

**MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2023/24
TO 2025/26****JOINT REPORT OF THE CHIEF FIRE OFFICER AND
TREASURER****For Information****1. PURPOSE OF REPORT**

- 1.1 To provide an update on the Authority's Medium Term Financial Strategy, which integrates the revenue budget, Asset Management Plan and Reserves Strategy, and underpins the delivery of the Community Integrated Risk Management Plan.

2. RECOMMENDATION

- 2.1 That Members note the report.

3. ISSUES TO BE CONSIDERED BY THE AUTHORITY

- 3.1 An updated MTFS report was considered by the Executive Committee on 25 November 2022 and is attached at **Appendix A** to ensure all Members are aware of the increased financial challenges facing the Authority and the timetable for setting the 2023/24 budget and Council Tax level.
- 3.2 The report to the Executive Committees reminds Members that the Authority is starting 2023/24 with less cash funding than in 2013/14 - a low Council Tax base which means a much lower proportion of spending is funded from Council Tax than is the case for the average FRA – and continued reliance on the level of Government funding.
- 3.3 The Authority is facing increased inflationary pressures, including the impact of national pay awards. **Appendix A** details a range of budget scenarios and a potential deficit of between **£2.270m** and **£4.058m** for the period 2023/24 to 2025/26 – which highlights the current financial uncertainties. These figures are between **7.4%** and **13.3%** of the current budget.
- 3.4 The figures also assume annual Council Tax Referendum Limits of 2% and local increases of 1.9%. Without these increase the budget deficits would all be £0.75m higher.
- 3.5 It seems very likely that the budget for 2023/24 will need to be set before the national pay award for Grey Book staff (Fire fighters) for 2022 has been agreed. This means the 2023/24 budget will need to manage this uncertainty AND uncertainty regarding the 2023 national pay awards for both Grey Book and Green Book staff (support staff).

- 3.6 Detailed plans to address the forecast budget deficits cannot be developed until the 2023/24 Local Government Finance Settlement is provided by the Government, which is not expected until late December.
- 3.7 The strategy to address the deficit will be based on a combination of factors:
- 1) Identification of budget saving which can be implemented over the period 2023/24 to 2025/26
 - 2) Use of interest income
 - 3) Use of the Budget Support Fund
- 3.8 The MTFS will be updated once the 2023/24 Local Government Finance Settlement is issued. Detailed proposals to address the updated forecast deficit will then be reported to the Executive Committee on 20 January 2023 and then referred to the Full Authority on 10 February 2023.

IAN HAYTON
CHIEF FIRE OFFICER

CHRIS LITTLE
TREASURER