Treasury Management Strategy Statement as appropriate.
11. The Capital and Investment Strategy as set out in Appendix F for 2022/23, (and the remainder of 2021/22).
12. The Section 25 Report as set out in Appendix G which should be taken into account by the Authority in agreeing the budget and council tax.
13. The council tax requirement for the Authority for the year beginning 1st April 2022 of £53,396,488.
14. That the Authority's council tax be increased by £5 (7.10%) for the year beginning 1st April 2022 and for the properties in each band to be increased by 7.10%, as set out in para 18 of the main report on the agenda:

Band A:	£50.29	Band E:	£92.20
Band B:	£58.67	Band F:	£108.96
Band C:	£67.05	Band G:	£125.72

Band D: £75.43

Band H: £150.86

15. That the precepts set out in para 24 of the main report on the agenda, totalling £53,396,488 are issued on the billing authorities in Hampshire, requiring the payment in such instalments and on such dates set by them and previously notified to the Authority, in proportion to the tax base of each billing authority's area as determined by them.

Appendix A

2022/23 Budget - Subjective

	2021/22 Original Budget £'000	2021/22 Revised Budget £'000	Realignment £'000	Base budget adjustments £'000	Funding increases £'000	Inflation £'000	Delivery pressures £'000	Efficiencies £'000	One off £'000	2022/23 Budget £'000
Whole Time Firefighters	35,918	35,924	(190)	523		1,090				37,347
Retained Firefighters	7,890	7,840	150	109		204	15			8,318
Staff	13,279	13,427	58	268		482	316			14,550
Other employee costs	2,242	2,246	(97)							2,149
	59,329	59,437	(79)	900	0	1,775	331	0	0	62,364
Premises	6,198	6,187	18			91			1,700	7,996
Transport	1,702	1,700	14							1,714
Supplies & Services	7,952	7,828	23			431	27			8,309
Third Party Payments	1,878	1,895	11			46	80			2,032
Contingencies	500	500		(500)		500				500
Savings								(800)		(800)
	77,559	77,547	(13)	400	0	2,843	438	(800)	1,700	82,115
Income	(2,744)	(2,732)	13	0	0					(2,719)
	(2,744)	(2,732)	13	0	0	0	0	0	0	(2,719)
Revenue contributions to capital	3,965	3,965							73	4,038
Equipment reserve	950	950					65			1,015
Grant equalisation reserve	(153)	(153)		778						625
Transformation reserve	250	250								250
ICT reserve	500	500					307			807
	5,512	5,512	0	778	0	0	372	0	73	6,735
Net Cost of Service	80,327	80,327	0	1,178	0	2,843	810	(800)	1,773	86,131
Capital Financing	949	949		580						1,529
Investment income	(210)	(210)								(210)
Budget Requirement	81,066	81,066	0	1,758	0	2,843	810	(800)	1,773	87,450
Funded by:										
Precept	(49,158)	(49,158)			(4,238)					(53,396)
Revenue Support Grant	(8,275)	(8,275)			(253)					(8,528)
Business Rates Top-Up Grant	(9,043)	(9,043)								(9,043)
Locally Retained Business Rates	(7,492)	(7,492)			808					(6,684)
Pension grant	(3,771)	(3,771)								(3,771)
Council Tax Support Grant	(695)	(695)			695					0
Government Grant for Covid losses	(94)	(94)			94					0
CT Collection Fund Balance	171	171			(636)					(465)
BR Collection Fund Balance	59	59			(59)					0
S31 grants	(2,768)	(2,768)			(1,663)					(4,431)
Services grant	0	0			(1,132)					(1,132)
Funding Gap / (Surplus)	0	0	0	1,758	(6,384)	2,843	810	(800)	1,773	0

2022/23 Budget - Objective**2022/23
Budget****£'000**

People & Organisational Development	4,886
Operations	43,073
Policy Planning and Assurance	4,976
Enabling	22,406
Finance	4,055
Reserve Transfers	6,735
Net Cost of Service	86,131