



KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

Meeting of the Authority

Tuesday 18 February 2025

10.30am

AGENDA

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

Tuesday 18 February 2025, 10.30 am

Ask for: **Marie Curry**

To be held at Kent Fire and Rescue Service HQ
The Godlands, Straw Mill Hill, Tovil, Maidstone ME15 6XB

Telephone: **(01622) 692121**

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

A Routine Business

- A1. Chair's Announcements
- A2. Membership Changes and Apologies for Absence
- A3. Declarations of Interest in Items on this Agenda
- A4. Minutes of the Meeting of the Authority held on 17 October 2024 *(for approval)*
- A5. Minutes of the Audit and Governance Committee held on 6 November 2024 *(for information)*

B For Decision

- B1. External Auditors Annual Report for 2023/24
- B2. Financial Update for 2024/25
- B3. Community Risk Management Plan Response Time Standards and Council Tax Consultation
- B4. Draft Revenue and Capital Budgets 2025/26 and Medium-Term Financial Plan 2025-29
- B5. Pay Policy Statement 2025/26
- B6. Policy and Governance Update
- B7. Amendment of Carbon Neutral Target
- B8. Adoption of the Member Allowances Scheme for 2025/26
- B9. Review of the Authority's Standing Orders and Member Code of Conduct

C For Information

- C1. Chair of the Audit and Governance Committee's Annual Report to the Authority
- C2. Mid-year Treasury Update 2024/25
- C3. Activity Update *(presentation – will be presented at the meeting)*
- C4. Information Update *(presentation – can be viewed on the Authority's website)*

D **Urgent Business** (*Other items which the Chairman decides are urgent*)

E **Exempt Items**

None

Marie Curry
Clerk to the Authority
10 February 2025

Please note that any background papers referred to in the accompanying reports may be inspected by arrangement with the Lead/Contact Officer named on each report.

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

MINUTES of a Meeting of the Kent and Medway Fire and Rescue Authority held at Kent Fire and Rescue Service Headquarters, The Godlands, Tovil, Maidstone, ME15 6XB on Thursday 17th October 2024.

PRESENT: - Mr P Barrington-King, Mr A Brady, Mr N Chard (Chair), Mr D Crow-Brown, Mr M Dendor, Ms S Hohler, Mr D Jeffrey, Mr B Kemp (Vice-Chair), Mr V Maple, Ms J Meade, Mr A Ridgers, Mr M Sole, Mr B Sweetland, Ms Z Van-Dyke and Kent Police and Crime Commissioner, Matthew Scott.

APOLOGIES: - Mr D Beaney, Mr A Booth, Mr P Cole, Mr N Collor, Mr M Hood, Ms C Parfitt-Reid, Mr M Prenter, Mr S Manion, Mr J McInroy and Mr C Simkins.

OFFICERS:- The Chief Executive, Miss A Millington; the Director, Finance and Corporate Services, Mrs A Hartley; Director, Response and Resilience, Mr M Deadman; Director, Prevention, Protection, Customer Engagement and Safety, Mr J Quinn; Director, HR and Culture, Ms L Jell; Assistant Director, Resilience, Mr C Else; Head of Finance, Pensions and Treasury, Mr B Fullbrook; Head of Policy, Dr O Thompson and the Clerk to the Authority, Mrs M Curry.

IN ATTENDANCE: - The Authority's Deputy Monitoring Officer, Mrs H Ward and the Authority's Independent Person, Mrs J Waterman.

UNRESTRICTED ITEMS

19. Chairman's Announcements

(Item A1)

- (1) Members and Officers stood in silence as a mark of respect for Peter Harman, an Authority Member, who sadly passed away in August and Principal Fire Engineer, Dr Paul Grimwood MBE, who passed away on 25th September following a short illness.
- (2) The Chair welcomed Neil Griffiths to the Authority in his new role as Assistant Director Response.
- (3) The Chair reminded Members of the date, time and venue for this year's KFRS Annual Award Ceremony.

20. Minutes of the Authority held on 5 July 2024

(Item A4)

RESOLVED that the Minutes of the Authority meeting held on 5 July 2024 be approved and signed by the Chair as a correct record.

21. Community Risk Management Plan – Response Time Standards

(Item B1 – Report by Chief Executive)

- (1) The Authority considered a report which proposed changes to the way in which the Service targets its response time standards. These proposals form part of our CRMP programme of work and is the first phase of a wider review of performance standards. The report also set out options for setting the Council Tax. All proposals will require public consultation.
- (2) Mr Brady asked whether some examples could be listed within the questionnaire to make it clearer on the definition of 'emergency' and 'non-emergency' as this can be subject to interpretation. This was agreed by Members.
- (3) Mr Maple asked whether there was any other fire and rescue services that have classifications for rural and urban areas in line with National standards and if so, could

those be named in the questionnaire as a reference. The Director Response and Resilience said he will look into this.

- (4) Ms Meade offered support as a direct link for the Service into her local community groups to consult with to which the Director Protection, Prevention, Customer Safety and Engagement welcomed and would discuss this with her outside the meeting.
- (5) RESOLVED that: -
 - (a) the public are consulted on the changes to the Service's response time definitions, be approved.
 - (b) the public are consulted on changes to the Service's response time targets, be approved.
 - (c) the public consultation questions, as attached at Appendix 1 to the report, be approved.

22. Financial Update for 2024/25

(Item B2 – Report by Director, Finance and Corporate Services)

- (1) The Authority was provided with a mid-year financial update which includes an update on the latest forecast outturn position on the Authority's revenue and capital budgets for 2024/25.
- (2) The report also highlighted the forecast underspend of £1.602m as well as a number of key risks and assumption that may impact on the final outturn for 2024/25.
- (3) Members congratulated all those involved in the Dynamics project, where internal resources were utilised to complete the project as opposed to being outsourced, resulting in a large financial saving.
- (4) Members asked that their thanks and appreciation be conveyed to the members of the Finance team who oversee the Treasury Management function, especially having achieved beneficial interest returns on deposits this year.
- (5) RESOLVED that: -
 - (a) the transfer of 1.3m of the current forecast underspend be moved to the Insurance and Resource Reserve, be approved.
 - (b) the allocation of an additional £3m from the Infrastructure Reserve, to meet the increased cost pressures of delivering the Live Fire Training Facility at Ashford, be approved.
 - (c) the remaining contents of the report be noted.

23. Development of Medium-Term Financial Plan

(Item B3 - Presentation by Head of Finance, Pensions and Treasury, Barrie Fullbrook)

- (1) The Authority received a presentation from the Head of Finance, Pensions and Treasury on the development of the 2025-2029 Budget and Medium-Term Financial Plan.
- (2) Members thanked the Head of Finance for the presentation and requested their thanks be passed on to the Finance team for looking after the Authority's budget so well.

(3) RESOLVED that:

- (a) the assumptions being adopted to develop the Authority's 2025 - 2029 Budget and Medium-Term Financial Plan, as described in the presentation, be approved.

24. Governance and Policy Updates

(Item B4 – Report by Chief Executive)

(1) The Authority considered a report which covered the following governance topics:

- A. Statement of Assurance 2023/24 (Fire and Rescue Framework)
- B. Annual review of Compliance with the Local Government Transparency Code 2015 and the Trade Union (Facility Time Publications Requirements) Regulations 2017
- C. Policy Update

(2) Members felt that due to the fast-paced development of Artificial Intelligence (AI), the new AI Policy should be reviewed on an annual basis rather than the standard 3 years to ensure that it remains current. Members also felt that given the purpose of AI is to mimic human thought processes, the wording in the Policy needed to make very clear that it's a tool to assist decision-making rather than be relied upon.

(3) RESOLVED that: -

- (a) the Statement of Assurance 2023/24, as detailed in Appendix 1 to the report, be approved.
- (b) the Annual Review of Compliance with the Local Government Transparency Code 2015 and the Trade Union (Facility Time Publications Requirements) Regulations 2017, as detailed in Appendix 2 to the report, be approved.
- (c) the Artificial Intelligence Policy, as detailed in Appendix 3 to the report, be approved.
- (d) the remaining contents of the report be noted.

25. Calendar of Meetings 2025/26

(Item B5 – Report by Clerk of the Authority)

(1) The Authority considered the proposed calendar of Member meetings and events for the 2025/26 municipal year.

(2) RESOLVED that: -

- (a) The calendar of Member meetings and other events for 2025/26 be approved.

26. Grenfell Tower Inquiry Phase 2 Report

(Item C1 – Report by Chief Executive)

(1) Following the publication of the Grenfell Tower Inquiry Phase 2 Report, Members received an update on the arrangements the Service will put in place to learn from the findings of the inquiry.

(2) RESOLVED that: -

- (a) The contents of the report be noted.

27. Activity Update

(Item C2 – Presentation by Director, Response and Resilience and Director Prevention Protection, Customer Safety and Engagement)

- (1) The Authority received a presentation from the Director of Response and Resilience on two noteworthy incidents which covered the firefighting and rescue techniques that were employed, the equipment and resources used and what was learnt as a result of the incidents.
- (2) A presentation was then given by Director of Prevention, Protection, Customer Safety and Engagement on how the Service is supporting the Building Safety Regulator to create a safer built environment.
- (3) In relation to the presentation on Building Safety, Ms Meade offered her assistance in supporting the Service to continue the dialogue with planning authorities which the Director Prevention, Protection, Customer Safety and Engagement welcomed and would discuss with her outside the meeting.
- (4) RESOLVED that: -
 - (a) the contents of the presentations be noted.

28. Information Update

(Item C3 – Report by Chief Executive)

- (1) Members received their regular information updates in an electronic presentation format as part of the weblink sent prior to the meeting.
- (2) The updates included:-
 - A. Inspection Update
 - B. Performance Update
 - C. Response and Resilience Update
 - D. Prevention, Protection, Customer Engagement and Safety Update
 - E. Freedom of Information Update
 - F. Annual Update on Members' Standards and Allowances
 - G. Pensions and Pension Board Update
- (3) On B above, Mr Brady submitted some questions to the Clerk ahead of the meeting which included how can we try and reduce the current figure of false alarm calls and what are the reasons for the lack of availability of fire engines between 7am-8am. Both questions were answered in detail at the meeting.
- (4) On B above, a discussion took place on emergency service workers and the impacts on wellbeing due to their shift patterns, Mr Scott spoke about an initiative that Kent Police took around the changing of officer shift patterns to support welfare. The Chief Executive was keen to understand more about this work.

17 October 2024

EXEMPT ITEMS
(Open Access to Minutes)

29. Channel Tunnel

(Item E2 – Report by Chief Executive)

- (1) Members received a report which provided the latest position on the Channel Tunnel.
- (2) Members put on record their thanks to officers for the empathy shown in dealing with such a difficult and sensitive issue.
- (3) RESOLVED that: -
 - (a) the recommendations contained within the report, be approved.

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

MINUTES of the Meeting of the Audit and Governance Committee held on Wednesday, 6 November 2024 at Kent Fire and Rescue Service Headquarters, The Godlands, Tovil, Maidstone, Kent, ME15 6XB.

PRESENT: - Mr A Booth, Mr A Brady (*substitute for Ms J Meade*), Mr P Cole, Mr D Crow-Brown, Mr M Hood, Mr B Kemp, Mr V Maple, Mr J McInroy, and Ms J Waterman – Independent Member

APOLOGIES: - Mr N Collor, Ms J Meade and Mr C Simkins.

OFFICERS:- The Chief Executive, Miss A Millington, the Director, Finance and Corporate Services, Mrs A Hartley, Director, Protection, Prevention, Customer Engagement and Safety, Mr J Quinn; Director, Response and Resilience, Mr M Deadman; Assistant Director, Response, Mr N Griffiths, Head of Policy, Dr O Thompson, Head of Finance, Treasury and Pensions, Mr B Fullbrook; Head of Finance, Treasury and Pensions, Ms N Walker and the Clerk to the Authority, Mrs M Curry.

ALSO IN ATTENDANCE: - Ms C Valmond the Authority's Monitoring Officer, Mr P Cuttle, Grant Thornton, Ms L Taylor and Mr R Smith Kent County Council (KCC) Internal Audit.

UNRESTRICTED ITEMS

1. Election of Chair for 2024/25

Mr Brady moved; Mr Kemp seconded that Mr Vince Maple be elected Chair of the Committee.

2. Election of Vice Chair for 2024/25

Mr Maple moved; Mr Crow-Brown seconded that Mr Barry Kemp be elected Vice Chair of the Committee.

3. Chair's Announcements

- (1) The Chair thanked James Flannery from KCC's Counter Fraud Team who provided Members of the Committee with Fraud training prior to the meeting.
- (2) The Chair welcomed Claudette Valmond, the Authority's Monitoring Officer to the meeting.
- (3) The Chair welcomed Russell Smith and Louise Taylor from KCC's Internal Audit to the meeting.
- (4) The Chair welcomed Paul Cuttle from Grant Thornton to the meeting.

4. Membership (Item A5)

The membership for the Audit and Governance Committee for 2024/25 was noted.

5. Minutes (Item A6)

- (1) RESOLVED that:
 - (a) The minutes of the Audit and Governance Committee held on 25 April 2024 be signed as a true and correct record.

6. Annual Governance Statement 2023/24

(Item B1 – Report by Director Finance and Corporate Services)

- (1) The Committee considered the Authority's Annual Governance Statement for 2023/24 the preparation of which followed completion of the annual internal self-assessment process.
- (2) The Annual Governance Statement provides an analysis of the governance arrangements and systems of internal control along with the assessment of the Authority's effectiveness. The Statement is reviewed by the External Auditors and published alongside the Statement of Accounts each year.
- (3) RESOLVED that: -
 - (a) the Annual Governance Statement for 2023/24, attached at Appendix 1 to the report, be approved.

7. External Auditors' Findings Report 2023/24 and Letter of Representation

(Item B2 – Report by Director Finance and Corporate Services)

- (1) The Committee considered the External Auditors Audit Findings Report in relation to the 2023/24 financial year, the audit work that has been undertaken to date as well as the Letter of Representation.
- (2) Mr P Cuttle provided an update on the areas that are yet to be concluded within the Auditors review, these are detailed in Appendix 1 to the report.
- (3) Mr Maple, on behalf of the Committee, placed on record its thanks to the external auditors and officers of the authority for working together to make good progress considering the national audit issues.
- (4) RESOLVED that: -
 - (a) the matters raised in the Audit Findings Report for 2023/24, as detailed in Appendix 1 to the report, be approved.
 - (b) the Letter of Representation, as attached at Appendix 1 to the report, be approved.

8. Annual Statement of Accounts for 2023/24 and Presentation

(Item B3 – Report by Director Finance and Corporate Services)

- (1) The Committee considered the draft Statement of Accounts for 2023/24, which are currently in the process of being reviewed by the Authority's External Auditors.
- (2) The Committee was also given a presentation on the Authority's Financial Statements that provided more detail on the Comprehensive Income and Expenditure Statement (CIES), which represents the income and expenditure associated with the 2023/24 financial year; the Movement in Reserves Statement which shows the changes to resources available to the Authority over the year; the balance sheet as well as the Cash Flow Statement showing the cash payments and receipts during the year.
- (3) Mr Booth applauded the Finance and Treasury Team in the excellent management of the Authority's accounts.
- (4) RESOLVED that: -
 - (a) the 2023/24 draft Statement of Accounts, attached at Appendix 1 to the report, be approved.

- (b) the remaining contents of the report and presentation given by the Head of Finance, Treasury and Pensions be noted.

9. Anti-Fraud and Corruption Framework 2025-2027

(Item B4 – Report by Director Finance and Corporate Services)

- (1) Ahead of the Committee, Members received a training session on Counter Fraud Awareness. Mr Maple suggested that the training would be beneficial to all Members and do again prior to a full Authority meeting.
- (2) The Committee then received a report detailing the outcomes of the review of the Authority's policies and plan in support of its commitment to anti-fraud and corruption prevention. Although these documents are referred to on a regular basis, a scheduled review is planned every three years to ensure they reflect current practices.
- (3) RESOLVED that: -
 - (a) the updated Anti-Fraud and Corruption Framework, attached at Appendix 1 to the report, be approved.
 - (b) the Anti-Fraud and Corruption Plan, attached at Appendix 2 to the report, be approved.
 - (c) the inclusion of the Fighting Fraud and Corruption Locally (FFCL) Checklist be noted.

10. Chair of the Audit and Governance Committee's Report to the Authority

(Item B5 – Report by Chair of the Audit and Governance Committee)

- (1) Members considered a report which provided a detailed summary of the activities undertaken by the Audit and Governance Committee during the last year.
- (2) The report demonstrates to the Authority the effectiveness of this Committee's work in assessing and maintain the organisation's internal control environment and governance arrangements.
- (3) The Chair gave his thanks to Members, officers and external partners for their continued support and commitment to the work of the Audit and Governance Committee.
- (4) RESOLVED that: -
 - (a) the contents of the report, which will now be presented to the Authority, at its next meeting in February 2025, be approved.

11. Mid-Year Treasury Management and Investment Update for 2024/25

(Item C1 – Report by Director Finance and Corporate Services)

- (1) THE CIPFA Code of Practice on Treasury Management and the Prudential Code requires the Authority to determine and set the Treasury Management Strategy for the financial year ahead. This was agreed by the Authority at its meeting on 20 February 2024.
- (2) As a requirement of the Strategy, this Committee received a mid-year update on treasury activity undertaken and the extent of the compliance with the agreed prudential indicators.

- (2) RESOLVED that: -
 - (a) the contents of the report be noted.

12. Internal Audit Progress Report

(Item C2 – Report by Director Finance and Corporate Services)

- (1) Russell Smith and Louise Taylor from KCC's Internal Audit provided Members with an update on the audit activity to date; the Head of Internal Audit's opinion of the overall effectiveness of the Authority's framework of governance, risk management and control systems; the outcomes of the annual review of internal audit effectiveness required by regulation and an appraisal of Internal Audit's and the Authority's performance against the Key Performance Indicators set as part of the Service Level Agreement.

- (2) RESOLVED that: -
 - (a) the Internal Audit Progress Report be noted.

13. Collaboration and Partnership Update

(Item C3 – Presentation by Director Protection, Prevention, Customer Engagement and Safety)

- (1) An update was given to Members on the Authority's collaboration and partnership arrangements.
- (2) Members thanked the Director Protection, Prevention, Customer Engagement and Safety for an informative presentation.
- (3) RESOLVED that: -
 - (a) the contents of the presentation be noted.

By: Chief Executive
To: Kent and Medway Fire and Rescue Authority – 18 February 2025
Subject: EXTERNAL AUDITORS ANNUAL REPORT 2023/24
Classification: Unrestricted

FOR DECISION

SUMMARY

Each year Members will be aware that the External Auditors, Grant Thornton, present their Annual Report to Members of the Authority for their review and consideration, following their assessment of this Authority's Value for Money arrangements that are in place. This covers the key criteria of financial sustainability, governance and how we have improved economy, efficiency and effectiveness.

Alongside this assessment is their Opinion of the Financial Statements for the year ending 2023/24. An update and Audit Findings Report was presented to the November Audit and Governance Committee advising that whilst the Audit was nearing completion there still remained a few areas outstanding. It is pleasing to note that since then the Auditors have issued an unqualified opinion on the financial statements. Although to date they are unable to formally conclude the audit and issue an audit certificate for the year ended 31 March 2024 until the National Audit Office has concluded their work in respect of Whole Government Accounts (WGA) for the year ended 31 March 2024. This outstanding work should have no material impact on the Authority's financial statements.

RECOMMENDATIONS

Members are requested to:

1. Agree and consider the External Auditors Annual Audit Report (paragraphs 3 to 8 and **Appendix 1** refer).
2. Note the remaining contents of this report.

LEAD/CONTACT OFFICER: Director, Finance and Corporate Services - Alison Hartley
TELEPHONE NUMBER: 01622 692121 ext. 8262
EMAIL: alison.hartley@kent.fire-uk.org
BACKGROUND PAPERS:

Background

1. The “Code of Audit Practice” for Local Authorities, Police forces, Fire Services and NHS Trusts sets out how External Auditors should conduct audits in the Public Sector to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. It ensures the audits offer a robust assurance, transparency and accountability for local taxpayers.
2. One of the biggest areas within the ‘Code of Audit Practice’ is that in relation to Value for Money. As part of the annual audit of the Financial Statements, Auditors are required to give a separate opinion on Value for Money which focusses on ascertaining if the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
3. **Auditors Annual Report** - The structure of the annual commentary on arrangements the Authority has put in place to secure value for money, enables Auditors to explain the work they have undertaken during the year. They highlight any significant weaknesses they have identified and bring them to the Authority’s attention, along with their recommendations for any areas where they consider may need improvement. The Annual Report, attached at **Appendix 1**, enables Auditors to reflect local context and draw attention to emerging and developing issues which may not represent significant weaknesses but may require the attention of the Authority. When reporting these arrangements Auditors will comment under three specified reporting criteria. These are set out below, alongside the conclusion of their review under each aspect: -
4. **Financial Sustainability** – how the Authority plans and manages its resources to ensure it can continue to deliver its services;

Conclusion – Overall the Authority has sound arrangements in place, but as raised last year there is scope to enhance reporting of savings delivery, especially as the level of savings required to balance the budget each year without the use of reserves is likely to increase in the medium term. (Appendix 1 page 5 and 27)

5. **Governance** – how the Authority ensures that it makes informed decisions and properly manages its risks;

Conclusion – The Authority has sound arrangements in place to ensure appropriate behaviours. These include a Code of Conduct, Convention for Member and Officer relations, a Whistleblowing (speak up) policy. Arrangements are reviewed and updated as required.

6. **Improving economy, efficiency and effectiveness** – how the Authority uses information about its costs and performance to improve the way it manages and

delivers its services.

Conclusion – The Authority receives regular information on performance at a summary level during the year and more detailed information at the year end. For 2023/34 the detailed year-end report was not published on the Authority’s website or within meeting papers and timely public reporting is identified as an opportunity for improvement. For areas where performance is deteriorating or below target, reporting to the Authority and Corporate Management Board does not include analysis of the causes of underperformance or mitigating actions to address this and we have identified this as an opportunity for improvement.

*The Authority works well in partnership, but we have identified an opportunity to enhance procurement documentation. (**Appendix 1** page 5 and 24)*

7. The majority of the work in relation to the Value for Money assessment was undertaken during Autumn 2024. Having reviewed the Authority’s arrangements, the Executive Summary on page 5 of **Appendix 1** highlights that there was no significant weakness identified in any of the three reporting criteria, although it does make comment on the Authority’s need to continue to develop a robust savings plan for long-term financial sustainability, with detail set out on page 13 of **Appendix 1**. Further recommendations for improvement have been made with regard to the publication of performance data and for enhancing the quality of reporting to Authority and Corporate Management Board to include an analysis of the causes of underperformance and mitigating action page 19 **Appendix 1**. A further improvement recommendation was made in relation to a review of the procurement policy documentation to eliminate inconsistencies, dating of documents and review timeframes and to address issues raised by Internal Audit, page 19 **Appendix 1**
8. The Corporate Management Board have provided a formal response to the improvement recommendations made and have clarified the actions currently underway to address this.
9. **Financial Statements** – The work undertaken to audit the 2023/24 accounts is now complete and the Auditors have issued an unqualified opinion on the Authority’s financial statements. The Auditors cannot formally conclude the audit and issue an audit certificate for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until the National Audit Office has concluded their work in respect of Whole Government Accounts (WGA) for the year ended 31 March 2024. This outstanding work should have no material impact on the Authority’s financial statements for the year ended 31 March 2024.

IMPACT ASSESSMENT

10. Corporate Management Board have considered the Auditors recommendations and are continuing work to address the proposed recommendations.

RECOMMENDATIONS

11. Members are requested to:
 - 11.1 Agree and consider the External Auditors Annual Report (paragraphs 3 to 8 and **Appendix 1** refer).
 - 11.2 Note the remaining contents of this report.

Kent and Medway Fire and Rescue Authority

Auditor's Annual Report for the
year ended 31 March 2024

December 2024



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction



Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for Kent and Medway Fire and Rescue Authority ("the Authority") during 2023/24 as the appointed external auditor. The core element of the report is the commentary on the Value for Money (VfM) arrangements.

All Fire and Rescue Authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Authority's responsibilities are set out in Appendix A.

Fire & Rescue Authorities report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Responsibilities of the appointed auditor

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Value for money

We report our judgements on whether the Authority has proper arrangements in place regarding arrangements under the three specified criteria:

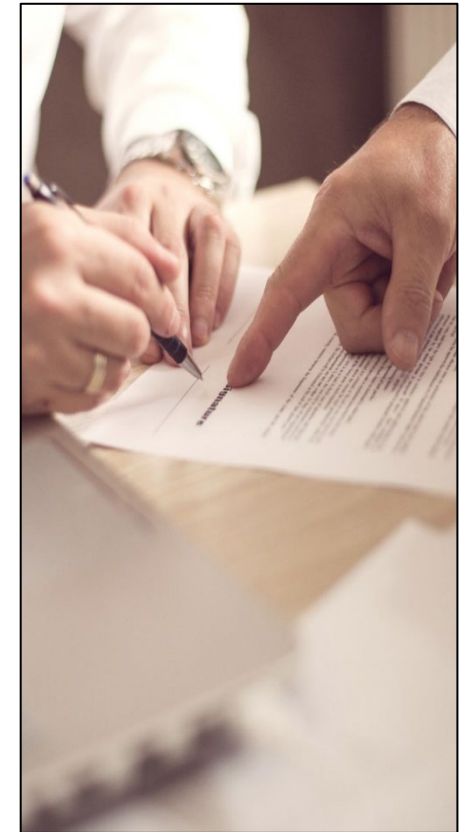
- financial sustainability
- governance
- Improving economy, efficiency and effectiveness

The Value for Money auditor responsibilities are set out in Appendix B.

Auditor powers

Auditors of a local authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

These powers are set out on page 9 with a commentary on whether any of these powers have been used during this audit period.



Executive summary



Executive summary

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The NAO has consulted and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditors Annual Report ("the Report") with those charged with governance by a nationally set deadline each year (30 November) and for the audited body to publish the Report thereafter. This new requirements will be introduced from November 2025. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible. Our summary findings are set out below. Our recommendations and management responses are summarised in the section starting on page 20.



Financial sustainability

The Fire Authority has sound arrangements in place but, as raised last year, there is scope to enhance reporting of savings delivery, especially as the level of savings required to balance the budget each year, without the use of reserves, is likely to increase in the medium term. In 2023/24 the Authority underspent its £85.292m budget by £2.922m, transferring £1.5m to reserves. The 2024/25 budget is based on appropriate assumptions and scenarios. Initial indications are that there is likely to be an underspend of around £1.6m for the year.



Governance

During 2023/24 the Fire Authority has undertaken a significant refresh of its approach to risk management, including extensive consultation to identify best practice. The risk register is presented to each Audit and Governance Committee and at April 2024 included 13 strategic and 60 corporate risks. The Authority particularly recognises the potential risk of a successful cyber attack and the Committee receives periodic presentations on the arrangements in place.

Internal Audit is provided by Kent County Council, with 95 days included in the 2024/25 Plan. There is a clear approach for prioritising and agreeing reviews. The Council also provides Counter Fraud work and developed two bespoke fraud awareness videos for circulation within the Authority.

The Fire Authority has sound arrangements in place to ensure appropriate behaviours. These include a Code of Conduct. Convention for Member and Officer relations, a Whistleblowing (Speak Up) Policy. Arrangements are reviewed and updated as required.



Improving economy, efficiency and effectiveness

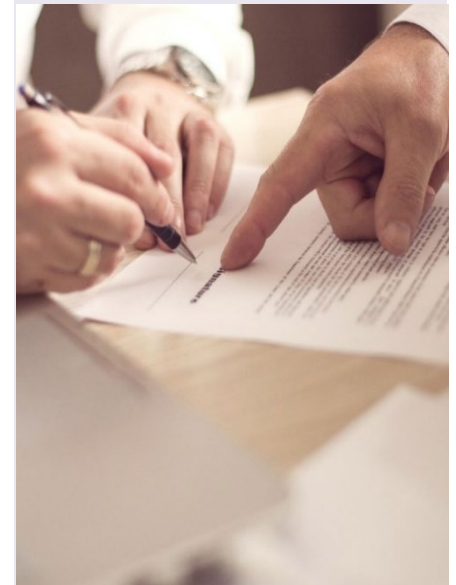
The Fire Authority receives regular information on performance, at a summary level during the year and more detailed information at the year end. For 2023/24, the detailed year end report was not published on the Authority's website or within meeting papers, and timely public reporting is identified as an opportunity for improvement. For areas where performance is deteriorating or below target, reporting to the Authority and Corporate Management Board does not include analysis of the causes of underperformance, or mitigating actions to address this, and we have identified this as an opportunity for improvement.

The Fire Authority received a "good" or "outstanding" rating across all categories and sub-categories in its most recent His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspection, which was published in January 2023.

The Fire Authority works well in partnership, but we have identified an opportunity to enhance procurement documentation.



We have substantially completed our audit of your financial statements and intend to issue an unqualified audit opinion in December 2024. Our findings are set out in further detail on pages 8 to 9.



Executive summary



Overall summary of our Value for Money assessment of the Authority's arrangements

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. A summary of our judgements are set out in the table below.

Criteria	2022/23 Auditor judgement on arrangements		2023/24 Risk assessment		2023/24 Auditor judgement on arrangements	Direction of travel	
Financial sustainability	A	No significant weaknesses in arrangements identified.	No risk of significant weakness identified.		A	No significant weaknesses in arrangements identified, but one prior year improvement recommendation in respect of reporting savings delivery carried forward. Please see page 26 for further details.	↔
Governance	G	No significant weaknesses in arrangements identified.	No risk of significant weakness identified.		G	Our work did not identify any areas where we considered that key or improvement recommendations were required.	↔
Improving economy, efficiency and effectiveness	G	No significant weaknesses in arrangements identified.	No risk of significant weakness identified.		A	No significant weaknesses in arrangements identified, but three improvement recommendations raised in respect of ensuring up to date performance information is available on the Authority website, further enhancing performance reporting and ensuring policies on the Authority website are up to date. Please see page 19 for further details.	↓

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

Opinion on the financial statements and use of auditor's powers



Opinion on the financial statements



Audit opinion on the financial statements

We issued an unqualified opinion on the Authority's financial statements on 11 December 2024.

The full opinion is included in the Authority's Annual Report for 2023/24, which can be obtained from the Authority's website.

Grant Thornton provides an independent opinion on whether the Authority's financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Authority provided draft accounts in line with the national deadline.

Draft financial statements were of a good standard and supported by detailed working papers.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report was presented to the Authority's Audit and Governance Committee on 6 November 2024. Requests for this Audit Findings Report should be directed to the Authority.

Use of auditor's powers

We bring the following matters to your attention:

2023/24

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make recommendations to the audited body which need to be considered by the body and responded to publicly.

We did not make any recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make an application to the Court.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not make an application for judicial review.

Value for Money Commentary on arrangements



The current landscape

It is within this context that we set out our commentary on the Authority's value for money arrangements in 2023/24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified.



National context

The Fire and Rescue sector in England remains challenged. In recent years, generationally significant levels of inflation have put pressure on revenue and capital expenditure, whilst demand for services has remained high with the sector seeing increasing demand stemming from emergencies relating to climate change. At the same time, uncertainty over funding levels following a series of single year funding settlement announcements from central government has impacted Fire and Rescue Authorities' ability to plan for the future.

In 2022, a Fire Reform White Paper was published which introduced the possibility of changes to governance arrangements in the Fire and Rescue sector. In 2023, the Minimum Authority Levels Act was introduced, which has significant implications for the workforce of Fire and Rescue Authorities.

Following a change of government in July 2024, the content and timing of future changes to government policy relating to the Fire and Rescue sector, including the potential reversal of the Minimum Authority Levels Act, are at present uncertain.



Local context

As Authority is responsible for the provision of fire and rescue services throughout the Kent County Council and Medway Council areas. The Authority is made up of 25 elected councillors appointed by Kent County Council (21) and Medway Council (4) as well as the Kent Police and Crime Commissioner. The Authority also has an independent member who sits on the Audit and Governance Committee to provide scrutiny and challenge where necessary as well as having the role of Independent Person to ensure that elected Members maintain high standards of conduct.

The Authority covers a geographical area south-east of London, to the coast and including major shipping routes via the Thames and Medway rivers. The total coastline covered is 225 km (140 miles). The Authority has 57 fire stations and four district fire safety offices. The service provides emergency cover to a population of 1.88 million.



Financial sustainability – commentary on arrangements



We considered how the Authority: **Commentary on arrangements**

Assessment

ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

The 2023/24 Outturn report shows that the Authority achieved an underspend of £2.922m against a budget of £85.292m, and has transferred £1.5m of the underspend to the Insurance and Resource Reserve to replenish it following the use of £1.25m to balance the 2022/23 budget. The report details the main variances against the budget, including a £2.4m underspend on salaries and £1.04m of extra investment income.

Bi-annual Treasury Management reports are taken to Authority, providing Members with an update on the latest cash position, as well as the investments and borrowings positions. The Authority has set a balanced budget for 2024/25 and has identified a Net Revenue Budget Requirement of £94.713m.

The 2024/25 budget has identified several Pay and Non- Pay related cost pressures. These range from inflation, pay awards, employer pension contribution rate increases, and a reduction in funding. The assumptions used by the Authority are detailed, reasonable and are in line with challenges faced on a national level. The first financial update for 2024/25 indicates that the anticipated outturn is likely to be an underspend in the region of £1.602m.

Within the Medium Term Financial Plan the Authority’s total forecasted reserves declines from £38.031m for year ending 31/03/2025 to £14.364m for year ending 31/03/2028. However, most of this movement sits within the Infrastructure Reserve. This reserve is used to fund revenue and capital investment in infrastructure assets and reflects funding for a significant programme of investment in these areas over the medium-term. The level of reserves remain adequate for the Authority.

The Authority does not have any significant levels of income from commercial activities. We note that the Authority will receive a significant increase in its investment income in 2024/25. The Government paid a substantial grant to the Authority in July 2024, in relation to the Matthews and McCloud pension cases. The total value of the grant is much higher than current cost expectations. Central Government are aware that this money is being held in an account which has provided £0.8m in interest income the Authority did not expect for 2024/25. The Authority forecasts spending in the region of £7m-10m of the grant funding and the unspent balance will be returned to Government.

G

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

Financial sustainability – commentary on arrangements



We considered how the Authority: **Commentary on arrangements**

Assessment

<p>plans to bridge its funding gaps and identifies achievable savings</p>	<p>The Authority's savings target for 2023/24 was £3.617m, however, it is not clear how much of this was delivered within the Outturn report. In our prior year report we made an improvement recommendation "Develop a trackable savings plan with responsible owners, targets, KPIs and timescales. Incorporate this as part of your budget monitoring processes." Our discussions with Officers highlighted that the Strategic Leadership Board consists of 25 people members, with regular discussions with budget managers on whether savings have been identified or the budget can be reduced. The Authority does not have a plan that actively identifies savings opportunities. Savings are picked up through projects and budget managers. The Authority does not generate savings for the sake of savings, it is mainly for efficiency, these are then reflected in the Medium Term Financial Plan. An example of this is that the Authority has now trained finance staff for treasury management, which allowed this to be taken back in-house, saving £19k. Another example is the new print contract flagged by a budget holder, which saved £30k a year. Our prior year recommendation has not been implemented and will be carried forward. See page 26.</p> <p>The Medium Term Financial Plan (MTFP) 2024-28 agreed at February 2024 Authority stated that the budget is balanced for 2024/25 without the need to use reserves. To balance the budget for 2025/26 additional savings of £1.5m are required, on top of the £1.5m already identified. As savings requirements increase it will be important to be able to track these more clearly.</p>	<p style="text-align: center; background-color: #FFD700;">A</p>
<p>plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</p>	<p>The budget reflects the projected costs to deliver the corporate priorities and initiatives as set out in the Safety and Wellbeing Plan. The Plan provides a summary of the services residents will receive for their Council Tax to help run the fire and rescue service across Kent and Medway. The Capital Plan has also been developed in line with the corporate priorities set out in the Safety and Wellbeing Plan. The majority of the Authority's budgeted revenue expenditure is on core services, there is some discretionary spend but there is no evidence this has been prioritised at the expense of statutory services. The budget for 2024/25 demonstrates inflationary price increases on areas of discretionary spend, such as stationery, have been removed from the budget. This is used to drive non-pay savings.</p> <p>There is a cumulative knowledge of the costs of services to be provided by the Authority due to the way the budget is created. In June, the prior year budget is rolled forward, providing an early update from the last position. This is then ratified by the Corporate Management Board in September.</p>	<p style="text-align: center; background-color: #90EE90;">G</p>

- G No significant weaknesses in arrangements identified or improvement recommendation made.
- A No significant weaknesses in arrangements identified, but improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendations made.

Financial sustainability – commentary on arrangements



We considered how the Authority: **Commentary on arrangements**

Assessment

<p>ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system</p>	<p>The Authority has a People Plan 2021-2025. One of the key priorities within this plan is “to attract, identify, retain and develop high performing employees in order to best serve our customer”. This is reflective of the increased expected expenditure within pay costs. The Capital Programme for the medium term has been developed following the principles that are laid out in the Capital Budget Strategy and the Medium Term Financial Plan outlines "funding for climate works" and a medium term capital expenditure plan which includes a programme of refurbishment to improve building efficiency. The Capital Strategy is also supported by the Environment and Assets Strategy which outlines the Authority's aim of being carbon neutral by 2030.</p> <p>The Authority is not engaging in any major service redesign. Any major changes have to be consulted on and agreed through the Community Risk Management Plan. The capital outturn for 2023/24 is £4.719m against the revised capital budget of £6.552m. Explanations for the most significant variances on Capital and Revenue Infrastructure budgets are provided within the supporting appendices. Explanations are clear and reasonable.</p>	<p>G</p>
<p>identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans</p>	<p>Risks to financial delivery throughout 2023/24 were monitored and regularly reported to Authority at each meeting through the routine finance updates. The February 2024 Finance Update identified potential budget risks in terms of probability and impact. The report also detailed the mitigating steps taken by the Authority. Our discussions with the Authority highlighted that a key challenge is ‘On-call’ workers as it is now difficult to get firefighters to work on a part time basis. The Authority has not incurred the level of expenditure it anticipated and this could impact how it needs to resource front line delivery. The Authority is considering if this aspect needs to be delivered differently.</p> <p>The Reserves Strategy contains a doomsday scenario where reserves are forecasted based on a further banking/financial crisis which leads to even greater levels of austerity, over a significantly longer timeframe. The Authority subscribes to Pixel. Pixel issue bulletins and statements on impact and have a financial model at authority level with assumptions in place which the Authority uses to inform decision making but is not relied upon. The Authority uses the Pixel model to compare assumptions to understand the reasons for any differences and will either update their model if appropriate or keep to their assumptions if they think they are more accurate and realistic.</p>	<p>G</p>

- G No significant weaknesses in arrangements identified or improvement recommendation made.
- A No significant weaknesses in arrangements identified, but improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendations made.

Governance - commentary on arrangements



We considered how the Authority: **Commentary on arrangements**

Assessment

<p>monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud</p>	<p>During 2023/24 the Authority has undertaken a significant refresh of its approach to risk management, including extensive consultation to identify best practice. The risk register is presented to each Audit and Governance Committee and at April 2024 included 13 strategic and 60 corporate risks. The strategic risks cover the areas we would expect, including finance, operational issues and cyber attacked. After consideration of mitigations and controls there are no Net Red risks. Information reported includes the type of risk (For example, service delivery, property, financial); risk description (using IF...THEN...); risk owner; date risk assessed; scoring; controls in place; additional controls and actions required; responsible person; timescale; residual scoring; desired risk score. However, risks are not linked to the Authority's objectives. This is a conscious decision the Authority made, so we have not raised an improvement recommendation.</p> <p>The Authority particularly recognises the potential risk of a successful cyber attack and the Committee receives periodic presentations on the arrangements in place.</p> <p>Internal Audit is provided by Kent County Council, with 95 days included in the 2024/25 Plan. There is a clear approach for prioritising and agreeing reviews. The Council also provides Counter Fraud work and developed two bespoke fraud awareness videos for circulation within the Authority.</p>	<p>G</p>
<p>approaches and carries out its annual budget setting process</p>	<p>The Authority uses an incremental approach to develop the budget, with the 2023/24 base revenue budget adjusted to reflect the base budget savings and additional income for 2024/25. The budget setting process begins in June, with a roll forward of the prior year budget. Discussions are held with other fire authorities (Fire Finance Network), MHCLG and Home Office for national issues which could impact the budget. The proposed budget is then ratified by the Corporate Management Board (CMB) in September – therefore, issues are picked up early. CMB members liaise with budget managers on what pressures and uplifts they are facing, especially on contracts. An Initial draft is reported to Members in October where Members will provide challenge.</p> <p>Consultation on the proposed level of the Authority’s Council Tax charge for 2024/25 was opened to the public on 1 November 2023 and closed on the 1 February 2024. The consultation included a specific question on changes to Council Tax in 2024/25 and provided four options. The outcome of the consultation is reported in the budget setting papers.</p>	<p>G</p>

- G No significant weaknesses in arrangements identified or improvement recommendation made.
- A No significant weaknesses in arrangements identified, but improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendations made.

Governance – commentary on arrangements



We considered how the Authority: **Commentary on arrangements**

Assessment

<p>ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships</p>	<p>Routine finance updates to Authority demonstrate that a clear picture is provided of the Authority’s financial performance to date as well as the forecast by year end. Finance updates are presented to Authority throughout the year covering the revenue budget and the capital budget, the reports identify potential budget risks in terms of probability and impact and detail the mitigating steps taken by the Authority. The outturn report summarises financial performance at the end of the financial year, with comprehensive narrative explanations for key variances set out within the report.</p>	<p>G</p>
<p>ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee</p>	<p>Reports clearly set out whether they are “for Decision” or “for Information” with appropriate levels of detail and clear recommendations. The Authority comprises 25 elected councillors appointed by Kent County Council (21) and Medway Council (4) as well as the Kent Police and Crime Commissioner. The Authority also has an independent member who sits on the Audit and Governance Committee to provide scrutiny and challenge where necessary as well as having the role of Independent Person to ensure that elected members maintain high standards of conduct. Review of Audit and Governance Committee minutes shows that there is an appropriate level of challenge.</p>	<p>G</p>
<p>monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour and where it procures and commissions services.</p>	<p>The Fire Authority has sound arrangements in place to ensure appropriate behaviours. These include a Code of Conduct. Convention for Member and Officer relations, a Whistleblowing (Speak Up) Policy. Arrangements are reviewed and updated as required. The Fire Authority has an up to date Contracts Register and appropriate arrangements when it is necessary to waive tender requirements.</p>	<p>G</p>

- G No significant weaknesses in arrangements identified or improvement recommendation made.
- A No significant weaknesses in arrangements identified, but improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendations made.

Improving economy, efficiency and effectiveness – commentary on arrangements



We considered how the Authority:	Commentary on arrangements	Assessment
<p>uses financial and performance information to assess performance to identify areas for improvement</p>	<p>The Authority receives regular information on performance, at a summary level during the year and more detailed information at the year end. For 2023/24, the detailed year end report was not published on the Authority's website or within meeting papers, and timely public reporting is identified as an opportunity for improvement. The Corporate Management Board receives a regular balanced scorecard setting out performance in four domains - economy, efficiency, effectiveness and customer & corporate; and in month and year-to-date performance against key performance metrics. However, for areas where performance is deteriorating or below target, reporting to the Authority and Corporate Management Board does not include analysis of the causes of underperformance, or mitigating actions to address this. Performance data is accessible online to all officers, allowing real-time drill down into detailed data to support understanding of performance.</p> <p>The Authority has undertaken some performance benchmarking for 2023/24 using Chartered Institute of Public Finance and Accountancy (CIPFA) data, and did not identify any issues of significant concern requiring improvement action. We note that response times in Kent and Medway are longer than the CIPFA comparator group and also longer than the internal target of 71% of life threatening incidents responded to within 10 minutes and suggest this should be an area of focus for the Authority.</p>	<p>A</p>
<p>evaluates the services it provides to assess performance and identify areas for improvement</p>	<p>The Authority received a "good" or "outstanding" rating across all categories and sub-categories in its most recent HMICFRS inspection, which was published in January 2023. No areas for improvement were identified by HMICFRS. This demonstrates improvement on the June 2019 HMICFS report, when two sub-criteria were rated as "requires improvement".</p> <p>The Authority records and monitors actions identified from external reviews including HMICFRS thematic reports and the March 2023 Manchester Area Inquiry. In March 2024, the Authority reported that all actions from the HMICFRS report on Values and Culture had been completed. A summary of progress is reported at each Authority meeting.</p> <p>The ten-year Customer Safety Plan 2021-31 sets out the Authority's strategic objectives. The Plan is supported by a four year Community Risk Delivery Plan, which was refreshed in July 2024. The 2025-29 Community Risk Delivery Plan is based on a comprehensive risk analysis and risk assessment as well as an evaluation of the 2021-24 Community Risk Delivery Plan and a public consultation exercise.</p> <p>The Authority has successfully identified opportunities to reduce the cost of service delivery, for example by purchasing second hand vehicles for wildfire rescues (which has also led to quick vehicle readiness for use) and from the use of "boat in a bag" equipment on water safety units to replace dedicated inshore and offshore boats and trailers.</p>	<p>G</p>

- G No significant weaknesses in arrangements identified or improvement recommendation made.
- A No significant weaknesses in arrangements identified, but improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendations made.

Improving economy, efficiency and effectiveness – commentary on arrangements



We considered how the Authority: **Commentary on arrangements**

Assessment

ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives

The Authority is involved in a wide variety of collaborative and partnership activities, with local Police and NHS bodies as well as other Fire and Rescue Services. Authority Members receive regular updates on key strategic projects such as the Networked Fire Services Partnership project to collaboratively procure and provide fire control services using a combined command and control system (due to go live in 2026/27) and the relocation of the control room (shared with Kent Police) which was completed in January 2024. The Authority intends to carry out partnership mapping during 2024/25 to support greater coordination of partnership working activities, reduce any duplication of effort and maintain appropriate governance over decision-making.

In October 2023, the Authority engaged with local residents and businesses in the development of the Community Risk Delivery Plan 2025-29. Further consultations were planned for October 2024 on the Authority's performance standards, and in July 2025 on the detailed plans for implementation of the Community Risk Delivery Plan 2025-29.

G

commissions or procures services, assessing whether it is realising the expected benefits

The Authority has a comprehensive Contract Management Toolkit which sets out contract management principles, responsibilities and other relevant information. The Authority is currently updating policy documents relating to procurement, in preparation for the implementation of the requirements of the Procurement Act 2023. We have identified some opportunities for improvements in the Authority's documentation..

Our assessment of performance monitoring for key contracts involved a review of contract review packs for the collaborative procurement for personal protective equipment (where the Authority leads on the procurement and contract management on behalf of 18 other Fire and Rescue Services). We found that issues, actions, risks, key performance indicators and savings were discussed at the meeting held each quarter. We did not identify any evidence of significant contract performance issues which would require escalation to the Corporate Management Board.

During 2023/24, the Authority did not approve any significant commercial ventures, although work continued on existing projects such as the collaborative procurement for a fire control service (mobilising system) using a combined command and control system as part of the National Fire Safety Partnership, and the control room collaboration with Kent Police.

The Ashford Fire Station redevelopment and Live Fire Training Facility project commenced in 2020/21 and was originally due to be completed by 2023/24. However, delays have arisen and the project is now not likely to be completed until 2026/27. The project is being closely managed by officers with oversight from Fire Authority members.

A

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

Improving economy, efficiency and effectiveness



Areas for improvement

Up to date website

2023/24 performance data was not easily accessible on the Authority's website at the time of our work in October 2024.

A 2023/24 performance summary was included in the July 2024 papers for the Fire Authority, but the appendix with more detailed performance information was missing from the pack of papers.

Improvement recommendation 1: The Authority should ensure that performance data available to the public on its website is updated in a timely manner.

Performance reporting

Performance reports include performance data metrics and some comments on trends, but our review did not identify any commentary on the causes of underperformance or deteriorating performance, nor any details of mitigating actions being taken.

It is good practice to include this information with performance reports, at an appropriate level of detail, to support high standards of transparency and accountability.

Response times in Kent and Medway are longer than the CIPFA comparator group and also longer than the internal target of 71% of life threatening incidents responded to within 10 minutes, this should be an area of focus for improvement.

Improvement recommendation 2: Reports on the Service's performance prepared for the Fire Authority and balanced scorecards discussed at the Corporate Management Board could be further enhanced by including more detail in relation to areas where performance is below target or where performance is deteriorating, such as the causes and mitigating actions being taken.

The Authority should work to improve response times for life-threatening incidents.

Up to date policies

Review of the Procurement Service Order and the short version noted that different thresholds under the Public Contracts Regulations were quoted in each document, due to the Service Order being updated in Jan 2024 but the short version not updated since Jan 2022 (and overdue for review by May 2023)

In addition, the Contract Management Toolkit and Procurement Card Policy are both undated.

Areas for improvement identified by Internal Audit in August 2023 have not been addressed in a timely manner.

Improvement recommendation 3: The Authority should ensure that the current review of policy documents relating to procurement and contract management includes:

- elimination of inconsistencies
- dating of documents and clear timeframes for review
- address issues raised by Internal Audit.

**Value for Money
Recommendations raised in
2023/24**



Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR1 The Authority should ensure that performance data available to the public on its website is updated in a timely manner.	Improvement	Improving economy, efficiency and effectiveness	We were unable to locate up to date performance information on the Authority's website.	It is important that key service information is publicly available. This can also reduce Freedom of Information requests.	Actions: Processes have now been reviewed, to ensure that performance information is now placed on the website in a timely manner. Responsible Officer: JQ Due Date: Immediate
IR2 Reports on the Service's performance prepared for the Fire Authority and balanced scorecards discussed at the Corporate Management Board could be further enhanced by including more detail in relation to areas where performance is below target or where performance is deteriorating, such as the causes and mitigating actions being taken. The Authority should work to improve response times for life-threatening incidents.	Improvement	Improving economy, efficiency and effectiveness	Review of performance reports highlights an opportunity for further development.	Based on our experience we feel there is scope to further develop performance reports to enable readers to have a better understanding of key issues and how they are being addressed.	Please see next page.

* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

Recommendations raised in 2023/24

Actions agreed by Management

Part 1

We consider in detail all the issues where there is underperformance and where we are doing well – this leads to requests for further reports to come to CMB. These more detailed reports of issues seek to understand the cause-and-effect issues. We use a report format which has four ‘P’s’ = position now, problems, proposals, and process for change. This allows for better understanding of the immediate numbers but also the factors which affect it. Issues are also discussed at Steering groups and Delivery groups which have further detailed examination. Examination of the balanced scorecard is a prompt to these other actions.

Responsible Officer – MD
Executive Lead – NH
Due Date – Work in progress

From the new financial year, we are monitoring performance within ranges rather than targets. Any indicators which are performing outside of the expected range (positively or negatively) will be highlighted through the appropriate forum for investigation. All performance indicators are mapped through meeting forums and areas of responsibility and are fully assessed for the causes. This information will be fed through meeting structures, ultimately into the responsible board with the full picture.

Responsible Officer – MD
Executive Lead – NH
Due Date – January 2025

IR2
(Cont.)

Part 2 - The Authority should work to improve response times for life threatening incidents

The Authority recognises that getting to the scene of a life-threatening incident quickly is a key part of resolving such incidents successfully. Attendance times to life threatening incidents have been gradually getting longer for some years. This trend is reflected across most fire and rescue services in the UK. The current KFRS target is to get to life threatening incidents in under 10 minutes on 71% of occasions or better. In 2023/24 performance was 66.7%.

We believe one of the key contributing factors to our attendance time performance is the availability of our fire engines, particularly our on-call fire engines. We experience low on call fire engine availability during daytime hours. This is a result of factors including the changing nature of work. Our on-call firefighters have primary employment in other jobs or work for us as wholtime firefighters. Typically, these primary employment responsibilities result in them not being able to provide on call cover during the day. When on call fire engines are not available, particularly in rural areas, this results in us having to send the next nearest fire engine. This can result in extended travel times and missing our life-threatening incident time target. So, this year we launched a major corporate project aimed at reviewing the on call system. The aim is to improve on call fire engine availability. We will do this by undertaking a detailed analysis of the causal factors affecting on call availability and working with our on-call colleagues to address these. The project is due to take place over 18-24 months. One of the project benefits is an increase in on call fire engine availability, and a subsequent improvement in incident response times.

* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

Recommendations raised in 2023/24

Actions agreed by Management

There is also a difference in our ability to get to incidents in rural and urban areas in less than 10 minutes. Incidents in urban areas are often a short distance from our nearest fire station, whereas incidents in rural areas can be much further from the nearest fire station. As a result, we usually achieve our attendance time target in urban areas but usually miss our attendance time target in rural areas. In order to be more transparent with our customers about this, we are currently consulting on a change to the way we measure our attendance times, splitting into rural and urban categories. This will allow us to be better able to see where improvements to attendance times could have most effect. We are not making any changes under these proposals that would result in a longer attendance time than we currently achieve.

IR2 (Cont.) Finally, we are also consulting on changes to reclassify our calls from life threatening and non-life threatening, into emergency and non-emergency. Those falling in the non-emergency category will not get a blue light response. We will still get to these calls promptly (within 30 minutes) but our control room will be better able to prioritise other emergency calls over these. That means resources that may have been tied up attending a non-emergency can be directed to emergency calls. This will help to drive down response times to life-threatening incidents (which fall into the emergency category) as more resources will be available to be directed to them.

We believe these changes will, in combination, have a positive effect on our life-threatening attendance times compared to our current performance.

Responsible Officer – MD

Due Date – Work in Progress

* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR3	Improvement	Improving economy, efficiency and effectiveness	We identified inconsistencies between key documents.	It is important that publicly available documents are consistent and up to date. This is especially true where organisations may wish to work with the Authority.	<p>Significant changes are to be released shortly in relation to Public Procurement regulations. As such, all of our Procurement documents are scheduled to be reviewed, to ensure compliance with the new regulations. Delays in the release of the revised regulations, will inevitably delay the review of our internal documents.</p> <p>However, we do recognise the inconsistencies you reference in your report (where elements of the document appear to have been updated at different times instead of the whole document being reviewed) and are realigning a part of the broader review.</p> <p>The Areas for improvement mentioned in August 2023 coincided with arrival of a new Head of Procurement and Commercial, which inevitably had an impact of the delivery of the proposed improvements. As such, the following actions are now underway:</p> <ul style="list-style-type: none"> - A full review and rewrite of the Authority's Procurement Standing Orders (PSOs) and Procurement Policy. - This will be followed by a review of a number of other policies to ensure consistency throughout. - The Contract Management Toolkit, will be reviewed to ensure it is up to date, relevant and compliant to the new regulations - And finally, a Service Wide Procurement Update Training Programme will be delivered. <p>Responsible Officer – GW Due Date – Q1 2025/26</p>

* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

Appendix A: Responsibilities of the Authority

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Authority's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B: Value for Money Auditor responsibilities



Value for Money arrangements work

All Fire & Rescue Authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The audited body’s responsibilities are set out in Appendix A.

Fire & Rescue Authorities report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice (‘the Code’), requires us to assess arrangements under three areas:

Financial Sustainability

Arrangements for ensuring the Authority can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term [3-5 years].

Governance

Arrangements for ensuring that the Authority makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Authority makes decisions based on appropriate information.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the Authority delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for Authority users.

2023/24 is the fourth year of the Code, and we undertake and report the work in three phases as set out in the Code.

Phase 1 – Planning and initial risk assessment

As part of our planning we assess our knowledge of the Authority’s arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period

Information which informs our risk assessment	
Cumulative knowledge and experience of the audited body	Annual Governance Statement and the Head of Internal Audit annual opinion
Interviews and discussions with key stakeholders	The work of inspectorates and other regulatory bodies
Progress with implementing recommendations	Key documents provided by the audited body
Findings from our opinion audit	Our knowledge of the sector as a whole

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor’s professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations. A range of different recommendations can be raised by the Authority’s auditors as follows:

- Statutory recommendations – actions which should be taken where significant weaknesses are identified with arrangements. These are made under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 and are required to be considered by the body and responded to publicly.
- Key recommendations – actions which should be taken by the Authority where significant weaknesses are identified within arrangements.
- Improvement recommendations – actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the Authority’s arrangements.

Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
1 Develop a trackable savings plan with responsible owners, targets, KPIs and timescales. Incorporate this as part of your budget monitoring processes.	Improvement	January 2024	<p>The Authority has identified that the savings required to balance the budget each year without the need to use reserves will increase, and this is reflected in the Medium Term Financial Plan. In our experience savings are more likely to be achieved as planned where they are closely monitored and reported to Members. This allows appropriate challenge and scrutiny whilst providing assurance. As highlighted by our prior year recommendation, we would encourage the Authority to enhance its arrangements in this area to support it in achieving planned savings.</p> <p>Please see next page for Fire Authority response.</p>	No	Yes – implement the recommendation.

*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

Appendix C:

Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date
<p>1 Develop a trackable savings plan with responsible owners, targets, KPIs and timescales. Incorporate this as part of your budget monitoring processes. (continued)</p>	Improvement	January 2024	<p><u>Fire Authority response:</u></p> <p>Any savings that are identified in the MTFP each year, are taken out of the base budget at the start of that year. Only savings which are achievable are deducted from the base. However, savings identified in the MTFP in year's 2,3 and 4 will be confirmed as achievable before the start of that financial year.</p> <p>Any financial savings identified in corporate projects will also be shown in the MTFP and deducted in that financial year.</p> <p>The Service has a savings narrative which sets out our approach to driving and achieving savings. This includes a schedule of areas of activity that could be considered if savings are required to be either reallocated to another area of the service or to balance the budget.</p> <p>Savings are only set out in advance if they are; known to be achievable, or there is a certainty that they will arise or they are required to balance the budget.</p> <p>Currently the Authority do not set savings targets, for future years unless they are necessary, but they are aware of the areas of activity that could be stopped or altered should the need arise to make savings. Longer term financial settlements will help to set out an accurate picture as to the level of savings that will be required to balance the budget.</p> <p>However, the Service will continue to take savings if they arrive fortuitously or are derived by better ways of working. These are recorded in the Benefits register, which also tracks and records non - cashable savings in relation to re-allocative time alongside other types of savings.</p> <p>Responsible Officer – BF Due Date – Ongoing</p>

*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

By: Director, Finance
To: Kent and Medway Fire and Rescue Authority – 18 February 2025
Subject: FINANCIAL UPDATE FOR 2024/25
Classification: Unrestricted

FOR DECISION

SUMMARY

This report provides Members with a financial update for the 2024/25 financial year including details of the latest forecast outturn position for the Revenue and Capital budgets, forecast year-end reserve balances and the latest treasury position.

The current forecast underspend against the Revenue Budget is £469k. This reflects an increase of £167k since the position was previously reported to Members in October (£1.602m) having now adjusted for the £1.3m transfer to the Insurance and Resource Reserve which was agreed by Members at the October Authority meeting.

The forecast outturn for capital spend is currently £7.712m, but the final outturn could differ, as it is largely dependent on contractors and suppliers delivering within anticipated timeframes, so some spend that is currently expected to fall in the current financial year may slip to 2025/26.

RECOMMENDATIONS

Members are requested to:

1. Agree, in principle, to transfer the final Revenue Budget underspend to the Service Transformation and Productivity Reserve (paragraph 9 refers).
2. Consider and agree the contents of the report.

LEAD/CONTACT OFFICER: Director, Finance – Barrie Fullbrook
TELEPHONE NUMBER: 01622 692121 ext. 8264
EMAIL: barrie.fullbrook@kent.fire-uk.org
BACKGROUND PAPERS: None

COMMENTS

Revenue and Capital Budgets

1. This report provides Members with the latest forecast outturn position for the 2024/25 financial year. This includes an update in relation to day-to-day revenue expenditure, forecast capital expenditure, forecast year-end reserve balances and the latest treasury position.
2. There are several detailed appendices attached to this report that provide further information to support the summary in this covering report. **Appendices 1 – 4** detail the changes in the revenue budget since the last detailed report was presented to the Authority in October 2024; **Appendices 5 – 8** detail the subjective and functional analysis of the latest forecast revenue spend; **Appendices 9 and 10** detail the changes to the capital budget since October and provide the latest forecast position on the Infrastructure Plan; **Appendix 11** shows the forecast year-end position on General and Earmarked Reserves (excluding the 2024/25 forecast underspend); and finally **Appendix 12** shows the forecast position on the Firefighters' Pension Fund for 2024/25.
3. **Revenue Budget Changes** - Since the budget position was last presented to Members in October it has been necessary to action some further adjustments to the budget. These budget changes do not change the overall budget but will show as movements between budget headings that net to zero. Details of all reportable budget changes are shown in **Appendices 1 and 2** (subjective analysis, by type of expenditure) and **Appendices 3 and 4** (functional analysis, by service area).
4. **Revenue Budget Summary** - At the October Authority meeting, Members agreed that £1.3m of the forecast underspend (£1.602m) would be transferred to the Insurance and Resource Reserve - so the current forecast position now reflects the impact of this reserve transfer. This current position (a forecast net underspend of £469k) includes a forecast net underspend on pay-related budget headings of £1.094m, a forecast net overspend on non-pay budget headings of £615k, a net reduction in forecast transfers from reserves of £1.579m (including the £1.3m referenced above), and a forecast increase in income of £1.569m. Additional detail regarding the forecast variances is provided in **Appendices 5 - 8** attached to this report.
5. All forecast underspends and overspends are reviewed as part of the budget setting process for the following year. Where an adjustment is required to the base budget this will be included in the budget proposals for 2025/26. In some cases, an underspend or additional income received in one financial year may not result in an equivalent base budget adjustment for the following financial year. As an example, the budget for investment income will be adjusted to reflect the income expected for 2025/26 based on estimated average cash balances and

interest rate forecasts for the 2025/26 financial year, which could differ vastly from the forecast outturn for 2024/25.

6. **Infrastructure Plan and Capital Budgets** - The Infrastructure Plan contains all planned capital expenditure and some large one-off revenue expenditure, such as investment in IT projects. Since the last report to Members in October, forecast capital spend has reduced by £915k, down from £8.627m to £7.712m. The net reduction in the forecast is mainly due to slippage on the Ashford Live Fire project budget (£708k) and the purchase of the Community Safety Display Vehicle (£220k). Details of the Infrastructure Plan are attached at **Appendices 9 and 10**.
7. **Capital Receipts and Other Usable Reserves** - The opening balance of the capital receipts reserve, on 1 April 2024, was £8.554m. There is currently no planned use of capital receipts to fund the capital infrastructure plan in 2024/25, but the disposal of surplus vehicles, equipment and surplus land and buildings is forecast to generate capital receipts totalling £377k, giving a forecast year-end balance of £8.931m.
8. Details of the 31 March 2025 forecast balances on each reserve are attached at **Appendix 11**. It should be noted however, that despite earmarked reserves showing a healthy balance of just in excess of £30m, approximately 75% of this total relates to Infrastructure funding, which funds a majority of the infrastructure programme of work. This benefits the organisation greatly as it mitigates the need to borrow externally for capital projects, which would currently result in interest charges of between 4% and 5%.
9. **Allocation of Revenue Budget Underspend** - There remains significant uncertainties over the Authority's funding position beyond 2025/26. It would therefore seem prudent to set aside any underspend on the revenue budget for future transformation and/or spend to save projects, that would require a one-off resource to deliver longer-term financial savings for the Authority. For example, when redesigning and implementing new business processes to streamline and improve efficiency, teams may require the expertise of a specialised Business Analyst. These specialists will be recruited on fixed-term assignments to work with the team and stakeholders to explore innovative approaches, technologies, and best practices. Members are therefore asked to agree that the revenue budget underspend is allocated to the Service Transformation and Productivity reserve to provide the one-off resource funding, should it be needed to fund such initiatives.

Budget Issues and Risks

10. In line with the Authority's approach to risk management, potential budget risks have been identified and assessed in terms of probability and impact. At this

stage of the financial year, the following risks remain, and as such could have an impact on the final outturn for the year: -

- a) **Operational Activity Pay** - Activity payments are difficult to predict as activity levels can vary significantly from month-to-month. Any variation to the estimates used when generating the current forecast will impact on the final outturn.
- b) **Vacancies** - Assumptions have been made around the timing of recruitment into current vacancies. If the timing of recruitment differs to those assumptions or additional vacancies arise this will result in a variance against the current forecast.
- c) **Business Rates - S31 Grant Income** - An accrual is required at year-end to adjust for the difference between the NNDR (National Non-Domestic Rates) 1 estimates and the NNDR 3 outturns. These figures are provided to the Authority by the District Councils and Medway Council (at the end of April) and could result in either a reduction or increase in the amount of income recognised in 2024/25, which could impact on the final outturn.
- d) **Stock adjustments** - The Authority holds stocks of fuel, smoke alarms and other operational equipment, so if a higher level of stocks are held at year-end this could result in a bigger accounting adjustment than anticipated. Although the stock adjustments will not impact on the outturn position, they may impact on individual expenditure lines and transfers to the Rolling Budget Reserve.
- e) **Programme Slippage** - The Authority has experienced delays throughout the financial year in the delivery of several infrastructure projects. Additional delays could result in further slippage of budgets to 2025/26.

Other Financial Issues

- 11. **Networked Fire Services Partnership** - Members may recall that Kent FRS joined the Networked Fire Services Partnership (NFSP) with Hampshire and Isle of Wight FRS, Devon and Somerset FRS, and Dorset and Wiltshire FRS in October 2022. This was with the intention of providing a new Command-and-Control system for the Kent FRS Control room and taking advantage of the benefits of a joint procurement exercise. This was just a part of the transformation of the Control function which also included the opening of a new Control room, co-located with Kent Police in January 2024.
- 12. Following a detailed procurement exercise across the four services a contract was signed for the new Command-and-Control system in December 2024. This is a significant milestone as it enables the replacement of the current mobilising system with a new system with modern features. The joint procurement exercise has enabled all four Fire Services to save money, so £776k of the budget

earmarked for the purchase, implementation and ongoing maintenance of this system has been returned to the Infrastructure Reserve.

13. **External Audit Update** - The 2023/24 Financial Statements were signed off by external audit on 11 December 2024. The auditors are unable to formally conclude the audit and issue the audit certificate until the National Audit Office has concluded their work in respect of the Whole of Government Accounts (WGA), but this should have no material effect on the financial statements for the year ended 31 March 2024.

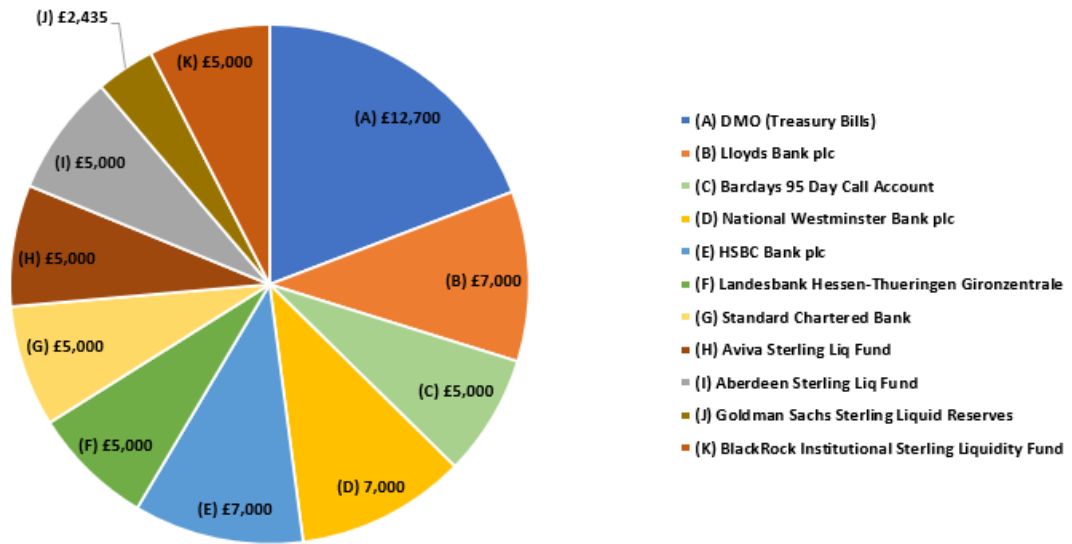
Firefighters' Pension Fund 2024/25

14. **The Firefighters' Pension Fund for 2024/25** - Attached at **Appendix 12** is the forecast outturn for the Firefighters' Pension Fund for 2024/25. Firefighter pension costs that are related to injury whilst on duty are met by the Authority, whereas the majority of other firefighter pension costs are funded by the Government. Whilst the Authority is responsible for paying all pensions and collecting all contributions, the resultant net deficit is funded by top-up grant which is paid by the Government in July each year. The Government has paid the Authority two additional grants in 2024/25 (for McCloud (£2.394m) and Matthews (£14.480m) pension payments) but the majority of the additional pension payments, in relation to these cases, is not likely to be paid until early in 2025/26. As such, the Authority is awaiting confirmation from the Home Office as to how the reconciliation process will be undertaken at year-end for 2024/25.

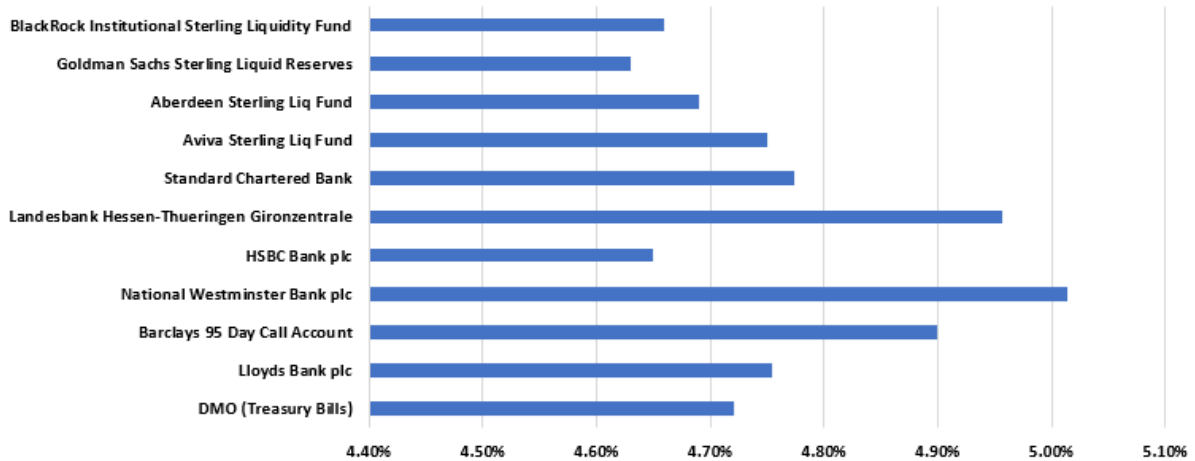
Cash Invested and Average Interest Rates Per Counterparty 2024/25

15. **Mid-year Treasury Update** - In line with national guidance, the Authority's Mid-year update on the progress against the Treasury Management and Investment Strategy was presented to the Audit and Governance Committee in November 2024. Members of the Fire Authority have been provided with a copy of the detailed report, for information purposes, later on the agenda for this meeting. However, detailed below, is a current summary of the latest investment position.
16. **Cash Invested** - Between 1 April 2024 and 3 January 2025, the Authority invested an average cash balance of £60.2m and the pie chart below shows the balances invested as at 3 January 2025 (£66.135m). Forecast income for the year, as a result of deposits, is expected to be £2.850m. The bar chart details current interest rate levels paid on these deposits.

Cash Invested Per Counterparty as at 3 January 2025 (£000's)



Average Interest Rate Per Counterparty as at 3 January 2025



IMPACT ASSESSMENT

17. There are no implications arising from this report that cannot be managed within the overall budget.

RECOMMENDATIONS

- 18. Members are requested to: -
- 18.1 Agree, in principle, to transfer the final Revenue Budget underspend to the Service Transformation and Productivity Reserve (paragraph 9 refers).
- 18.2 Consider and agree the content of the report.

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

2024/25 Revenue Budget Adjustments – Subjective Analysis

Figures shown are in £'000	October Budget	February Budget Changes	Revised Budget
Salaries, allowances and on-costs	78,002	235	78,237
Training expenses	643	0	643
Other employee costs (inc. Insurance)	747	0	747
Direct pension costs	2,222	0	2,222
Total Employee Costs	81,614	235	81,849
Repairs, maintenance & other costs	3,141	0	3,141
Utility costs	3,074	0	3,074
Total Premises Costs	6,215	0	6,215
Vehicle running costs	2,440	0	2,440
Travel allowances and expenses	95	0	95
Total Transport Costs	2,535	0	2,535
Equipment and supplies	4,824	-140	4,684
Fees and services	1,666	-10	1,656
Communications and computing	5,535	-530	5,005
Other supplies and services	1,819	-500	1,319
Total Supplies and Services	13,844	-1,180	12,664
Capital financing costs	1,320	0	1,320
Revenue contributions to Capital	2,843	-208	2,635
Total Capital Financing	4,163	-208	3,955
Grants and contributions	-7,474	1	-7,473
Investment income	-1,694	0	-1,694
Other income	-199	0	-199
Transfers from reserves	-4,291	1,152	-3,139
Total Income	-13,658	1,153	-12,505
Net Revenue Budget	94,713	0	94,713

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

2024/25 Revenue Budget Adjustments - Subjective Analysis Explanations

Individual virements (budget transfers) that exceed £50k are required to be reported to Members. Any individual virements that are not technical budget adjustments that exceed £500k require Member approval. There are no virements that require Member approval in this report.

- (a) **Salaries, allowances and on-costs (£235k increase)** - The net increase in pay budgets is primarily explained under the relevant functional headings at Appendix 4. Other minor net budget increases total £31k.
- (b) **Equipment and supplies (£140k Decrease)** - See Appendix 10 (c) in relation to the reduction in the infrastructure budget allocated for workplace needs (£150k). Other minor net budget increases total £10k.
- (c) **Communications and computing (£530k Decrease)** - See Appendix 4 (g) in relation to the rephasing of the infrastructure project budget for the Control programme (£240k). See Appendix 4 (m) in relation to the rephasing of the infrastructure project budgets for Dynamics (Customer and Premises Risk Management) (£240k), and Command-and-Control (System Replacement) (£50k).
- (d) **Other supplies and services (£500k Decrease)** - See Appendix 4 (m) in relation to the rephasing of the infrastructure project budget for the Command-and-Control (System Replacement) (£500k).
- (e) **Revenue contributions to Capital (£208k Decrease)** - This budget has been reduced as a result of the reduction in the forecast for capital spend for 2024/25.
- (f) **Transfers from reserves (£1.152m Decreased reserve transfer)** - This budget adjustment is primarily explained by (e) and Appendix 4 (p).

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

2024/25 Revenue Budget Adjustments – Functional Analysis

Figures shown are in £'000

	October Budget	February Budget Changes	Revised Budget
Firefighting and Rescue Services	38,202	0	38,202
Control	2,940	-352	2,588
Operational Policy and Resilience	13,545	140	13,685
Fleet and Transport	3,968	-189	3,779
Total Operational Response and Resilience	58,655	-401	58,254
Customer Safety	3,529	-14	3,515
Building Safety	3,315	61	3,376
Customer Engagement	1,137	29	1,166
Total Customer Safety, Building Safety, Engagement and Collaboration	7,981	76	8,057
Corporate Management Board and Customer Support	2,593	-67	2,526
Member Allowances and Expenses	82	0	82
People and Learning	4,356	-58	4,298
Business Change and Information Technology	9,063	-695	8,368
Property, Environment and Facilities	6,566	122	6,688
Finance, Insurance and Procurement	3,335	65	3,400
Business Intelligence, Policy and Performance	918	11	929
Total Customer Services	26,913	-622	26,291
Pension Costs	2,222	0	2,222
Net Financing Costs	-374	0	-374
Infrastructure Funding and Other Reserves	-793	947	154
Non-Ring-Fenced Grants	0	0	0
Admin for Council Tax Support	109	0	109
Total Pensions, Financing and Other Costs	1,164	947	2,111
Net Revenue Budget	94,713	0	94,713

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

2024/25 Revenue Budget Adjustments – Functional Analysis Explanations

Individual virements (budget transfers) that exceed £50k are required to be reported to Members. Any individual virements that are not technical budget adjustments that exceed £500k require Member approval. There are no virements that require Member approval in this report.

- (g) **Control (£352k Decrease)** - See Appendix 10 (d) in relation to the rephasing of the infrastructure project budget for the Control programme (£112k relates to pay budgets and £240k relates to Communications and Computing budgets).
- (h) **Operational Policy and Resilience (£140k Increase)** - Some temporary posts and an overlap due to succession planning as a result of a retirement have added to the pay costs (£73k) within the Response and Resilience team. This budget increase is offset by a budgeted transfer from the Service Transformation and Productivity Reserve. Responsibility for the operational equipment budget (£67k) has been transferred to the Fleet and Equipment Services team.
- (i) **Fleet and Transport (£189k Decrease)** - See (h) regarding realignment of operational equipment budget (£67k). In addition, the budget allocated for the fleet workshop lease (£122k) has been realigned to the Property budget heading.
- (j) **Building Safety (£61k Increase)** - Pay budgets for the Building Safety apprentices have been realigned to this heading from the People and Learning heading.
- (k) **Corporate Management Board and Customer Support (£67k Decrease)** - See Appendix 10 (c) in relation to the reduction in the infrastructure budget allocated for workplace needs (£150k). This is partly offset by an increase in the budget to part-fund additional pay costs due to an overlap in roles for succession planning purposes (£83k). This budget increase is offset by a budgeted transfer from the Service Transformation and Productivity Reserve.
- (l) **People and Learning (£58k Decrease)** - See (j) regarding the realignment of pay budgets for the Building Safety apprentices. Other minor net budget increases total £3k.
- (m) **Business Change and Information Technology (£695k Decrease)** - See Appendix 10 (d) in relation to the rephasing of the infrastructure project budgets for Dynamics (Customer and Premises Risk Management) (£240k), and Command-and-Control (System Replacement) (£550k) (£500k relates to Supplies and Services and £50k relates to Communications and Computing). These budget reductions are partly offset by an increase in the pay budgets for Senior Business Analysts (£95k)

recruited to assist in the development of more streamlined business processes – which is offset by a budgeted transfer from the Service Transformation and Productivity Reserve.

- (n) **Property, Environment and Facilities (£122k Increase)** - See (i) regarding the budget for the fleet workshop lease which has transferred to this budget heading.
- (o) **Finance, Insurance and Procurement (£65k Increase)** - The pay budget within this heading has been increased to cover the cost of a temporary Category Manager to provide backfill within the Procurement team (£65k). This is offset by a budgeted transfer from the Service Transformation and Productivity Reserve.
- (p) **Infrastructure Funding and Other Reserves (£947k funding decrease)** - This budget change primarily relates to the transfers to the Infrastructure Reserve as a result of infrastructure project slippage and transfers from the Service Transformation and Productivity Reserve for temporary posts as detailed in (g) to (o).

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

2024/25 Revenue Budget Variance Analysis – Subjective Analysis

Figures shown are in £'000	Revised Budget	Forecast Outturn	Total Variance
Salaries, allowances and on-costs	78,237	77,143	-1,094
Training expenses	643	686	43
Other employee costs (inc. Insurance)	747	936	189
Direct pension costs	2,222	2,601	379
Total Employee Costs	81,849	81,366	-483
Repairs, maintenance & other costs	3,141	2,981	-160
Utility costs	3,074	2,962	-112
Total Premises Costs	6,215	5,943	-272
Vehicle running costs	2,440	2,442	2
Travel allowances and expenses	95	97	2
Total Transport Costs	2,535	2,539	4
Equipment and supplies	4,684	4,877	193
Fees and services	1,656	1,701	45
Communications and computing	5,005	5,062	57
Other supplies and services	1,319	1,296	-23
Total Supplies and Services	12,664	12,936	272
Capital financing costs	1,320	1,320	0
Revenue contributions to Capital	2,635	2,635	0
Total Capital Financing	3,955	3,955	0
Grants and contributions	-7,473	-7,702	-229
Investment income	-1,694	-2,850	-1,156
Other income	-199	-383	-184
Transfers from reserves	-3,139	-1,560	1,579
Total Income	-12,505	-12,495	10
Net Revenue Budget	94,713	94,244	-469

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

Significant Variances and Movements in the 2024/25 Revenue Budget

Subjective Variance Analysis

The forecast net underspend of £469k includes a variety of underspends and overspends, and the reasons for the most significant variances are commented on below: -

Revenue Budget Variances

- a) **Salaries, allowances and on-costs (£1.094m Underspend)** - The forecast underspend against this budget heading has decreased by £85k since last reported to Members in October (£1.179m forecast underspend). Explanations for the most significant variances against pay-related budgets are provided under the relevant functional headings at **Appendix 8**.
- b) **Other employee costs (£189k Overspend)** - This forecast overspend primarily relates to advertisement and recruitment fees (£120k) to fill several temporary specialist roles. In addition, there is a forecast overspend relating to compensation payments (e.g. refunds of pension contributions) in relation to the McCloud age discrimination pensions case (£97k). This is offset by a corresponding increase in forecast grant income as these costs will be funded by government grant. Other minor variances total a net forecast underspend of £28k.
- c) **Direct pension costs (£379k Overspend)** - This forecast overspend primarily relates to the Local Government Pension Scheme (LGPS) pension strain costs that have been incurred following a restructure within the HR department (£402k). It should be noted that this is a one-off cost, and the new HR structure has generated a base budget saving which has been reflected in the draft Medium-Term Financial Plan and budget proposals for 2025/26. Additionally, several colleagues based at the Channel Tunnel have drawn their pension benefits but have continued to be employed to ensure that the Authority continues to fulfil its contractual obligations until the contract ends in February 2025. As a result, the Authority is required to contribute an amount to the Pension Fund Account for not abating their ongoing pension payments (£82k). This is partly offset by a forecast underspend in annual payments for firefighter injury pensions (£105k) which are charged to the Authority's revenue budget.
- d) **Repairs, maintenance and other costs (£160k Underspend)** - This forecast underspend includes a reduction in the forecast against remedial works (£100k)

following Health and Safety, Fire Safety and Electrical Safety checks as the non-urgent work will now fall in 2025/26 – so is offset by a transfer to the Rolling Budget Reserve. There is also an underspend (£40k) forecast against the contract cleaning budget as this provision will be moving in house in January 2025, meaning costs will be forecast against other subjective headings (e.g. pay and equipment). Other minor variances total a net forecast underspend of £20k.

- e) **Utility costs (£112k Underspend)** - Forecasts against gas and electricity budgets have been updated in line with the latest projections supplied by LASER. The forecast reduction in costs is primarily down to a reduction in usage rather than prices.
- f) **Vehicle running costs (£2k overspend)** - A £95k forecast overspend was reported to Members against this budget heading in October, due to in-year staffing shortages within the Fleet Workshop team meaning some maintenance activities needed to be outsourced. This has now been significantly offset by a forecast underspend against the vehicle fuel budget whereby there has been a reduction in usage - which can be affected by several variables including the length and type of incidents attended by operational crews.
- g) **Equipment and supplies (£193k Overspend)** - There is a forecast overspend against the budget for water hydrant repairs (£115k), following an increase in the number of jobs being completed by the Water Companies. In addition, there is an overspend of £71k forecast against operational equipment, primarily ladder replacement due to damage. Other minor variances total a net forecast overspend of £7k.
- h) **Grants and contributions (£229k Additional Income)** - See (b) regarding the additional government grant income (£97k) in relation to the McCloud age discrimination pensions case. In addition, it has now been confirmed that the Authority will receive a share (£125k) of the surplus balance sitting in the Central Government Business Rates Levy Account. The Authorities share of growth sitting in the Kent and Medway Business Rates Pool for 2021/22 to 2023/24 has now been confirmed and is £143k more than originally estimated. Other additional income (totalling £131k) is forecast from; a third-party contribution towards carbon monoxide alarms; recovery of additional costs in relation to cross-border assistance; recovery of costs in relation to UK International Search and Rescue activities and seconded officer contributions. This additional income is partly offset by a reduction in forecast income (£267k) from the Channel Tunnel contract which will end in February 2025.
- i) **Investment income (£1.156m Additional Income)** - The Bank of England base rate hasn't reduced as quickly as anticipated so the return on investments has remained higher than expected. In addition, there have been delays in implementing the new pension legislation in relation to the Matthews legal case,

whilst updates are applied to the pension administrator's system, meaning government grant paid to the Authority earlier in the financial year has been available for investment so has generated an additional unexpected return for the Authority.

- j) **Other Income (£184k Additional Income)** - Additional income has been received from the disposal of now old surplus vehicles (£80k) and recoveries from insurance claims (£102k). This forecast additional income has been offset by a forecast transfer to the Infrastructure Reserve. Other minor variances total a net forecast increase in income of £2k.

- k) **Transfers from Reserves – (£1.579m Net reduction in Transfers from Reserve)** – At the October Authority meeting Members agreed to transfer £1.3m of the forecast underspend to the Insurance and Resource Reserve. This reserve transfer is therefore now reflected in this financial update report. Also see (d) in relation to the Rolling Budget Reserve transfers (£100k) and (j) in relation to the Insurance and Resource Reserve transfer (£102k). Other minor variances total a net reduction in reserve transfers of £77k.

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

2024/25 Revenue Budget Variance Analysis – Functional Analysis

Figures shown are in £'000	Revised Budget	Forecast Outturn	Total Variance
Firefighting and Rescue Services	38,202	37,931	-271
Control	2,588	2,296	-292
Operational Policy and Resilience	13,685	13,794	109
Fleet and Transport	3,779	3,606	-173
Total Operational Response and Resilience	58,254	57,627	-627
Customer Safety	3,515	3,280	-235
Building Safety	3,376	3,306	-70
Customer Engagement	1,166	1,155	-11
Total Customer Safety, Building Safety, Engagement and Collaboration	8,057	7,741	-316
Corporate Management Board and Customer Support	2,526	2,429	-97
Member Allowances and Expenses	82	82	0
People and Learning	4,298	4,482	184
Business Change and Information Technology	8,368	8,401	33
Property, Environment and Facilities	6,688	6,528	-160
Finance, Insurance and Procurement	3,400	4,886	1,486
Business Intelligence, Policy and Performance	929	859	-70
Total Customer Services	26,291	27,667	1,376
Pension Costs	2,222	2,601	379
Net Financing Costs	-374	-1,530	-1,156
Infrastructure Funding and Other Reserves	154	154	0
Non-Ring-Fenced Grants	0	-125	-125
Admin for Council Tax Support	109	109	0
Total Pensions, Financing and Other Costs	2,111	1,209	-902
Net Revenue Budget	94,713	94,244	-469

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

Significant Variances and Movements in the 2024/25 Revenue Budget

Functional Variance Analysis

The forecast net underspend of £469k includes a variety of underspends and overspends, and the reasons for the most significant variances are commented on below: -

Budget Variances

- l) **Firefighting and Rescue Services (£271k Underspend)** - The majority of this underspend relates to vacancies at on-call fire stations. A project to review the on-call duty system is now underway and, whilst this work is carried out, a temporary reduction to this budget is proposed in the draft Medium-Term Financial Plan and budget proposals for 2025/26. The forecast underspend against this heading has reduced due to the transfer of pay costs from the Operational Policy and Resilience heading in relation to colleagues currently based at the Channel Tunnel (see (n)). In addition, the grey book pay award was higher than budgeted for 2024/25, but the additional cost (c. £550k) has been contained within the original budget allocation due to the underspend on the on-call station pay budget.

- m) **Control (£292k Underspend)** - Due to additional vacancies arising throughout the year and delays in new employees starting their positions, the pay budget is now forecast to underspend by a £292k. Some colleagues who now occupy other roles within the organisation but have experience of working in the Control room have been utilised to fill the shortfalls on a temporary basis and a project is currently underway to find a longer-term solution to address the issue of recruitment and retention of colleagues within this team.

- n) **Operational Policy and Resilience (£109k Overspend)** - See (g) in relation to the forecast overspend on water hydrant repairs (£115k). See (h) in relation to the reduction in income from the Channel Tunnel contract (£267k). These forecast overspends, are partly offset by a forecast underspend on pay budgets (£235k) primarily due to the transfer of the pay forecasts for colleagues who are based at the Channel Tunnel. Whilst they will stay with KFRS at the end of the contract, their pay costs will in future be charged to the Firefighting and Rescue Services heading from February 2025. Other minor variances total a net forecast underspend of £38k.

- o) **Fleet and Transport (£173k Underspend)** - See (f) and (j) in relation to the additional income received from the disposal of old surplus vehicles (£80k). There is a forecast underspend on pay budgets (£60k) due to in-year vacancies within the Fleet Workshop team. Other minor variances total a net forecast underspend of £35k.
- p) **Customer Safety (£235k underspend)** - This forecast underspend partly relates to pay budgets and is due to a requirement for less overtime to be paid for the cadet scheme (£28k) and in-year vacancies within the Customer Safety team (£102k). Additionally, there is an increase in the forecast income whereby; the Authority will receive a contribution (£25k) towards the cost of carbon monoxide alarms which are installed during Home Fire Safety Visits and a contribution (£27k) to cover the pay costs of a seconded officer. Other minor variances total a net forecast underspend of £53k.
- q) **Building Safety (£70k Underspend)** - This forecast underspend is due to in-year vacancies within Building Safety Team.
- r) **Corporate Management Board and Customer Support (£97k Underspend)** - See (h) regarding the Authority's share from the Kent and Medway Business Rates Pool (£143k additional income). This is partly offset by a forecast overspend on pay budgets due to an overlap in roles for succession planning purposes due to a retirement.
- s) **People and Learning (£184k Overspend)** - See (b) regarding the forecast overspend on advertisement and recruitment fees (£120k). Other variances (on legal fees, redundancy pay, subscriptions) total a net forecast overspend of £64k.
- t) **Property, Environment and Facilities (£160k Underspend)** - See (e) regarding the forecast underspend on the cost of utilities (£112k). Other minor variances total a net forecast underspend of £48k.
- u) **Finance, Insurance and Procurement (£1.486m Overspend)** - see (k) regarding the forecast transfers to the Insurance and Resource Reserve (£1.402m). There is also an overspend forecast against pay budgets due to maternity cover (£47k). Other variances total a net forecast overspend of £37k.
- v) **Business Intelligence, Policy and Performance (£70k Underspend)** - This forecast underspend is due to in-year vacancies within Business Intelligence Team.
- w) **Pension Costs (£379k Overspend)** - see (c).
- x) **Net Financing Costs (£1.156m Additional Investment Income)** - see (i).
- y) **Non-Ring-Fenced Grants (£125k Additional Income)** - see (h) regarding the Authority's share of the distribution from the Business Rates Levy Account.

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

2024/25 Infrastructure Budget Adjustments

Figures shown are in £'000

	October Budget	February Budget Changes	Revised Budget	Forecast Outturn	Total Var.
Infrastructure Capital Budget					
Ashford Fire Station Redevelopment	5,433	-708	4,725	4,725	0
Control - lease for Coldharbour	161	0	161	161	0
Vehicle Maintenance - Unit lease	202	0	202	202	0
Estate changes and development	984	0	984	984	0
Total Estate Development	6,780	-708	6,072	6,072	0
Roofing Works	355	0	355	355	0
Boilers and Heating Systems	103	0	103	103	0
Bay Doors	0	13	13	13	0
Total Premises	458	13	471	471	0
Mobile Data Terminals	95	0	95	95	0
Total Information and Comms Systems	95	0	95	95	0
Appliances	59	0	59	59	0
Specialist Units and Vehicles	1,211	-220	991	991	0
Cars and Vans	24	0	24	24	0
Total Vehicles and Equipment	1,294	-220	1,074	1,074	0
Total Infrastructure Capital Budget	8,627	-915	7,712	7,712	0
Infrastructure Revenue Budget					
Premises	664	-150	514	514	0
Information and Comms. Systems	3,178	-1,142	2,036	2,036	0
Operational Equipment	1,392	0	1,392	1,392	0
Total Infrastructure Revenue Budget	5,234	-1,292	3,942	3,942	0
Total Infrastructure Revenue and Capital	13,861	-2,207	11,654	11,654	0
Funded from: -					
Base Revenue Contributions	-3,844	0	-3,844	-3,844	0
Internal Borrowing	-5,635	708	-4,927	-4,927	0
Infrastructure Reserve	-4,179	1,499	-2,680	-2,680	0
One-off funding and grants	-203	0	-203	-203	0
Total Infrastructure Funding	-13,861	2,207	-11,654	-11,654	0

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

2024/25 Infrastructure Budget Adjustments (February Budget Changes)

Individual virements (budget transfers) that exceed £50k are required to be reported to Members. Any individual virements that are not technical budget adjustments that exceed £500k require Member approval. There are no virements that require Member approval.

Reportable virements are detailed below;

Capital Infrastructure Budget

- a) **Ashford Fire Station Redevelopment (£708k decrease)** - The contract for the building phase of the live fire training facility was signed on 14 January 2025. Work is expected to start on site towards the end of January so some of the budget for this project has now been rephased to 2025/26 to align funding resources to the most up to date delivery timeframes for this project.
- b) **Specialist Units and Vehicles (£220k decrease)** - The budget for the Community Safety Display Vehicle (Pump) has been slipped to 2025/26 as it has taken a little longer than anticipated to work through the specification requirements for this vehicle.

Revenue Infrastructure Budget

- c) **Premises (£150k decrease)** - The budget allocated for workplace needs adjustments has been reduced as forecast costs for the current financial year will now be contained within existing base budget allocations - so the funding allocated within the infrastructure plan will be rolled forward for use in future years.
- d) **Information and Comms. Systems (£1.142m decrease)** - This relates to a decrease in the budgets allocated to the Dynamics (Customer and Premises Risk Management) project (£240k), the Command-and-Control (System Replacement) project (£550k) and the Control programme (£352k) all of which have been slipped to later years to align the funding resources to the most up to date delivery timeframes for each of these projects.

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

2024/25 General and Earmarked Reserves

Figures shown are in £'000		Opening Balance 01-Apr-24	Forecast Transfer 2024/25	*Forecast Closing Balance 31-Mar-25
General Reserve	(A)	4,260	420	4,680
<i>Earmarked Reserves:</i>				
Government Grants	(B)	904	-10	894
Infrastructure	(C)	26,751	-2,680	24,071
Insurance and Resource	(C)	4,580	1,392	5,972
Rolling Budgets	(C)	761	-458	303
Service Transformation Reserve	(C)	400	-224	176
Total Earmarked Reserves		33,396	-1,980	31,416
Total Revenue Reserves		37,656	-1,560	36,096
Capital Receipts Reserve	(D)	8,554	377	8,931
Total Usable Reserves		46,210	-1,183	45,027

*The Forecast Closing Balance for Earmarked Reserves at 31-Mar-25 excludes any year-end transfer to reserves as a result of the forecast underspend on the 2024/25 revenue budget.

Notes:

- A. Reserve held to provide a contingency to cushion the impact of unexpected costs.
- B. Resource provided by Government with any unspent amounts rolled forward.
- C. Reserve held to smooth the impact of expenditure on the revenue budget.
- D. Reserve available to fund capital expenditure.

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

2024/25 Firefighters' Pension Fund

Figures shown are in £'000	*Home Office Return (Aug 2023)	**Home Office Return (Sept 2024)	Forecast Outturn	Variance to Home Office Return (Sept 2024)
Pension Outgoings:				
Pension payments	31,048	33,027	34,197	1,170
Transfer values paid	0	0	800	800
Scheme Pays – Tax Charges	0	0	220	220
Total Expenditure	31,048	33,027	35,217	2,190
Pension Income:				
Employee contributions	-4,341	-4,349	-4,756	-407
Employer contributions	-9,360	-12,019	-12,083	-64
In-year ill-health charge income	-253	-300	-300	0
Non-abated pension income	-110	-223	-223	0
Transfer values received	0	-68	-210	-142
McCloud Grant	-	-	-2,394	-2,394
Matthews Grant	-	-	-14,480	-14,480
Government Top-up grant*	-16,984	-16,068	-771	15,297
Total Income	-31,048	-33,027	-35,217	-2,190
Net Fund Expenditure	0	0	0	0

*The Authority is awaiting confirmation from the Home Office as to how the reconciliation process for the Pension Fund Account will be undertaken at year end for 2024/25. The Home Office has provided additional grant funding in 2024/25 to fund increased pension payments in relation to the McCloud (£2.394m) and Matthews (£14.480m) pension legal cases. Due to delays in the implementation of the new legislation (particularly in relation to the Matthews legal case) the majority of the additional pension payments expected to be funded by this grant are now not expected to fall in the 2024/25 financial year, but more realistically in 2025/26.

By: Chief Executive

To: Kent and Medway Fire and Rescue Authority – 18 February 2025

Subject: COMMUNITY RISK MANAGEMENT PLAN RESPONSE TIME STANDARDS AND COUNCIL TAX CONSULTATION

Classification: Unrestricted

FOR DECISION

SUMMARY

This report covers the findings from the responses to the public consultation on the proposed changes to the way we target our response time standards. This forms part of the programme of work of our CRMP (Community Risk Management Plan) and is the first phase of a wider review of performance standards. The consultation also sought views from the public in relation to setting the Council Tax for 2025/26.

RECOMMENDATIONS

Members are requested to:

1. Approve the findings report from the public consultation on the proposed changes to response time standards and the council tax options for 2025/26 (paragraphs 5 to 11 refer). The consultation responses report can be accessed via the following link:

[Findings from KFRS consultation on response time standards and council tax options for 2024/25](#)

2. Approve the changes to our response time definitions.
3. Approve the changes to our response time targets.

LEAD/CONTACT OFFICER: Director, Response and Resilience– Matthew Deadman

TELEPHONE NUMBER: 01622 692121 ext. 8383

EMAIL: matthew.deadman@kent.fire-uk.org

BACKGROUND PAPERS: None

COMMENTS

Background

1. The Fire and Rescue National Framework for England requires every fire and rescue authority to assess all foreseeable fire and rescue related risks that could affect their communities, whether they are local, cross-border, multi-authority and/or national, and prepare an 'integrated risk management plan', or as it is now referred to within the sector, a 'Community Risk Management Plan' (CRMP).
2. In terms of the key CRMP related developments to date, the first stage of our CRMP was a comprehensive risk analysis and assessment. Undertaken in line with the National Fire Chiefs' Council's "Community Risk Management Planning Strategic Framework", this risk assessment was approved by Members at the October 2023 meeting of the Authority. Between 01 November 2023 and 01 February 2024, the Authority then undertook public consultation on the risk analysis and assessment set out in the document called "Creating a Safer Future – Together", and consultation on the council tax options for 2024/25.
3. In February 2024 Members approved the report analysing the responses to the public consultation on the "Creating a Safer Future – Together" document, and the preparation of an action plan setting out the actions required to address the risks and strategic challenges presented in the "Creating a Safer Future – Together" document. In July 2024 Members approved the CRMP delivery plan along with the strategic priorities and enabling plans covering the next four-year strategy period. The plan is based on the responses to the public consultation on the risk analysis and assessment set out in the "Creating a Safer Future – Together" document.
4. In October 2024, as part of our CRMP programme of work, Members approved consulting with the public on changes to our response time definitions, changes to our response time targets, and the council tax options for 2025/26.

Response time standards public consultation and findings

5. The consultation ran from 21 October 2024 to 18 January 2025. This also included consultation on the council tax options for 2025/26. This was not proposing to change our response to incidents, or fire stations, just how we measure response times to ensure they continue to be based on a true and accurate assessment of how long it will take us to reach people in an emergency.
6. The consultation generated a total of 1,833 responses. This is the second highest number of responses of any recent CRMP consultation and compares favourably to 1,859 responses received for the first public consultation of the current CRMP, which ran from November 2023 to February 2024. These high numbers reflect our carefully planned approach and the effort of our Engagement team to raise awareness of the CRMP with our stakeholders and customers.

7. In addition to the consultation survey, in-person feedback was gathered during several community events and through engagement with community groups. Through our Community Insight and Partnerships Team, the consultation successfully engaged individuals across a broad and diverse range of demographics. Representation included women-only groups, multiple ethnic communities, older persons groups, retirement groups, neurodiversity groups, carers, resettled refugees, religious communities, individuals with disabilities and long-term health conditions, as well as groups supporting people with loneliness and social isolation.
8. A majority agreed with the proposals to change our response time definitions and our response time targets. This support gives us a basis to implement these changes.
9. There was also clear support for a modest increase in council tax, something that was selected by 70% of respondents. Three times as many respondents supported an increase over a freeze, and almost half of all respondents were in favour of an increase of up to £5 per year. The council tax options for 2024/25 presented in the consultation were as follows:
 - Option 1: Freeze council tax for a year.
 - Option 2: Increase council tax by an amount just under a previously proposed referendum limit of 3%, which is an increase of just over 5p a week for an average band D household.
 - Option 3: If there is flexibility to do so, would you agree to an increase of up to £5 (5.5% increase) a year on an average band D household, which is a weekly increase of just over 9p.
 - Option 4: I would like to specify how much more I would be willing to pay.
10. The report containing the analysis of the responses to the consultation is presented as an electronic attachment to these papers for Members' consideration and approval. This is published on our website in a format that is accessible and allows us to promote it to our customers and those who participated in the consultation.
11. Recognising the support expressed through the consultation responses for changing to our response time definitions and our response time targets, the next step will be to enact these changes.

IMPACT ASSESSMENT

12. There are no direct impacts from the contents of this paper which cannot be contained within existing budgetary provision.

RECOMMENDATIONS

13. Members are requested to:

13.1 Approve the findings report from the public consultation on the proposed changes to response time standards and the council tax options for 2025/26 (paragraphs 5 to 11 refer). The consultation responses report can be accessed via the following link:

[Findings from KFRS consultation on response time standards and council tax options for 2024/25](#)

13.2 Approve the changes to our response time definitions.

13.3 Approve the changes to our response time targets.

By: Chief Executive

To: Kent and Medway Fire and Rescue Authority - 18 February 2025

Subject: DRAFT REVENUE AND CAPITAL BUDGETS 2025/26 AND
DRAFT MEDIUM-TERM FINANCIAL PLAN 2025-29

Classification: Unrestricted

FOR DECISION

SUMMARY

This report sets out the proposals for the draft Revenue and Capital budgets and Council Tax charges for the 2025/26 financial year. Attached to this report is the draft Budget Book, which details the assumptions used to develop the Medium-Term Financial Plan (MTFP), the Capital Strategy, the Treasury Management and Investment Strategy and the Reserves Strategy. Also attached to this report is the Statement of Assurance by the Treasurer (Chief Financial Officer), which Members should consider and have regard to, when making decisions on the proposals contained within this report and the attached appendices.

Member approval is sought for the Revenue and Capital budget proposals, the Council Tax requirement and Council Tax charges for the 2025/26 financial year, the assumptions used in the development of the 2025-29 MTFP and each of the financial strategies which facilitate the delivery of the 2025-29 MTFP.

The key proposals that are presented to Members for consideration and approval are: -

- A net revenue budget requirement of £98.232m for 2025/26.
- A Council Tax increase of 5.5%.
(This equates to an increase of £4.95 per annum (just under 10 pence per week) on the Band D Council Tax charge, increasing the charge to £94.86 for 2025/26)

RECOMMENDATIONS

Members are requested to:

1. Consider the Statement of Assurance by the Treasurer (Chief Financial Officer) (paragraph 3 and **Appendix 1** refer).

LEAD/CONTACT OFFICER: Director, Finance – Barrie Fullbrook

TELEPHONE NUMBER: 01622 692121 ext 8264

EMAIL: barrie.fullbrook@kent.fire-uk.org

BACKGROUND PAPERS: None

2. Approve the revenue budget proposals and the resulting net revenue budget requirement of £98.232m for 2025/26 (paragraphs 13 to 16 and **Appendix 2** refer).
3. Approve the £81k revenue budget saving in relation to the Council Tax Administration grant provided to Billing Authorities (paragraph 14 refers).
4. Approve a total requirement from Council Tax of £64.507m to be raised through the precept to meet the 2025/26 revenue budget requirement, which requires a Council Tax increase of 5.5%, resulting in the following annual charges for each Council Tax band (paragraphs 22 to 26 refer): -

Council Tax Band	Annual Charge
A	£63.24
B	£73.78
C	£84.32
D	£94.86
E	£115.94
F	£137.02
G	£158.10
H	£189.72

5. Authorise the Chief Executive and the Director of Finance, in consultation with the Chair of the Authority, to make any adjustments which may be required to the net revenue budget, arising as a result of any late changes to Council Tax, Business Rates or Government Funding (paragraph 27 refers).
6. Approve the Capital Budget of £13.677m for 2025/26 and related expenditure commitments following on in later years, together with the sources of funding identified to fund the expenditure (paragraph 2 and **Appendix 3** refer).
7. Approve the Capital Strategy (paragraph 2 and **Appendix 3** refer).
8. Approve the Annual Treasury Management and Investment Strategy, including the appropriate Prudential Indicators (paragraph 2 and **Appendix 4** refer).
9. Approve the Reserves Strategy (paragraph 2 and **Appendix 5** refer).
10. Approve the assumptions used to develop the Medium-Term Financial Plan for 2025-29 (paragraphs 28 to 31 and **Appendix 2** refer).

COMMENTS

Background

1. This report primarily summarises the proposed spending plan requirements for the financial period 2025/26 to 2028/29 together with details of the estimated resources that are available to fund these plans, for which Members approval is required. More detailed information is contained within the draft Budget Book and Medium-Term Financial Plan (MTFP) for 2025-29 attached at **Appendix 2**.
2. Members are also asked to consider and approve the three financial strategies attached to this report, each of which facilitate the delivery of the MTFP and ensure financial resources are aligned to the Community Risk Management Plan (CRMP) and the associated areas of focus and enabling plans. The three financial strategies that require Member approval are the Capital Strategy (**Appendix 3**); the Treasury Management and Investment Strategy and the appropriate Prudential Indicators (**Appendix 4**) and the Reserves Strategy (**Appendix 5**). The Capital Strategy identifies the capital expenditure and associated funding resources required to enable the business strategies to be delivered in the 10-year Capital Strategy period (2025-2035). The Treasury Management and Investment Strategy ensures that the Authority's cashflow is adequately planned, with cash being available when it is needed to support business and service objectives, as well as identifying the borrowing need of the Authority to meet its capital spending plans. The Reserve Strategy sets out the purpose of each reserve held by the Authority and details the current and future planned use of reserves over the timeframe of the MTFP.
3. **Statement of Assurance** - Under Section 25 of the Local Government Act 2003, the Director of Finance, as the Treasurer to the Authority (and therefore its statutory Finance Officer), is required to give Members an opinion on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the Authority's proposed financial reserves. Section 25 also requires Members to have regard to this opinion in making their budget decisions. As such, set out in **Appendix 1** is a Statement of Assurance from the Director of Finance, including their opinion on the criteria set out under Section 25 of the Local Government Act 2003, for Members consideration.

Autumn Budget 2024 and Local Government Finance Settlement 2025/26

4. **Autumn Budget 2024** - The Chancellor of the Exchequer presented the Autumn Budget to Parliament on 30 October 2024, alongside publication of the Office for Budget Responsibility's Economic and Fiscal Outlook report. The Budget made no specific reference to Fire and Rescue Services, but it was confirmed that Local

Authorities core spending power would increase in real terms by around 3.2% (including Council Tax and additional funding for social care). It was therefore anticipated that the Fire Authority's funding settlement would be uplifted on a similar basis. The Budget also confirmed that the main rate of employer national insurance contributions would increase to 15% and that a lower starting threshold for payments (£5,000) would also be implemented from April 2025. However, an allowance had been made in the Chancellor's Budget to fund the increased cost impact on public sector organisations. Unfortunately, it was later confirmed that the Fire Authority's additional costs (c. £1.119m) would not be fully funded by the grant (£647k).

5. **National Context** - The Office for Budget Responsibility published an Economic and Fiscal Outlook to 2029/30 report on the same day that the Autumn Budget was announced. The report stated that having stagnated last year, the economy is expected to grow by just over 1% this year, rising to 2% in 2025, before falling to 1.5% over the remainder of the forecast. The Consumer Price Index (CPI) is now expected to rise to 2.6% in 2025, before gradually falling back to the 2% target. Borrowing is now projected to rise marginally from £122bn (4.5% of GDP) last year to £127bn this year, before falling back to £71bn (2.1% of GDP) in 2029/30. The Budget sets two new fiscal rules: the 'stability rule' which requires the current budget (tax revenues minus day-to-day spending) to be in surplus by 2029/30 and the 'investment rule' which requires public sector net debt as a share of GDP to fall between the fourth and fifth years of the forecast period (2028/29 and 2029/30).
6. **Local Government Finance Settlement 2025/26** - On 28 November, the Government released a Policy Statement stating its key funding intentions ahead of the release of the Provisional Local Government Finance Settlement for 2025/26. This Statement confirmed that all Fire and Rescue Authorities (FRAs) could raise Council Tax by up to £5 (on a Band D property) without having to hold a referendum. It was also confirmed that Revenue Support Grant, Baseline Funding and Business Rates grants would be uplifted by September CPI (1.7%) whilst the Minimum Funding Guarantee grant, and the Services grant would not be paid to the Authority in 2025/26.
7. The Government published the 2025/26 Provisional Local Government Finance Settlement on 19 December 2024, which confirmed the funding intentions set out in the Policy Statement. The nature of the one-year settlement makes medium-term financial planning highly uncertain, so planning must be sufficiently flexible to be able to respond to potential future funding changes accordingly. The provisional settlement was broadly in line with expectations following announcements in the Autumn Statement 2024 and the Policy Statement issued in November, with core funding increasing in line with September CPI of 1.7%. As expected, the Authority's Minimum Funding Guarantee grant (£1.527m for 2024/25) and Services grant (£104k) will not

be paid to the Authority in 2025/26. Following consultation, the Final Local Government Finance Settlement was published on 3 February 2025, and it was confirmed that the Authority's government funding remained unchanged from the provisional Settlement.

8. The Authority continues to receive other specific government grants from the Home Office, outside of the core funding settlement. Therefore, there remains some uncertainty over the future of the New Fire Pensions Grant (£2.757m), National Resilience grants (£1.035m), and Protection Uplift and Building Safety grants (£432k) as these grants are all subject to annual ministerial approval. As these grant allocations have not yet been confirmed for 2025/26 there is an assumption within the budget that the Authority will receive the same amounts as in 2024/25.
9. The Government has indicated its commitment to pursuing a comprehensive set of reforms to return the local government sector to a sustainable position. This will include reform of the approach to allocating funding through the Local Government Finance Settlement; a Business Rates Reset; a Fair Funding Review and reforms to other grants. In addition, a Spending Review is expected to conclude in late Spring 2025, leading to a multi-year finance settlement from 2026/27 enabling local authorities to plan more effectively.
10. **Referendum Limits** - The finance settlement confirmed that all Fire and Rescue Authorities would have the flexibility to increase their Council Tax charge by up to £5 for 2025/26 without the need to hold a referendum. Consequently, for 2025/26 the Medium-Term Financial Plan (MTFP) proposes a Council Tax increase of £4.95 for a Band D property, which equates to a 5.5% increase. It has been assumed within the MTFP that the Council Tax charge will increase in line with anticipated referendum limits of 2% each year from 2026/27, as this seems the most reasonable and prudent approach to take at this stage, with so much uncertainty around future government funding levels.
11. **Local Context** - The provisional settlement only confirmed details of the Authority's funding levels for the 2025/26 financial year. With a lack of clarity over government funding in future years the Authority has, in its MTFP, assumed that the Settlement Funding Assessment (SFA) will increase by 2% from 2026/27 to 2028/29. It has been assumed that retained Business Rates growth (£388k) will be lost in 2026/27 as the result of the implementation of a Business Rates Reset.
12. **Provisional Local Government Finance Settlement 2025/26 Consultation** - Members will be aware that each year when the provisional settlement is announced there is the opportunity to comment on the proposals contained in that document. The

response, which was agreed in consultation with the Chair, and submitted prior to the deadline, is set out below:

In summary, we are in agreement with the proposals set out in the provisional settlement, more specifically those that affect Combined Fire Authorities, however, some additional comments regarding the settlement are set out below:

- **Rolling Grants into the Local Government Finance Settlement** - We do agree with rolling grants into the settlement figures, where it is appropriate to do so. However, it would have been helpful if early clarification could be provided with regard to which grants will be incorporated and on what basis. With regards to the notification of grants that still remain outside of the finance settlement, an early heads up of the figures (preferably at provisional settlement stage) would be very much appreciated. Late notification of figures will invariably mean budgets and council tax increases will need to be set before knowing the full financial picture for the Fire Authority for the subsequent years. For example, if allocations are different to what is expected, there is the likelihood that budgets will need to be adjusted to reflect the actual grant level.
 - **Referendum Principles** - the flexibility to increase Council tax for Band D properties by £5 is very much appreciated by this Fire Authority.
 - **IFRS 9 Statutory Override** - The Government has been transparent with their proposal for a number of years and have already extended the override, so we feel there is no need to extend the deadline again. One of the key requirements of the prudential code is for Treasury Practitioners to be fully conversant with the types of investment they undertake and the consequences of any loss and gains in their investments. As a result, this Authority deem the investment in pooled funds too high a risk with Public Money and therefore do not invest in such funds.
13. **Revenue Budget** - As in previous years, the Authority's revenue budget is developed on an incremental basis. The previous year's budget is adjusted for the impact of pay and price increases plus any other identified pressures or savings. The 2024/25 revenue budget included provision for a pay award of 3% for all colleagues but the nationally agreed pay awards for operational colleagues settled at 4% and for corporate colleagues settled at a flat increase of £1,290 or 2.5% (whichever is the greater). It has therefore been necessary to increase the 2025/26 revenue budget to reflect these higher than budgeted prior year pay awards, as well as to increase the budget for the assumed pay award for 2025/26, which is 2% across all pay groups.

14. The draft Revenue Budget for 2025/26 includes a budget saving in relation to the Authority's financial contribution paid to billing authorities (District Councils) towards the cost of administering their local Council Tax Reduction Schemes. Precepting authorities currently provide annual financial support to billing authorities totalling approximately £1.5m. The £1.5m is provided by all major precepting authorities (KCC, Police and Fire) pro rata to their share of council tax receipts (so approximately £1.25m KCC, £170k Police and £80k Fire). Included within KCCs draft budget papers for 2025/26 is a key savings proposal in relation to the removal of their share (c.£1.25m) of this financial support. As a consequence of this proposal some Districts have reduced their Council Tax base estimates for 2025/26, which has meant the growth in the Council Tax base (1.23%) is lower than previously anticipated (1.5%) resulting in less funding for the Authority for 2025/26 than previously expected. As this financial support scheme is not viable without the contribution from KCC, Members are asked to approve that the budget allocation is taken as a saving in 2025/26. If the scheme were to continue in 2025/26 funding to meet the Authority's share of the contribution will be identified from within existing resources.
15. Also included within the budget proposals is additional growth for other unavoidable statutory commitments, as well as new service demands to deliver the Community Risk Management Plan (CRMP) and the outcome of any projects or activities that have resulted in departmental savings. Expenditure that is to be funded from grants or reserves is included in the budget, but the amount does vary from year to year, so whilst it does not affect the amount of the net revenue budget to be met from Council Tax, it does impact on gross spending. Details of the changes made to the base revenue budget and the additional expenditure funded from grants and reserves are set out in the Budget Book (**Appendix 2**). As a result of these changes a net revenue budget of £98.232m for 2025/26 is presented to Members for approval.
16. The proposed revenue budget is shown in **Table 1** below. This sets out the key changes between 2024/25 and 2025/26. Full details of the budget-build assumptions are contained in the Budget Book (**Appendix 2**).

Table 1 - Revenue Budget 2025/26

	£'000
Base Revenue Budget brought forward from 2024/25	93,575
Pay, pensions, prices, and other pressures	6,551
Savings	-1,893
Base Revenue Budget for 2025/26	98,233
One-off Budget Adjustments	-211
Transfer to General Reserve	210
Net Revenue Budget for 2025/26	98,232

Net Revenue Budget for 2025/26 funded by:	
Revenue Support Grant	11,549
Business Rates and Top-up Grant	21,175
Council Tax	64,507
Net Surplus on Collection Funds	354
Employers National Insurance Grant	647
Total Funding for 2025/26	98,232

17. **One-off Budget Adjustments** - Temporary (or one-off) adjustments to budgets are not included in the base budget to be carried forward. Examples include; the temporary reduction (£519k) to the on-call fire station pay budget which has been reduced whilst the on-call project examines potential longer-term solutions to address the issue of recruitment and retention of on-call firefighters and; the temporary increase to the operational equipment maintenance budget (£100k) to fund some one-off large maintenance jobs that will need to be outsourced next year; the temporary increase (£67k) to the budget allocated for property valuations as a full valuation will be required in 2025/26 (for the production of the Accounts for the 2024/25 financial year and for insurance purposes) as opposed to the lower cost of a roll over valuation that is undertaken in the intervening years.
18. **Transfer to General Reserve** - The 2025/26 Reserves Strategy contains a proposal to maintain the level of General Reserves at approximately 5% of the base revenue budget. Therefore, a transfer to the General Reserve of £210k is required in 2025/26.

The Local Government Finance Settlement for 2025/26

19. The Budget Book (**Appendix 2**) discusses in detail the main elements of the Local Government Finance Settlement for 2025/26. The Final Local Government Finance Settlement for 2025/26 was published on 3 February 2025.
20. Details of the 2025/26 settlement compared to 2024/25 are set out in **Table 2**.

Table 2 – Business Rates and Other Government Grant Funding	2024/25 £'000	2025/26 £'000	Change £'000
Revenue Support Grant (RSG)	11,352	11,549	197
Business Rates – Retained Baseline	7,288	7,373	85
Top-up Grant	8,892	8,997	105
Settlement Funding Assessment (SFA)	27,532	27,919	387
Business Rates - Retained Growth	154	388	234
Business Rates - Section 31 Grant	4,516	4,417	-99
Funding Guarantee Grant	1,527	0	-1,527
Services Grant	104	0	-104
Employer National Insurance Grant	0	647	647
Total SFA, Business Rates and Grants	33,833	33,371	-462

21. **Business Rates - Section 31 Grant** - The Government continues to provide additional funding to authorities to compensate them for the continued impact of the historic cap on the small business rate multiplier and other reliefs given. The amount of grant expected for 2025/26 has increased to £4.417m, which includes an amount of £1.763m for the impact on the Top-up Grant and £2.654m for the impact on Retained Business Rates.

Council Tax for 2025/26

22. **Council Tax Consultation** - Consultation on the proposed level of the Authority's Council Tax charge for 2025/26 was undertaken as part of the Community Risk Management Plan consultation. The consultation was opened to the public on 21 October 2024 and closed on the 18 January 2025. The consultation included a specific question on changes to Council Tax for 2025/26 and provided the four options below:
- (Option 1) - Freeze Council Tax for a year (no increase from 2024/25).
 - (Option 2) - Increase by an amount just under the current referendum limit of 3%.
 - (Option 3) – If flexibility allows, increase by up to £5 or up to 5.5%, on a band D household.
 - (Option 4) – Open ended option asking what % increase would you be willing to pay.
23. **Council Tax Consultation Response** - The CRMP report discussed earlier on this agenda, provides an overview of the variety of methods that were used to promote this consultation, a summary of the total number of respondents and details to the responses to the questions that were asked as part of the consultation. However, in relation to the specific question on Council Tax increases, there were 1,561

responses, of which: 21.1% of respondents selected option 1, 24.8% selected option 2, 47.2% selected option 3 and 6.9% answered option 4, but responses to this last option are not quantifiable.

24. **Proposed Council Tax for 2025/26** - The Authority seeks to manage its resources to deliver an efficient and effective service to the people of Kent and Medway. To ensure that the budget proposals are sustainable over the medium-term and considering the responses to the Council Tax consultation exercise, it is proposed that Council Tax should be increased by 5.5%, resulting in an annual increase in a Band D property of £4.95 (just under 10 pence per week) making the Band D Council Tax charge £94.86 for 2025/26 and therefore Members are requested to approve this proposal.
25. The Budget Book (**Appendix 2**) explains how the Council Tax precept is calculated. The financial impact of the Council Tax changes; assumed collection rates; and a 5.5% increase in Council Tax for 2025/26, is shown in **Table 3**.

Table 3 – Calculation of Council Tax 2025/26

	£'000
Net Revenue Budget Requirement for 2025/26	98,232
Revenue Support Grant	11,549
Retained Business Rates and Top-up Grant	21,175
Net Surplus on Collection Funds	354
Employer National Insurance Grant	647
Precept Requirement from Council Tax	64,507
Total Funds for 2025/26	98,232
Council Tax base for 2025/26	680,022.11
Council Tax base for 2024/25	671,776.53
Council Tax rate for Band D property 2025/26	£94.86
Council Tax rate for Band D property 2024/25	£89.91
Increase in Band D Council Tax charge £	£4.95
Increase in Council Tax charge (all Bands) %	5.5%

26. The Council Tax for other property bands is calculated as a fixed proportion to Band D. The proposed 2025/26 Council Tax to be levied by the Authority for all other bands can be seen in **Table 4** below:

**Table 4 - The Authority's Share of Council Tax
per Property Band for 2025/26**

Council Tax Band	Pro Rata Band D	Annual Charge £
A	6/9	£63.24
B	7/9	£73.78
C	8/9	£84.32
D	1	£94.86
E	11/9	£115.94
F	13/9	£137.02
G	15/9	£158.10
H	18/9	£189.72

27. At the time of drafting this report to Members, all Council Tax and Business Rates figures provided by Kent District Councils and Medway Council had been confirmed as final. It is possible that a District and/or Medway Council may still provide revised figures at a later date so, if after this meeting, any billing authority gives notice of any change to its Council Tax base; retained Business Rates income; or the declared surplus or deficit on its Council Tax or Business Rates Collection Fund accounts, then this is likely to change the Authority's net revenue budget requirement. Members of the Authority are therefore asked to agree that the Chief Executive and Director of Finance, in consultation with the Chair of the Authority, have authorisation to make any such changes which may be necessary. Should there be a need to adjust the revenue budget for 2025/26, as a result of any late notifications, then an email will be sent to Members detailing the revised position. Details of any adjustments will also be reported to the next Authority meeting in June.

Medium Term Financial Plan (MTFP) 2025/26 to 2028/29

28. The Medium-Term Financial Plan (MTFP) covers the four-year period from 2025/26 to 2028/29. Government funding and Council Tax referendum principles have only been confirmed for 2025/26, so there remains uncertainty regarding the Authority's funding levels over the short to medium-term. The Government is expecting to conclude a Spending Review in late Spring 2025, leading to a multi-year finance settlement from 2026/27 but has indicated its commitment to; reform the way funding is allocated through the Local Government Finance Settlement; a Business Rates Reset; a Fair Funding Review and reforms to other grants – all of which could negatively impact the Authority's funding levels from 2026/27 onwards.

29. As detailed in paragraph 8, there are a number of grants that the Authority receives from the Home Office and therefore sit outside of the Core Funding Settlement. As these grants sit outside of the Settlement and are approved by ministers on an annual basis there is no guarantee that they will continue at the same level, or at all, in the future. The Authority's share of the New Fire Pensions grant (£2.757m), the National Resilience grant (£1.035m) and Protection Uplift and Building Safet grants (£432k), are substantial income streams for the Authority so the impact of any loss or reduction to these grants is likely to be significant.
30. As noted previously, the Authority takes a prudent approach in setting its Medium-Term Financial Plan (MTFP) and has therefore currently made an assumption that the Settlement Funding Assessment (SFA) and Business Rates compensation grants will only increase by 2% each year over the period of the MTFP. Similarly, prudent assumptions are made for changes to Council Tax, so the MTFP reflects an increase of just 1% to the Council Tax base each year and an increase of up to 2% in the Council Tax charge each year from 2026/27. In addition, no allowance has been made for any surplus or deficit on the Collection Funds from 2026/27.
31. The budget proposal for 2025/26 and the Medium-Term Financial Plan (MTFP) 2025-29 reflect the estimates of the potential costs of implementing the Community Risk Management Plan (CRMP) and the associated areas of focus and enabling plans. Programmes of work over the medium-term include investment in the development of the Authority's estate and various other property improvements, the replacement of operational fleet and pool cars as they reach the end of their economic life, as well as a significant investment in various IT systems and new technology.
32. **Funding** - The Authority has identified the funding sources that are required to deliver its revenue and capital expenditure requirements over the medium-term, which currently includes internally resourcing the majority of spend on the capital programme and externally borrowing for a new Fleet Workshop facility. Although current plans show that the Ashford Live Fire project will initially be funded using surplus cash balances, there may be a requirement to externally borrow for this project in later years. Internally borrowing from surplus cash balances still requires an amount to be set aside in the revenue budget (Minimum Revenue Provision) to repay the principal amount and although interest charges will not be incurred on internal borrowing it will result in reduced investment income as the funds will no longer be available to invest. The Budget Book (**Appendix 2**) includes a summarised MTFP, together with the relevant forward planning assumptions, for Members approval.

IMPACT ASSESSMENT

33. The Medium-Term Financial Plan (MTFP) shows a balanced budget for 2025/26 without the need to drawdown additional funds from Earmarked Reserves to balance. Currently, the MTFP shows that additional Base Budget savings of around £1.6m will need to be identified to balance the budget in 2026/27. Beyond 2026/27, the MTFP is balanced based on current assumptions regarding future funding levels, but these estimates come with a high degree of caution as the impact of the Spending Review planned for next year and a possible Fair Funding Review and/or Business Rates Reset at some point in the future is currently unknown.
34. Council Tax proposals have been subject to public consultation, the outcomes of which have been taken into account during the production of the budget proposals. All authorities are required by statute to set and agree their Council Tax precept level by no later than the 1 March each year and therefore this report asks Members for their approval to the proposed Council Tax rates for the forth coming financial year.
35. Environmental benefits, health and safety issues, and equality and diversity considerations are considered in developing new projects, whether for new investment or in support of budget savings.

RECOMMENDATIONS

36. Members are requested to:
 - 36.1 Consider the Statement of Assurance by the Treasurer (Chief Financial Officer) (paragraph 3 and **Appendix 1** refer).
 - 36.2 Approve the revenue budget proposals and the resulting net budget requirement of £98.232m for 2025/26 (paragraphs 13 to 16 and **Appendix 2** refer).
 - 36.3 Approve the £81k revenue budget saving in relation to the Council Tax Administration grant provided to Billing Authorities (paragraph 14 refers).
 - 36.4 Approve a total requirement from Council Tax of £64.507m to be raised through the precept to meet the 2025/26 budget requirement, which requires a Council Tax increase of 5.5%, resulting in the following annual charges for each Council Tax band (paragraphs 22 to 26 refer): -

Council Tax Band	Annual Charge
A	£63.24
B	£73.78
C	£84.32
D	£94.86
E	£115.94
F	£137.02
G	£158.10
H	£189.72

- 36.5 Authorise the Chief Executive and the Director Finance, in consultation with the Chair of the Authority, to make any late adjustments which may be required to the net revenue budget, arising as a result of late changes to Council Tax, Business Rates or Government Funding (paragraph 27 refers).
- 36.6 Approve the Capital Budget of £13.677m for 2025/26 and related expenditure commitments following on in later years, together with the sources of funding identified to fund the expenditure (paragraph 2 and **Appendix 3** refer).
- 36.7 Approve the Capital Strategy (paragraph 2 and **Appendix 3** refer).
- 36.8 Approve the Annual Treasury Management and Investment Strategy, including the appropriate Prudential Indicators (paragraph 2 and **Appendix 4** refer).
- 36.9 Approve the Reserves Strategy (paragraph 2 and **Appendix 5** refer).
- 36.10 Approve the assumptions used to develop the Medium-Term Financial Plan for 2025-29 (paragraphs 28 to 31 and **Appendix 2** refer).

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

Statement of Assurance by the Treasurer

1. Under Section 25 of the Local Government Act 2003, the Director Finance, as the Treasurer to the Authority (and therefore its statutory Finance Officer), is required to give Members an opinion on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the Authority's proposed financial reserves.
2. Section 25 also requires Members to have regard to this opinion in making their budget decisions. As such, set out below is a Statement of Assurance from the Director Finance, including their opinion on the criteria set out under Section 25 of the Local Government Act 2003.
3. **Budget Estimates** - Each year the Authority sets out a four-year financial plan known as the Medium-Term Financial Plan (MTFP), which reflects the financial impact of known and assumed commitments, pressures and savings over that four-year period and compares this to the estimated future funding levels.
4. As the MTFP looks to the future, not all costs are necessarily known, so best estimates are made of the assumed requirement, often being based on a combination of past experience, publicly available indicative information or information shared across the Fire Sector. For example, future pay awards are often not confirmed at the point of finalising the budget proposals, so best estimates are made of the anticipated increase each year.
5. In establishing the future Plan, the Authority always ensures that the MTFP is not only realistic and deliverable, but that it is operationally led and is sustainable over the medium-term. There is a robust and detailed approach to setting the budget, which includes presenting proposed assumptions to Members for consideration at the Authority meeting in October. All budget managers participate in the budget setting process and have a responsibility to identify pressures, commitments, and potential savings for future years in their own budget areas. Proposed budget changes are scrutinised by senior finance colleagues before being considered by Corporate Management Board.
6. **Risk Assessment** - The Local Government Finance Settlement only confirmed government funding for the financial year 2025/26. The Government has confirmed plans for a multi-year spending review and multi-year funding settlements from 2026/27 and is committed to updating and reforming the way local authority funding is distributed to individual authorities.

7. Additionally, proposals set out in the English Devolution White Paper, published on the 16 December, highlight the government's commitment to "*resetting the relationship with local and regional government, empowering local leaders and Mayors to make the right decisions for their communities*". The government's goal is for universal coverage in England of Strategic Authorities – which should be a number of councils working together, covering areas that people recognise and work in. A new framework will be developed which will enable Mayors to drive growth and allow the public to hold them to account. This new framework will likely lead to an Integrated Settlement to fund local priorities, enabling Strategic Authorities to move funding between policy areas and where geographies align with Police and Crime Commissioners and Fire and Rescue Authorities, Mayors will, by default, be responsible for those services.
8. Whilst the Budget and Medium-Term Financial Plan (MTFP) proposals are sustainable and deliverable based on the information that is currently available, it would seem sensible to remain prudent with our assumptions and Members should be aware that the MTFP could change significantly from 2026/27, possibly resulting in the need to find further savings, temporarily drawdown from reserves and/or reduce the funding available to meet future pressures. Members will however be kept updated on these issues as and when more detail is confirmed.
9. **Financial Reserves** – Section 43 of the Local Government Finance Act 1992 requires that, when setting the budget for the forthcoming year, precepting authorities should have regard to the level of reserves needed to provide sufficient resources to finance future estimated expenditure, plus any appropriate allowances that should be made for contingencies.
10. Every year the Authority's Reserve Strategy is reviewed and updated to ensure that it remains relevant and appropriate. It is proposed that the level of general reserves is maintained at approximately 5% of the base revenue budget for 2025/26 providing a general reserve balance of just under £4.9m. There are also five earmarked reserves, with by far the largest being the Infrastructure Reserve, which is used to help fund the Authority's capital programme and large one-off IT investments. As there remains uncertainty around the outcome of next year's planned Spending Review and the timing and outcome of a Fair Funding Review and Business Rate reset, the MTFP does contain assumptions, so it is prudent to maintain an appropriate level of reserves which will help bridge the gap of any shortfall, until such time as a sustainable way forward is established. It is also important to set aside additional funding that could be utilised as a one-off resource to pump-prime initiatives that will improve efficiency and ways of working which will provide the Authority with longer-term financial savings.
11. **Robustness of Budget Estimates and Adequacy of Financial Reserve** - As Director of Finance, I have considered the financial management arrangements that are in place, the level of reserves, the budget assumptions, the financial risks facing the Authority and its overall financial standing. There are sound governance

arrangements and robust systems of financial control in place within the organisation. This along with the quality of internal and external audit reports the Authority has received, and the good and outstanding assessments in the most recent HMICFRS inspection, means that I am confident that the Authority is prepared to meet the challenges facing it. Reserves are of particular importance in times of uncertainty and each year the level of reserves is supported by a robust financial risk assessment. In conclusion, it is the opinion of the Director of Finance, that the budget is robust and achievable and that the level of reserves are adequate.

Kent and Medway Fire and Rescue Authority

Budget Book
And
Medium Term Financial Plan
2025/26 – 2028/29

This Budget Book details the assumptions used by the Authority for developing the 2025/26 budget, the estimates used for later years and explains the proposals contained within the Medium-Term Financial Plan.

Budget estimates reflect the projected costs of implementing the Community Risk Management Plan (CRMP) and the associated areas of focus and enabling plans, and the updated day-to-day spending plans of each department.

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Ann Millington
Chief Executive

THE BUDGET STRATEGY 2025/26 - Foreword

The Purpose of the Budget Strategy

The Authority’s budget ensures that financial resources are aligned with the Community Risk Management Plan (CRMP) and the associated areas of focus and enabling plans. When determining spending proposals and Council Tax increases, due consideration is taken of all potential cost pressures and savings, alongside anticipated funding changes over the medium-term.

Funding Changes for 2025/26

The Chancellor of the Exchequer presented the Autumn Budget to Parliament on 30 October 2024, alongside publication of the Office for Budget Responsibility’s Economic and Fiscal Outlook report. The Budget made no specific reference to Fire and Rescue Services, but it was confirmed that Local Authorities core spending power would increase in real terms by around 3.2% (including Council Tax and additional funding for social care). It was therefore anticipated that the Fire Authority’s Funding Settlement would be uplifted on a similar basis. The Budget also confirmed that the main rate of employer national insurance contributions would increase to 15% and that a lower starting threshold for payments (£5,000) would also be implemented from April 2025. However, an allowance had been made in the Budget to fund the increased cost impact on public sector organisations. Unfortunately, it was later confirmed that the Fire Authority’s additional costs (c. £1.119m) would not be fully funded by the grant (£647k).

On 28 November, the Government released a Policy Statement stating its key funding intentions ahead of the release of the Provisional Local Government Finance Settlement for 2025/26. This Statement confirmed that all FRAs could raise Council Tax by up to £5 (on a Band D) without having to hold a referendum. It was also confirmed that Revenue Support Grant, Baseline Funding and Business Rates grants would be uplifted by September CPI (1.7%) (+£542k) whilst the Minimum Funding Guarantee grant (-£1.527m for 2024/25) and the Services grant (-£104k for 2024/25) would not be paid to the Authority in 2025/26. To ensure that medium-term budget proposals are sustainable, and considering the responses to the Council Tax consultation, it is proposed that Council Tax should be increased by 5.5%, resulting in an annual increase for a Band D property of £4.95 per year, making the Band D Council Tax charge £94.86 for 2025/26.

Examples of Key Themes in the CRMP

Digitalisation and Data

- Develop effective data architecture, making sure data is in an accessible format that suits the activity being performed.
- Seek digital transformation and find solutions which integrate to improve efficiency, decision making and reduce costs.

Culture

- Develop a culture of continuous learning and growth.
- Foster an inclusive high-performance culture by seeking to identify, attract, retain and develop high performing colleagues in order to best serve our customers.

Investment in Infrastructure

- Investment in the replacement of fire engines, specialist vehicles, pool and response cars.
- Improving live fire training facilities and other estate redevelopments.

BUILDING THE 2025/26 REVENUE BUDGET

Summary Revenue Budget Changes 2024/25 to 2025/26

The Table below summarises the incremental adjustments made to the 2024/25 base revenue budget to determine the net revenue budget requirement for 2025/26:-

	£'000	£'000
Base budget brought forward from 2024/25		93,575
Pay related cost pressures (see page 4)		
Pay growth (pay awards, pay increments etc.)	1,905	
Local Government Pension Scheme employer rate increase	175	
Cost of employer national insurance changes	1,119	
Other pay budget pressures	2,145	
Total pay related cost pressures for 2025/26		5,344
Non-pay related cost pressures (see page 5)		
Inflation and other cost increases	614	
Other identified pressures and reduced income	593	
Total non-pay related cost pressures for 2025/26		1,207
Savings and additional income (see page 6)		
Pay budget savings	-1,302	
Discretionary price increase removal	-138	
Other non-pay savings and additional Income	-453	
Total savings and additional income for 2025/26		-1,893
Base Revenue Budget 2025/26 (to be rolled forward)		98,233
One-off budget adjustments for 2025/26 (see page 3)		
Temporary budget adjustments	-211	
Transfer to General Reserve	210	
Total one-off budget adjustments for 2025/26		-1
Net Revenue Budget Requirement for 2025/26		98,232

BUILDING THE 2025/26 REVENUE BUDGET

One-off Budget Adjustments for 2025/26 – Additional Explanations

An explanation detailing the reasons for each of the one-off budget adjustments listed on the previous page is provided below:

Temporary budget adjustments - A net reduction of £211k has been applied to the revenue budget for 2025/26 to adjust the budget for one-off savings and cost pressures. The most significant one-off budget reduction (£519k) is to the on-call fire station pay budget. This funding has been temporarily reduced whilst the on-call project examines potential longer-term solutions to help address the issue of recruitment and retention of on-call firefighters. In addition, the budget for wholetime firefighter recruits has been temporarily reduced (£300k), as there are expected to be fewer wholetime firefighter recruit training courses run next year whilst colleagues previously employed to work at the Channel Tunnel are absorbed back into budgeted posts as and when they become vacant.

The temporary budget reductions detailed above are partly offset by some temporary one-off budget increases, the most significant of which include; a £370k transfer to the Service Transformation and Productivity reserve to provide additional funding towards temporary fixed-term posts and agreed project work to deliver service improvements and efficiencies over the next few years; a £100k increase to the operational equipment maintenance budget to fund some one-off large maintenance jobs that will need to be outsourced next year; a £67k increase to the budget for property valuations as a full valuation will be required next year (as opposed to the lower cost of a roll over valuation that is undertaken in the intervening years); and other minor net one-off budget increases totalling £71k.

Transfer to General Reserve - The amount to be transferred to the General Reserve in 2025/26 is £210k, increasing the balance in the reserve to £4.890m. This will ensure that the General Reserve balance is maintained at approximately 5% of the base revenue budget, as set out in the 2025/26 Reserves Strategy.

BUILDING THE 2025/26 REVENUE BUDGET

2025/26 Pressures Summary

Pay Related Cost Pressures

The Authority uses an incremental approach to develop the budget, so the 2024/25 base revenue budget has been adjusted to reflect the pay-related base budget cost pressures identified below:-

Pay Related Costs Pressures	£'000
Pay Awards for 2024/25 As a result of the nationally agreed pay awards for 2024/25 settling higher than budgeted, it has been necessary to increase the pay budget for 2025/26. The pay award for operational colleagues settled at 4% (budgeted at 3%) and the pay award for corporate colleagues settled at £1,290 or 2.5% (whichever is the greater) which equated to more than the 3% that was budgeted for all colleagues.	670
Pay Awards and Increments for 2025/26 It has been assumed that the nationally agreed pay awards for 2025/26 will be 2% for all colleagues. A full year impact has been assumed for corporate colleagues, Directors and the Chief Executive, whilst it is assumed that the pay award for operational colleagues will continue to be applied from 1 July. In addition, corporate colleagues who are not at the top of the scale for the grade of their post will generally receive an annual incremental pay scale increase.	1,235
Local Government Pension Scheme Employer Rate Increase As a result of the most recent Local Government Pension Scheme (LGPS) actuarial valuation the employer contribution rate will increase by 1% (to 18.5%) from 1 April 2025.	175
Cost of Employer National Insurance Changes The employer national insurance rate is due to increase (to 15%) and the threshold at which employers will start paying national insurance is due to reduce (to £5,000) from April 2025. Although the government has confirmed that the Authority will receive a grant to compensate for the additional cost burden the value of the grant (£647k) will not fully cover the additional costs, resulting in a budget pressure.	1,119
Other Pay Budget Pressures These cost pressures include; creating new pay budgets to fund salary costs (£320k) in relation to bringing in-house the cleaning of the Authority's estate, but this is offset by a saving against the budget for the cleaning contract. Other team structure changes have been agreed for various teams to support the Community Risk Management Plan (CRMP) and the associated areas of focus and enabling plans. This is partly offset by savings that have been identified in other areas of the pay budget (see page 6).	2,145
Total Pay Related Cost Pressures for 2025/26	5,344

BUILDING THE 2025/26 REVENUE BUDGET

2025/26 Pressures Summary

Non-Pay Related Cost Pressures

The Authority uses an incremental approach to develop the budget, so the 2024/25 base revenue budget has been adjusted to reflect the non-pay related base budget pressures identified below:-

Non-Pay Related Cost Pressures	£'000
Inflation and Other Cost Increases An uplift has been allocated to those budgets where the Authority is committed to pay an increased amount for 2025/26. Examples include; grounds maintenance (£62k); insurance premiums (£44k); Business Rates (£39k) and; water services (£33k). The annual revenue contribution towards infrastructure spend has been increased (£192k) as the contribution had been fixed for several years but prices have increased over that time. Where price increases have been contained within existing base budget allocations there is a corresponding saving (£138k) (see page 6). Other minor inflationary budget increases total £106k.	614
Other Identified Pressures and Reduced Income Several budgets have been increased to fund various initiatives and to respond to cost pressures or reduced income in 2025/26. The most significant changes are; a reduction in the government grant income budget in relation to the Firelink grant which has been reduced by £118k in line with the confirmed annual 20% reduction over 5 years; a reduction in the investment income budget which has been reduced by £100k on the assumption that cash balances available for investment and interest rates will reduce over the next 12-months; an increase of £94k in the property general refurbishment budget as there is expected to be an increase in programmed works now that new contracts are in place; a £90k increase in the budget for water hydrant repairs as water companies are expected to continue to address the backlog of outstanding repairs; an increase of £55k in the budget for E5 Microsoft licences as provision for these licences will now be made for all colleagues (including on-call firefighter's) and; an increase of £45k in the budget for the Finance system which will be migrating to fully cloud-based at additional cost. Other minor cost pressures total £91k.	593
Total Non-pay Related Cost Pressures 2025/26	1,207
<u>Total Pressures for 2025/26</u>	<u>6,551</u>

BUILDING THE 2025/26 REVENUE BUDGET

2025/26 Savings and Additional Income Summary

The Authority uses an incremental approach to develop the budget, so the 2024/25 base revenue budget has been adjusted to reflect the base budget savings and additional income identified below:-

Pay Budget Savings	£'000
Pay Budget Savings	-1,302
<p>This cost saving includes; a base saving in pay costs in relation to the Channel Tunnel contract (£551k); a base saving following a review of allowances and pension scheme membership (£309k); an increase in the vacancy rate (from 2.5% to 3.5%) for corporate posts (£200k); a base budget saving following a restructure within the HR department (£166k) and; other minor pay budget savings totalling £76k.</p>	
Total Pay Budget Savings for 2025/26	-1,302
Non-pay Savings	£'000
Inflation on Discretionary Spend	-138
<p>Inflationary price increases on areas of discretionary spend, such as stationary, have been removed, where price increases can be contained within existing budget allocations.</p>	
Other Non-Pay Savings and Additional Income	-453
<p>Several budgets have been adjusted to reflect lower costs or increased income in 2025/26. The largest budget adjustments include; removal of the Council Tax Administration grant paid to District's (£81k); a reduction in the budget for firefighter injury award pensions (£75k); a reduction in the budget for the fleet workshop lease following a decision to currently remain at the existing site (£60k); an increase in income expected from the Kent Business Rates Pool based on recent pool shares (£60k); a reduction in insurance premiums related to the Channel Tunnel contract (£39k); termination of the Experian contact (£32k) and; removal of the budget set aside for interest payments (£25k) following repayment of the only remaining external loan in 2024/25. Other minor budget savings total £81k.</p>	
Total Non-pay Savings and Additional Income for 2025/26	-591
<u>Total Savings and Additional Income for 2025/26</u>	<u>-1,893</u>

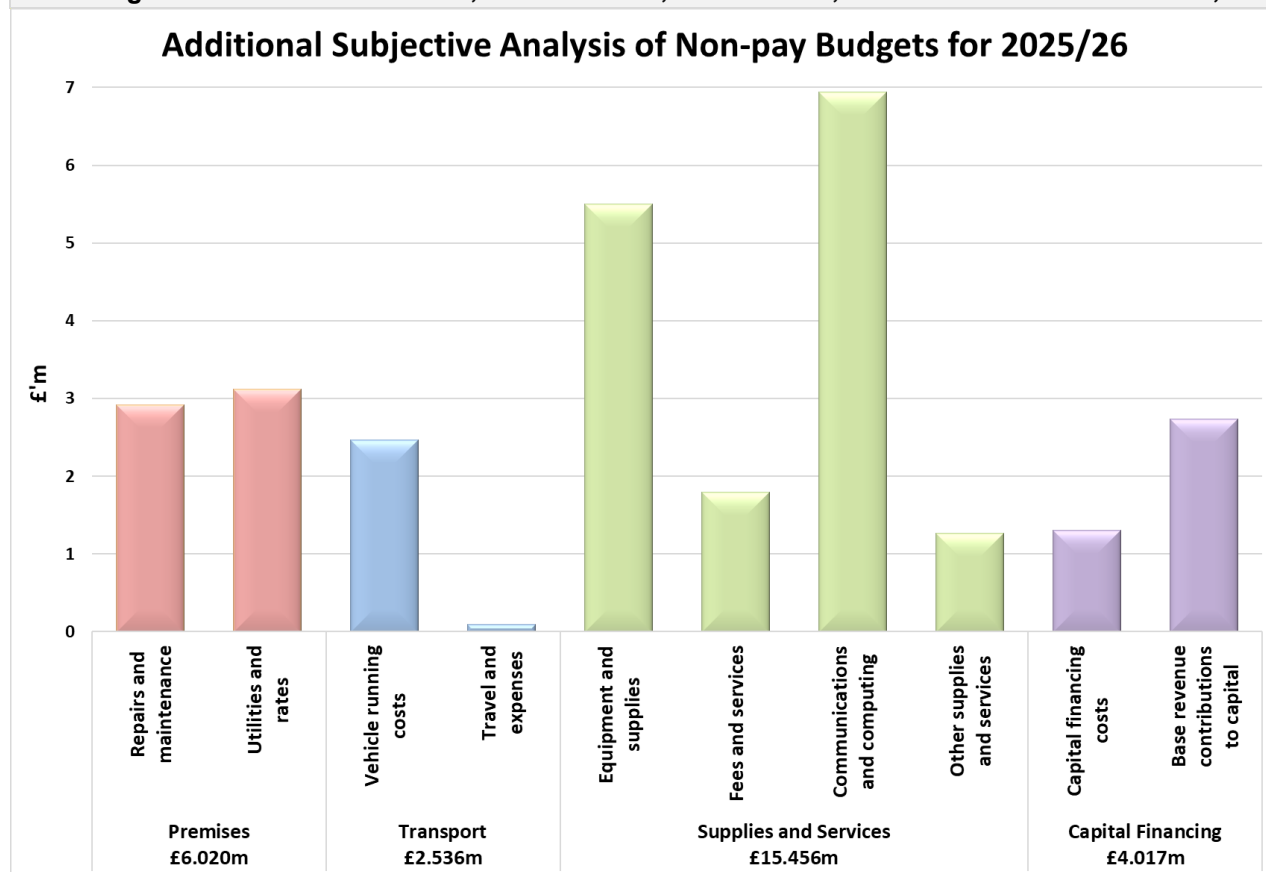
BUILDING THE 2025/26 REVENUE BUDGET

2025/26 Subjective and Functional Budget Presentation

Subjective and Functional Analysis

The Table and Chart below summarise the total net revenue budget of £98.232m for 2025/26 by Subjective and Functional headings:-

(All figures are £'000)	Operational Response and Resilience	Customer Safety, Building Safety, Engagement & Collaboration	Customer Services	Pensions, Financing and Other Costs	Total Net Budget
<i>Subjective:</i>					
Employee Pay Costs	59,391	8,625	12,659	0	80,675
Other Employee Costs	18	0	1,312	0	1,330
Direct Pension Costs	0	0	0	2,176	2,176
Premises Costs	51	13	5,956	0	6,020
Transport Costs	2,156	16	364	0	2,536
Supplies and Services	5,439	713	9,276	28	15,456
Capital Financing	0	0	0	4,017	4,017
Reserve Transfers	-65	-40	-2,019	-5,460	-7,584
Income	-3,723	-482	-594	-1,595	-6,394
Net Budget for 2025/26	63,267	8,845	26,954	-834	98,232

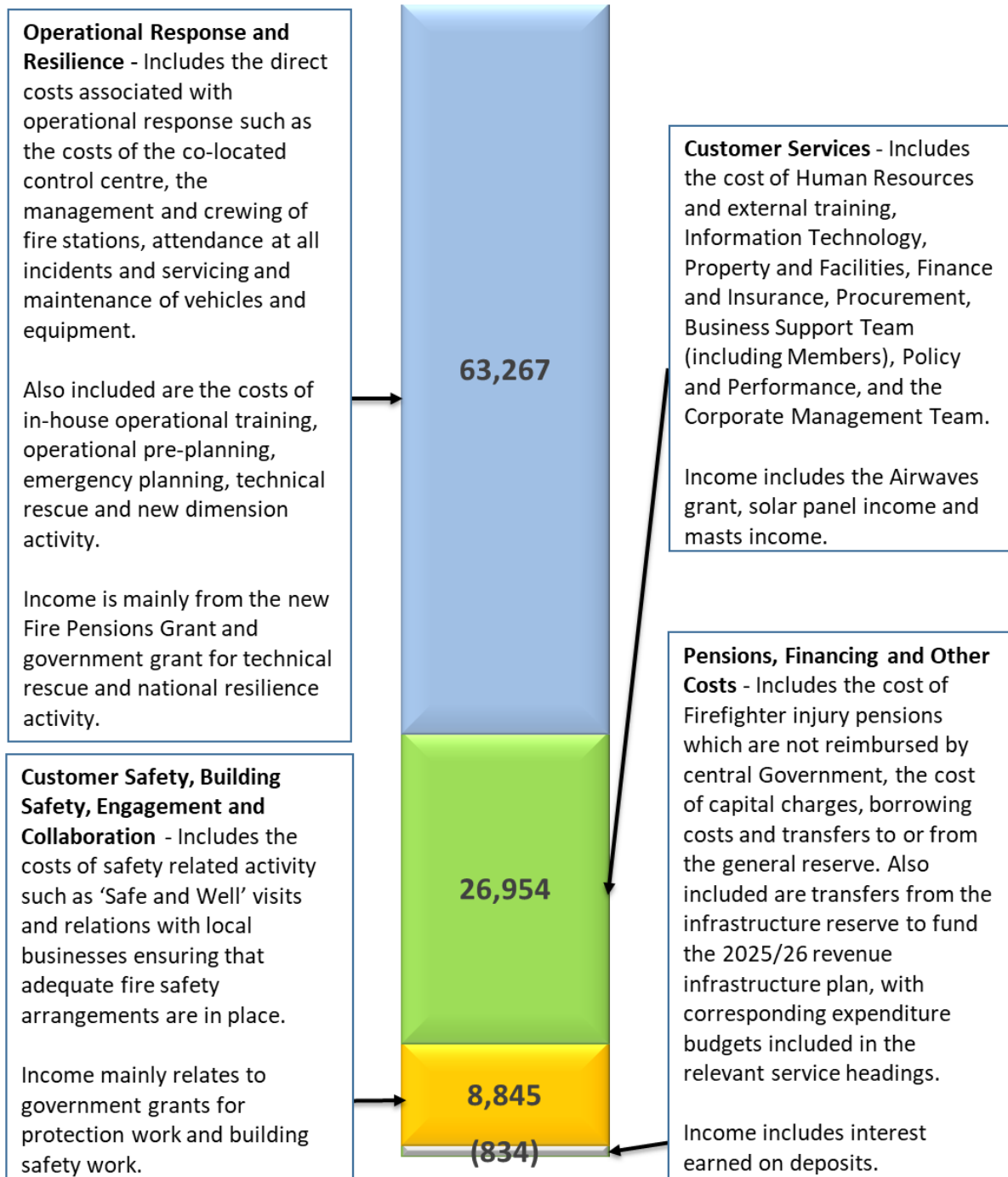


BUILDING THE 2025/26 REVENUE BUDGET

2025/26 Subjective and Functional Budget Presentation

Functional Analysis

The Chart below summarises the total net revenue budget of £98.232m for 2025/26 by Function (in £'000's) and provides details of the activity areas under each functional heading;



BUILDING THE 2025/26 REVENUE BUDGET

2025/26 Additional Subjective Analysis - Employee Pay Budgets

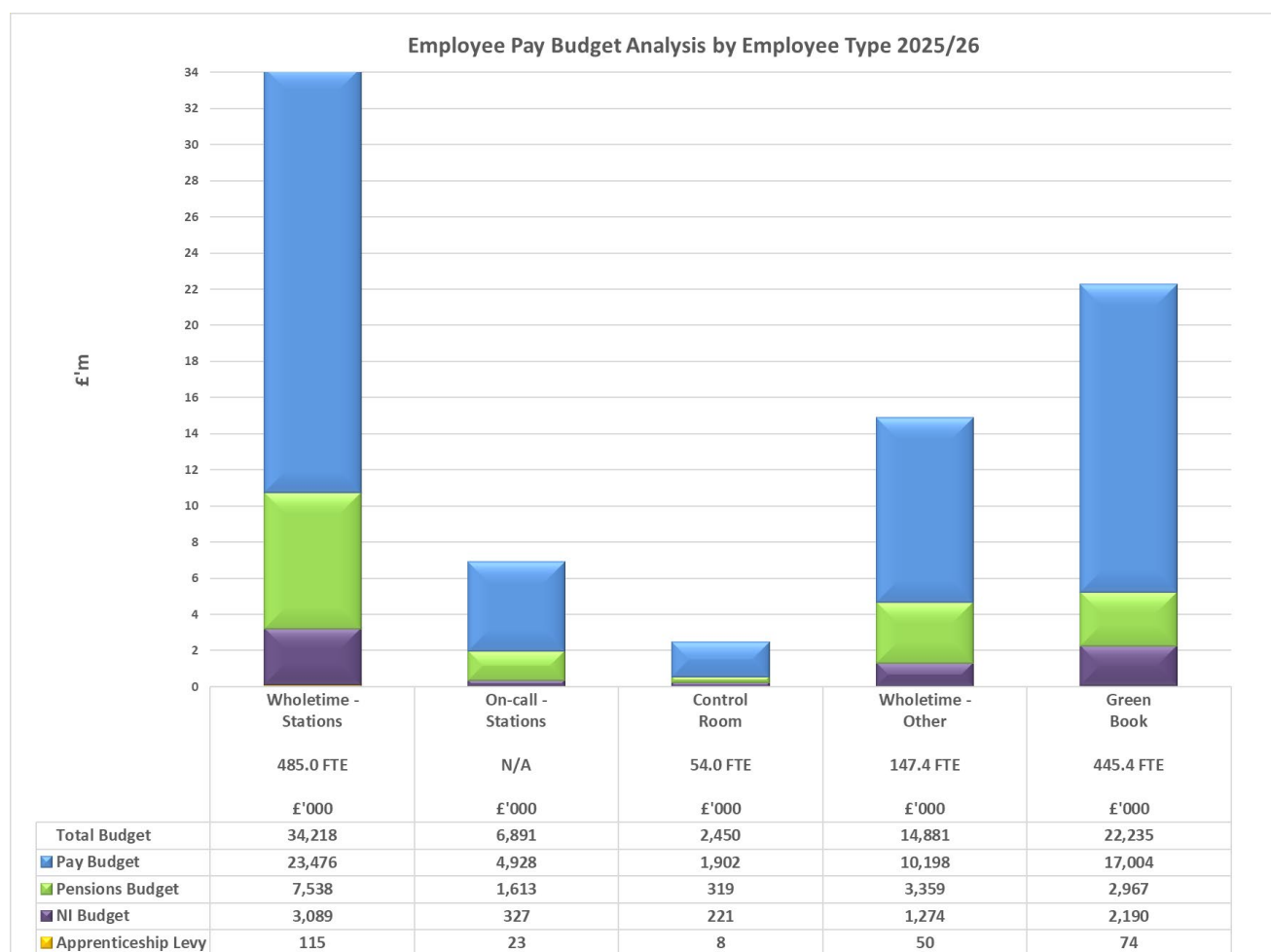
The budget assumes that pay will increase by 2% in 2025/26. Approximately 82% of the net revenue budget relates to employee pay costs (£80.675m). The budget allocated to each staff group and details of which personnel sit within each staff group is described below (in £'000's):-



BUILDING THE 2025/26 REVENUE BUDGET

2025/26 Additional Subjective Analysis - Employee Pay Budgets

The Chart below shows the 2025/26 budget and full time equivalent (FTE) for each pay group split by pay, national insurance, employer pension contributions and apprenticeship levy:-



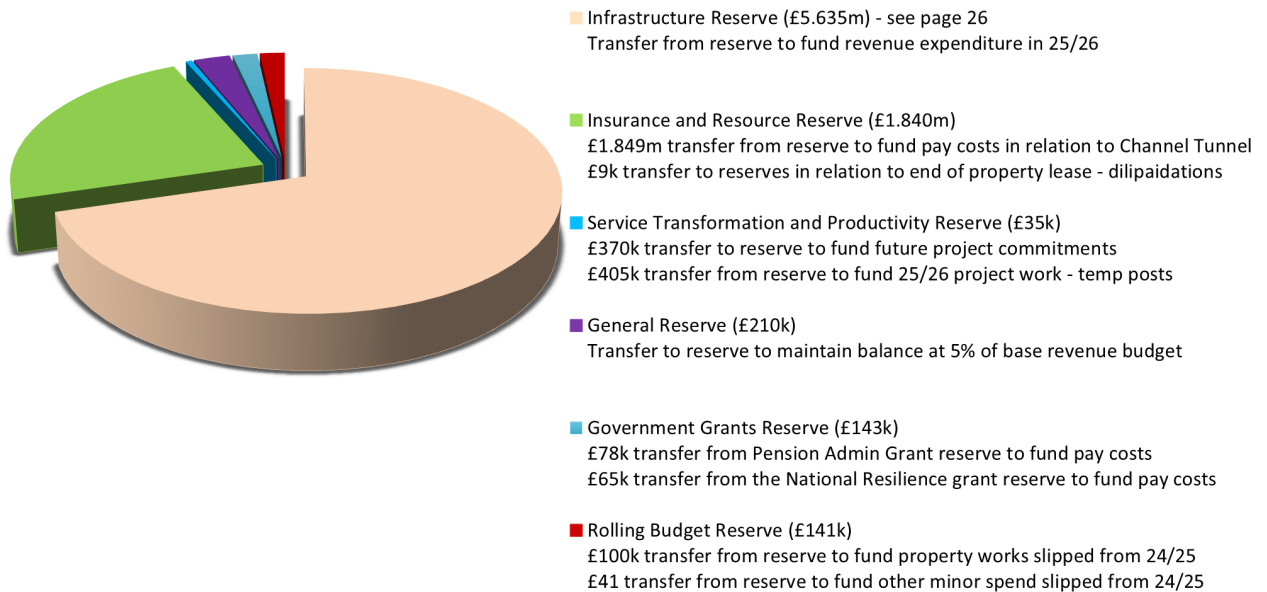
Pay Group	Operational Response and Resilience		Customer Safety, Building Safety, Engagement & Collaboration		Customer Services		Total Pay	
	FTE	Budget £'000	FTE	Budget £'000	FTE	Budget £'000	FTE	Budget £'000
WT - Stations	485.0	34,218	0.0	0	0.0	0	485.0	34,218
On-call - Stations	N/A	6,891	0.0	0	0.0	0	N/A	6,891
Control Room	54.0	2,450	0.0	0	0.0	0	54.0	2,450
WT - Other	117.4	11,248	19.0	1,775	11.0	1,858	147.4	14,881
Green Book	80.0	4,584	148.1	6,850	217.3	10,801	445.4	22,235
Total Pay Budget	736.4	59,391	167.1	8,625	228.3	12,659	1,131.8	80,675

BUILDING THE 2025/26 REVENUE BUDGET

2025/26 Additional Subjective Analysis - Reserve Transfers and Income

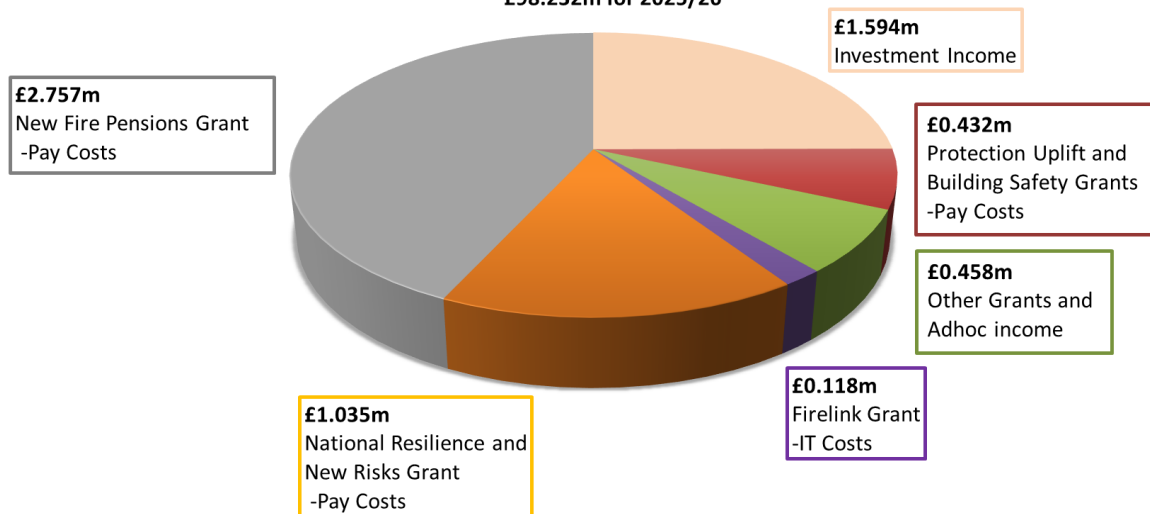
The Chart below provides a breakdown of the total £7.584m net transfer from reserves included within the net revenue budget of £98.232m for 2025/26 along with details of the type of expenditure funded by the reserve transfer:

Breakdown of the £7.584m net transfer from reserve included within the net revenue budget of £98.232m for 2025/26



The Chart below provides a breakdown of the total £6.394m income included within the net revenue budget of £98.232m for 2025/26 along with details of the type of expenditure funded by this income:

Breakdown of the £6.394m income included within the net revenue budget of £98.232m for 2025/26



Further details regarding the grant income and related expenditure are provided on page 12.

FUNDING THE 2025/26 REVENUE BUDGET

2025/26 Grant Funded Expenditure

In addition to the non-specific Government grants that form part of the Authority's overall funding (pages 13 and 14), a proportion of the Authority's annual expenditure is offset by other Government grant income. These grants are usually provided for specific purposes and will therefore be matched to specific grant-related expenditure. Grant funds may be carried forward within Earmarked Reserves if they are not spent in the year in which they are allocated. Detailed below are the estimated grant allocations for 2025/26:-

	£'000
New Fire Pensions Grant - This grant is provided to fund a significant proportion of the increase in costs resulting from the higher employer pension contribution rate effective from 1 April 2024, following the latest Firefighters' Pension Scheme valuation. The employer contribution rate was increased from 28.8% to 37.6%.	2,757
National Resilience (formerly New Dimension) and New Risks Grants - These grants provide funding towards the cost of various resilience activities including the costs of the Technical Rescue team.	1,035
Firelink Grant - This grant partly covers the difference between the annual charge for the Firelink managed service radio scheme and the legacy costs of the now decommissioned radio scheme. Following confirmation of government intentions to phase this grant out over 5 years, this grant has been reduced by a further 20% for 2025/26.	118
Other Grants (Apprenticeship Levy) - The Authority can draw down funds from the apprenticeship levy to fund the cost of eligible training expenses.	74
Other Grants (Multi-Agency Incident Transfer (MAIT) Grant) - This grant is provided to cover the costs of the annual subscription for the first two years.	10
Protection Uplift and Building Safety Grants - These grants provide funding to support fire protection work and to respond to new burdens arising from the Fire Safety Act (£333k) and the other is to bolster the building safety team by covering the cost of 2 Inspecting Officer posts (£99k).	432
Total Specific Government Grant Income	4,426

FUNDING THE 2025/26 REVENUE BUDGET

2025/26 Sources of Funding the Net Revenue Budget

For 2025/26 the Authority will receive funding from Council Tax, Business Rates, Collection Funds (prior years Council Tax and Business Rates surplus' or deficits), Revenue Support Grant, Top-up Grant and Business Rates Section 31 Grants, and a new Employer National Insurance Grant each of which are described below:-

Council Tax Precept - Around 66% of the Authority's funding comes from Council Tax. The level of Council Tax raised is affected by the level of Council Tax discounts given by billing authorities (Medway Council and Kent District Councils) to Council Taxpayers on low incomes and the level of exemptions granted. The level of discount can also have an impact on collection rates. The amount to be collected from Medway Council and Kent District Councils for 2025/26 is £64.507m.

Business Rates and Top-up Grant - 50% of the income from Business Rates is paid to the Government with the remaining 50% being retained locally, from which Fire and Rescue Authorities (FRAs) receive a 2% local share. Authorities that collect more than the amount specified by the Government will pay a levy to the Government and those that collect less may receive a safety net payment. This Authority is part of a pooling arrangement with Kent County Council and the majority of Kent District Councils. This Authority's share of the amount to be collected from Medway Council and Kent District Councils for 2025/26 is £7.761m. As the Authority's Business Rates Baseline is less than the Baseline Funding need, the Government will also pay a Top-up Grant which is expected to be £8.997m.

Collection Funds - Each year there can be either a surplus or a deficit on the Collection Funds if the amount collected for Council Tax and Business Rates differs from estimates (assumed by the District Councils and Medway Council) when setting budgets in prior years. Overall there is a net surplus of £354k to be paid to the Authority in 2025/26.

Revenue Support Grant (RSG) - The Government continues to redistribute funding through the payment of RSG. A grant of £11.549m is expected for 2025/26.

Section 31 Grants - The Government continues to provide additional funding to authorities to compensate for the impact of previous caps on the increase in the business rate multipliers and other Business Rates reliefs given. The amount of Section 31 grant expected for 2025/26 is £4.417m.

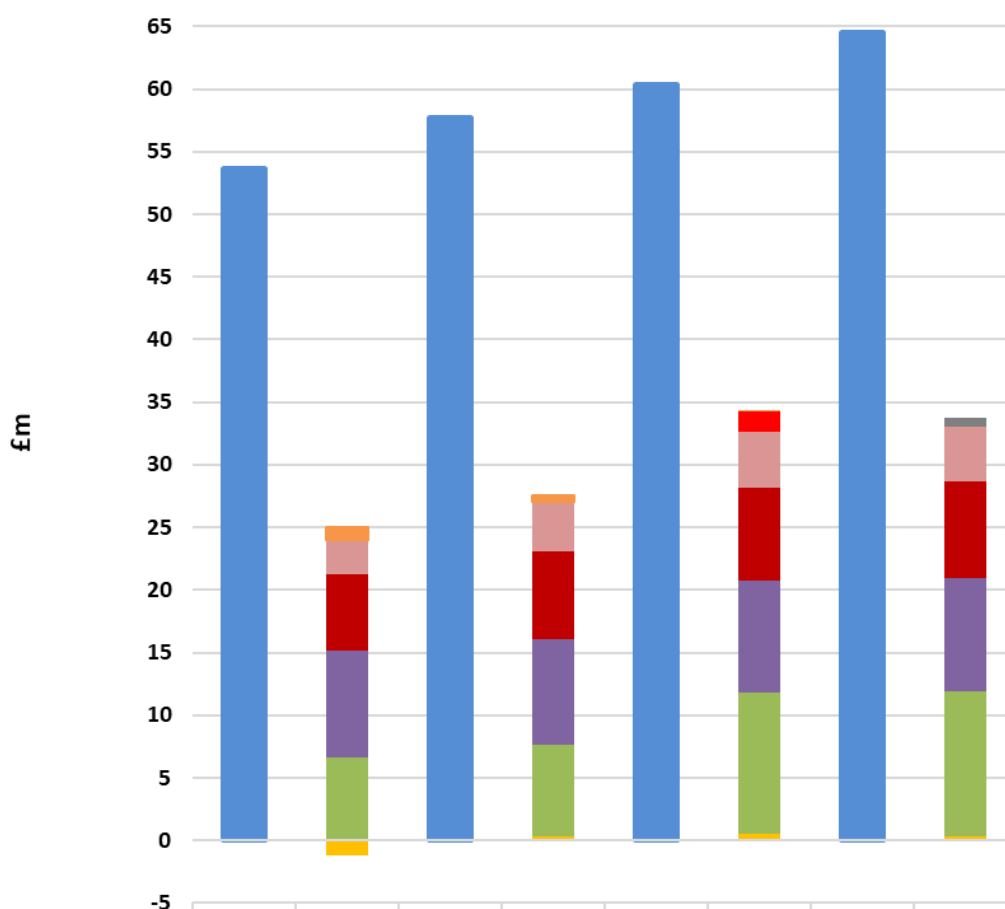
Employer National Insurance Grant - The Government will provide the Authority with a new grant for 2025/26, to partly fund an increase in costs due to changes to employer national insurance contributions (increasing the rate to 15% and lowering the threshold that employers start to pay national insurance to £5,000) from April 2025. The amount of grant expected for 2025/26 is £647k so this will fund approximately 58% of the additional cost.

FUNDING THE 2025/26 REVENUE BUDGET

Sources of Funding the Net Revenue Budget for 2025/26

The Chart below shows how the Authority’s funding sources have changed between 2022/23 and 2025/26. Total funding has increased by 26.8% (£20.803m) since 2022/23, of which 14.0% relates to Council Tax and 12.8% relates to Business Rates, Government Funding and rolling of grants into base funding:-

Sources of Funding from 2022/23 to 2025/26



	2022/23 £'000	2022/23 £'000	2023/24 £'000	2023/24 £'000	2024/25 £'000	2024/25 £'000	2025/26 £'000	2025/26 £'000
Council Tax Precept	53,637		57,689		60,399		64,507	
Employers National Insurance Grant								647
One-off Services Grant		1,027	603		104			
Funding Guarantee Grant					1,527			
S31 Grant Business Rates		2,756	3,942		4,516		4,417	
Retained Business Rates		6,047	6,959		7,442		7,761	
Top-up Grant		8,514	8,480		8,892		8,997	
Revenue Support Grant		6,655	7,330		11,352		11,549	
Collection Funds		-1,207	289		481		354	
Percentage of total funding	69%	31%	68%	32%	64%	36%	66%	34%

FUNDING THE 2025/26 REVENUE BUDGET

Council Tax and Business Rate Income – Additional Information

Council Tax Base - The Authority's tax base is the sum of the tax bases of the 12 Kent District Councils and Medway Council (billing authorities) and is expressed as the number of equivalent Band D properties. The Council Tax base has increased by 1.23% for 2025/26.

Council Tax Referendum Limits - In recent years the Government has set a cap on the amount by which a local authority can increase its Council Tax each year without the requirement to hold a referendum. For 2025/26 Fire and Rescue Authorities can increase the charge by up to £5 per Band D Property without the need to hold a referendum, which equates to an increase of 5.5% for this Authority.

Household Council Tax - To arrive at the annual Council Tax charge that is made to each household, the Authority's Council Tax charge is added on to the charges set by Kent County Council or Medway Council, plus the charges set by the relevant District Council, Kent Police and if applicable the Parish or Town Council charge. The total is then collected by the District Councils and Medway Council (billing authorities), on behalf of all the different precepting authorities.

Council Tax Increase - The proposed Council Tax increase set out in this MTFP is 5.5% for 2025/26, a £4.95 a year increase for a Band D property (just under 10p per week), increasing the Band D charge to £94.86 for 2025/26.

FUNDING THE 2025/26 REVENUE BUDGET

Council Tax and Business Rate Income – Additional Information

The Table below shows a breakdown of the funding sources for the 2025/26 budget and the amount of this Authority's Council Tax charge by Council Tax band:-

	£'000	£'000
Net Revenue Budget Requirement for 2025/26		98,232
Funding:		
Council Tax	64,507	
Revenue Support Grant (including existing Fire Pension Grant)	11,549	
Top-up Grant	8,997	
Retained Business Rates	7,761	
Net Surplus on Collection Funds (see page 13)	354	
Section 31 Business Rates Relief Grant	2,654	
Section 31 Compensation for Under-Indexation of Top-Up Grant	1,763	
Employers National Insurance Grant	647	
Total Funding Available for 2025/26		98,232
Council Tax Base for 2025/26		680,022
Council Tax charge for a Band D property in 2025/26		£94.86
Annual increase in Band D charge from 2024/25 to 2025/26		£4.95



REVENUE RESERVES SUMMARY

Details of the Authority's General Reserve and each Earmarked Reserve are given below:-

General Reserve - Provides a contingency to cushion the impact of unexpected events or exceptional costs, and in extreme circumstances would be used to provide a working cash balance to cushion the impact of uneven cash flows to help avoid unnecessary temporary borrowing. For example, the General Reserve could be used to fund an unforeseen loss on the Authority's share of Kent Districts and Medway Councils Business Rate collection funds. Within the 2025/26 Reserve Strategy, it is proposed that the level of General Reserve is set at approximately 5% of the Authority's base revenue budget. The appropriateness of this level is assessed on an annual basis, through a detailed risk assessment.

Earmarked Reserves - Sums specifically set aside not only provide funds to meet future known or predicted expenditure or liabilities, but also support the transformation of the service to ensure it is fit for the future. Earmarked Reserves are typically used to smooth the impact on the revenue budget (and Council Tax) of expenditure that would otherwise cause significant fluctuations in the annual budget requirement, such as expenditure on the replacement of vehicles and equipment. Earmarked Reserves are also of use where there may be plans to introduce a policy change or a service improvement which initially requires a one-off increase in expenditure for which additional resources are required, or where there is a future budget liability or pressure which is known, but for which the timing of payments or change in funding is uncertain. The purpose of each reserve is clearly defined, with regular reviews to ensure continued relevance and adequacy.

- **Government Grants** - Used to carry forward unspent Government grants.
- **Infrastructure** - Used to fund revenue and capital investment in infrastructure assets (premises, IT, vehicles, and operational equipment) and reflects funding for a significant programme of investment in these areas over the medium-term.
- **Insurance and Resource** - Used to smooth the impact of insurance claims volatility and the annual variability in legal costs incurred when enforcing building safety regulations. The reserve will also be used to fund any significant one-off costs that may arise in-year, for example for higher levels of inflationary increases, compared to that planned for in the MTFP or any other unforeseen significant cost increases which may arise after the budget is agreed. Future funding levels remain uncertain so this reserve may be used to temporarily balance the budget where there is a timing difference in cuts to funding and the delivery of budget savings. Funding will also be set aside in this reserve each year to fund the end-of-lease costs for returning the property leased for vehicle servicing and maintenance, to the state it was in at the start of the lease.
- **Rolling Budget** - Used to fund committed expenditure where the goods or services will not be received or delivered until the following financial year.
- **Service Transformation and Productivity** - Used to help pump-prime new transformation initiatives or improvements to the Service which may arise in-year or be planned for future years. Also used to support collaborative initiatives with other blue light services and partner agencies.

REVENUE AND CAPITAL RESERVES SUMMARY

The Table below shows the forecast closing revenue reserve balances along with the estimated closing capital receipts balances for the years 2024/25 to 2028/29. Figures exclude any transfer to reserves that may be required at year-end as a result of the forecast underspend on the 2024/25 revenue budget.

General and Earmarked Reserves - Forecast Balances	31/03/25 Forecast Balance*	31/03/26 Forecast Balance	31/03/27 Forecast Balance	31/03/28 Forecast Balance	31/03/29 Forecast Balance
(All figures are £'000)					
General Reserve	4,680	4,890	4,950	5,090	5,210
Earmarked Reserves:					
Government Grants	894	751	347	347	347
Infrastructure	24,071	18,436	14,965	13,576	12,636
Insurance and Resource	5,972	4,132	3,190	3,199	3,208
Rolling Budgets	303	162	0	0	0
Service Transformation & Productivity	176	141	0	0	0
Total Earmarked Reserves	31,416	23,622	18,502	17,122	16,191
Total General and Earmarked Reserves	36,096	28,512	23,452	22,212	21,401
Capital Receipts Reserve	8,931	7,307	5,916	4,652	3,411
Total Reserves	45,027	35,819	29,368	26,864	24,812
Net Change in Total Reserves	(1,183)	(9,208)	(6,451)	(2,504)	(2,052)

*Note - Forecast Earmarked Reserve balances at 31/03/25 exclude any transfer to reserves as a result of the forecast underspend (£469k) on the 2024/25 revenue budget.

Breakdown of forecast Government Grant balance as at 31.03.2025:

Grant:	£'000
National Resilience and New Threats	262
Building Risk Review and Protection Uplift	129
Emergency Services and Mobile Communication Programme	347
Fire Pensions Administration – McCloud / Sargeant Remedy	156
Estimated Total Government Grants Remaining at 31.03.2025	894

MEDIUM TERM FINANCIAL PLAN 2025/26 – 2028/29

Revenue Budget Assumptions (Funding, Pressures and Savings)

The revenue budget funding for 2026/27 to 2028/29 is estimated using various assumptions, as much of the information required to set the medium-term budget is not yet known. As detailed within the budget report, the Government has only confirmed funding for 2025/26. On that basis a prudent approach has been taken in estimating funding that may be received from central Government in future years. Details of the main assumptions used in estimating the revenue budgets for 2026/27 to 2028/29 are detailed below:-

The main funding assumptions at this point in time are:-

- The Settlement Funding Assessment (Revenue Support Grant, Baseline Business Rates and Top-up Grant) and the Employer National Insurance Grant will increase by 2% each year from 2026/27 to 2028/29.
- Retained Business Rates Growth (£388k) will be removed from 2026/27.
- Business Rates and Top-up Grant compensation grants (Section 31 grants) will increase by 2% each year from 2026/27 to 2028/29.
- The Council Tax base will increase by only 1% each year from 2026/27 to 2028/29.
- Council Tax charge increases will be just below an estimated 2% referendum limit each year from 2026/27 to 2028/29.
- There will be no surplus or deficit on the Collection Funds each year from 2026/27.
- Other Section 31 grants (New Fire Pensions Grant, National Resilience Grant, Protection Uplift Grant etc.) will continue at the same rate each year.

Once further clarity is available on the level of funding available in future years, the scale of the savings, if they are still required to balance the budget, will be assessed and the necessary proposals will be developed to address the issue.

Anticipated Budget Pressures:

(All figures are £'000)	2026/27 Budget	2027/28 Budget	2028/29 Budget
2% pay awards for all colleagues each year and increments	1,705	1,607	1,645
Actuarial valuation - LGPS	180	0	0
Annual inflation each year	783	645	667
Pressures identified from spending plan review	1,177	706	562
Total Pressures	3,845	2,958	2,874

MEDIUM TERM FINANCIAL PLAN 2025/26 – 2028/29

Anticipated Budget Savings:

(All figures are £'000)	2026/27 Budget	2027/28 Budget	2028/29 Budget
Price increases not given to areas of discretionary spend	-141	-144	-147
Savings identified	-731	-70	-225
Other savings to be identified	-1,679	0	0
Total Savings	-2,551	-214	-372

Other savings to be Identified - The MTFP is currently showing that £1.679m of unidentified base budget savings are required to balance the budget in 2026/27. As funding levels beyond 2025/26 are highly uncertain the timing and amount of any savings requirement may change as and when future funding levels are confirmed.

Summary Revenue Budget Estimates

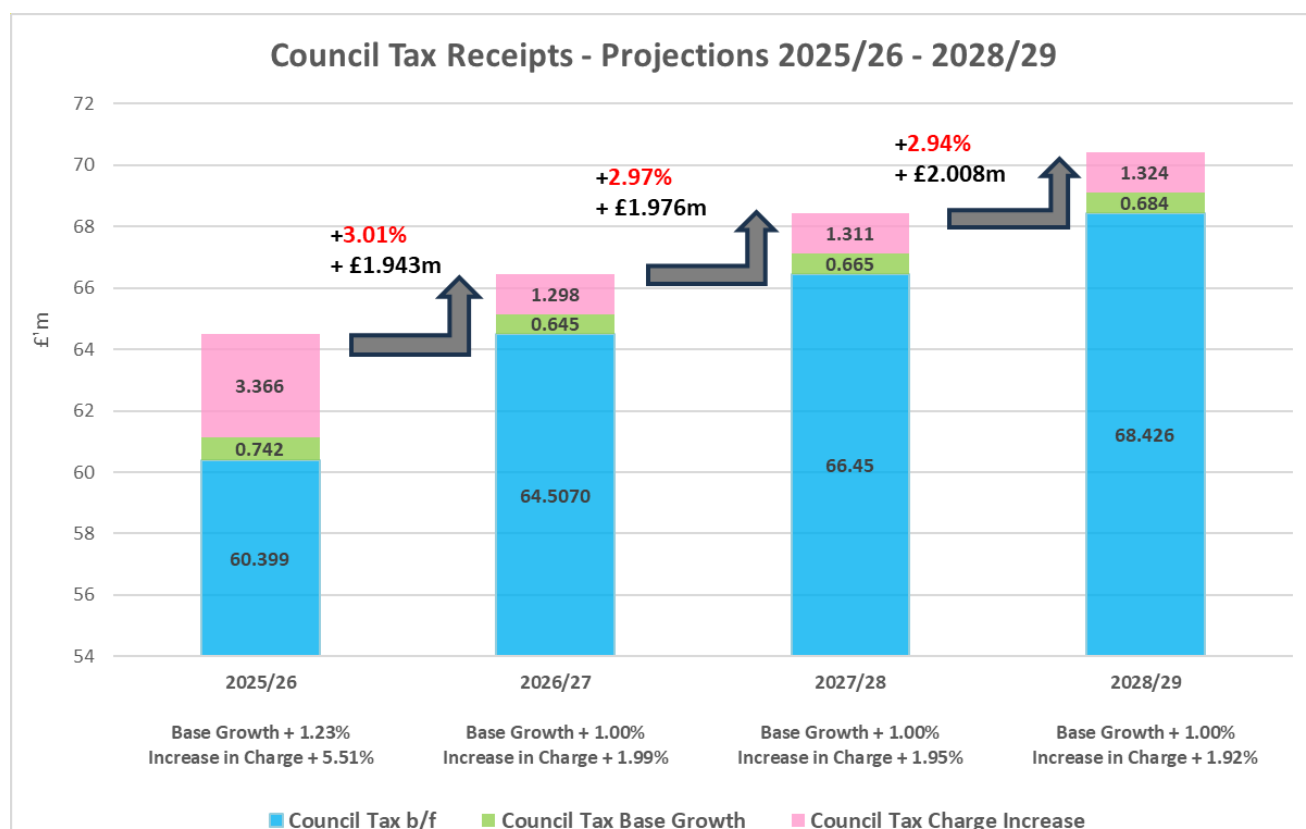
The Table below summarises the base budget changes in each of the financial years between 2025/26 and 2028/29. Also shown is a breakdown of funding sources and additional information with regards to increases in Council Tax receipts for the same years:-

(All figures are £'000)	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Base Budget brought forward	93,575	98,233	99,527	102,271
Pay, Pensions, Prices and Pressures	6,551	3,845	2,958	2,874
Savings	-1,893	-2,551	-214	-372
Base Budget carried forward	98,233	99,527	102,271	104,773
One-off Budget Adjustments	-211	506	330	543
Transfer to General Reserve	210	60	140	120
Net Revenue Budget	98,232	100,093	102,741	105,436
Net change £	3,519	1,861	2,648	2,695
Net change %	3.72%	1.89%	2.65%	2.62%
Budget funded by:-				
Council Tax	64,507	66,450	68,426	70,434
Revenue Support Grant	11,549	11,780	12,016	12,256
Business Rates Baseline/Growth	7,761	7,520	7,671	7,825
Top-up Grant	8,997	9,177	9,360	9,547
Net Surplus on Collection Funds	354	0	0	0
Section 31 Business Rates Grant	4,417	4,505	4,595	4,687
Employers National Insurance Grant	647	661	673	687
Total Funding	98,232	100,093	102,741	105,436

MEDIUM TERM FINANCIAL PLAN 2025/26 – 2028/29

Analysis of Projected Future Council Tax Income

	2025/26 Actual	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Council Tax Base	680,022	686,822	693,691	700,627
Council Tax Base Growth %	1.23%	1.00%	1.00%	1.00%
Council Tax Base Growth £'000	742	645	665	684
Council Tax Band D Charge £	94.86	96.75	98.64	100.53
Council Tax Band D Charge Increase %	5.51%	1.99%	1.95%	1.92%
Council Tax Band D Charge Increase £	4.95	1.89	1.89	1.89
Council Tax Charge Increase £'000	3,366	1,298	1,311	1,324
Additional Income from Council Tax £'000	4,108	1,943	1,976	2,008



MEDIUM TERM INFRASTRUCTURE PLAN 2025/26 - 2028/29

Medium Term Infrastructure Plan – Capital and Revenue

Capital Expenditure Plan

The Capital Plan has been developed in line with the Community Risk Management Plan (CRMP) and the associated areas of focus and enabling plans. The main areas contained within the Capital Plan are detailed below:-

Building works - A programme of refurbishment and improvement works is in place to ensure that the Service and its operational bases remain fit for the future. Major works are ongoing at the Ashford site which include a new Live Fire training facility. It is expected that the work will be completed towards the middle of 2026/27. Additional works across the estate for roofing replacements, boilers and bay doors, drill towers and fuel tanks are also programmed up to 2028/29.

Vehicle replacements - There is a comprehensive long-term programme in place for the replacement of the operational fleet of fire engines and other vehicles, which is reviewed on a regular basis to determine any change in the numbers and types of vehicles that may be needed to facilitate operational capability. It is currently anticipated that 19 new Rescue Pumps will be delivered between 2025/26 and 2028/29. There are also several specialist vehicles that are planned for delivery up to 2028/29, such as a fleet of small and medium sized vans, Fleet Mobile Workshops, Bulk Water Carriers, Driver Training Appliances and Incident Command Units.

Information and Communication - Planned hardware upgrades to Mobile Data Terminals (MDTs) tablets for operational colleagues, satellite navigation and mobile devices are currently scheduled for delivery in 2025/26. Plans are also in place to upgrade the printing capabilities in 2027/28.

Revenue Expenditure Plan

One-off expenditure in relation to premises, IT and operational equipment that does not meet the criteria for capitalisation is funded via the Infrastructure Revenue Plan.

Premises - There is a programme of climate works, security upgrades, and fire compartmentation works planned over the next few years.

IT - Significant IT investment is planned, including key internal support systems such as; the fleet and operational equipment management systems; operational response systems and; a review of the Command-and-Control system. Incident Command Units also require IT upgrades in 2025/26 and the replacement of audio-visual equipment, increased wireless access, mobile phone provision and data connectivity is also planned.

Operational Equipment - There are plans to upgrade various items of operational equipment in the near future including; PPV fans, hand tools, ladders scene lighting and thermal imaging cameras.

MEDIUM TERM INFRASTRUCTURE PLAN 2025/26 – 2028/29

Medium Term Infrastructure Plan - Expenditure

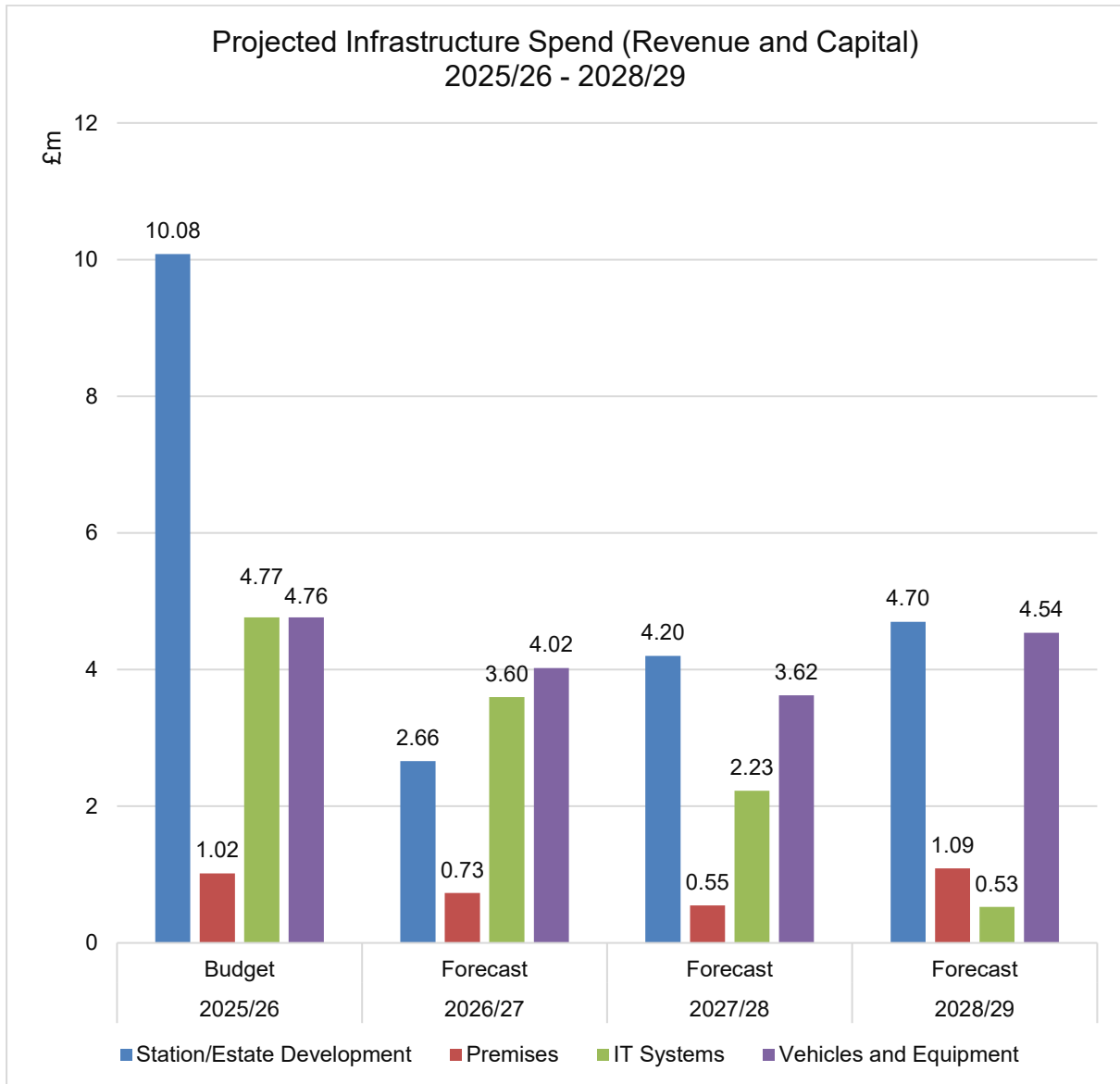
The Tables below detail the capital and revenue infrastructure spend provisionally planned between 2025/26 and 2028/29:

Capital Infrastructure Programme	2025/26	2026/27	2027/28	2027/29	2025-29
(All figures are £'000)	Budget	Forecast	Forecast	Forecast	Total
Station Development	9,281	212	0	0	9,493
Estate Redevelopment	800	2,450	4,200	4,700	12,150
Total Station/Estate Development	10,081	2,662	4,200	4,700	21,643
Roofing Works	200	200	200	200	800
Drill Towers	0	40	0	0	40
Bay Doors	30	0	30	0	60
Fuel tank	47	0	0	0	47
Boilers	30	0	30	0	60
Total Premises	307	240	260	200	1,007
Mobile Data Terminals	600	0	0	0	600
Printers	0	0	200	0	200
Total Systems	600	0	200	0	800
Appliances	340	2,040	2,060	2,100	6,540
Cars and Vans	283	333	745	828	2,189
Specialist Vehicles	2,066	886	299	564	3,815
Total Vehicles and Appliances	2,689	3,259	3,104	3,492	12,544
Total Capital Expenditure	13,677	6,161	7,764	8,392	35,994
<i>* A ten-year capital programme is detailed in the Capital Strategy</i>					
Revenue Infrastructure Programme	2025/26	2026/27	2027/28	2027/29	2025-29
(All figures are £'000)	Budget	Forecast	Forecast	Forecast	Total
Premises	710	490	290	890	2,380
IT	4,165	3,597	2,029	525	10,316
Operational Equipment	2,075	765	520	1,047	4,407
Total Revenue Expenditure	6,950	4,852	2,839	2,462	17,103
Total Revenue and Capital	20,627	11,013	10,603	10,854	53,097

MEDIUM TERM INFRASTRUCTURE PLAN 2025/26 – 2028/29

Medium Term Infrastructure Plan - Expenditure

The Chart below details the capital and revenue infrastructure spend provisionally planned between 2025/26 and 2028/29:-



MEDIUM TERM INFRASTRUCTURE PLAN 2025/26 – 2028/29

Infrastructure Plan - Funding and Reserve Balances

The Infrastructure Plan is funded from various sources, each described below:-

Revenue Contributions / Reserves - The base revenue budget has a level of funding which is used to support the funding of both the revenue and capital infrastructure plans. If all of this resource is not used in-year, then it is carried forward in the Infrastructure Reserve for use in future years. The Infrastructure Reserve is used to fund revenue and capital investment in infrastructure assets to ensure continuous development and improvement across the organisation.

Capital Receipts - The use of capital receipts from the disposal of assets is governed by Regulations and can only be used to fund capital expenditure and repay debt. Where properties are identified as surplus to operational requirements, Members approval is sought for their disposal. Cash receipts which are generated from the asset disposal, and which are in excess of £10k, must be used to support new capital investment or offset future debt or transitional costs. Capital Receipts cannot be used to fund day-to-day revenue expenditure. As at 31 March 2025 unapplied capital receipts, mainly arising from the previous disposal of a number of the Authority's assets, including redundant fire stations, land and unoccupied housing are forecast to total £8.931m.

Grant Funding - On occasions, the Authority may receive grant funding that can be utilised towards various infrastructure projects if the conditions relating to the funding are met and there are no restrictions surrounding the use of the grant funding.

Prudential Borrowing - The Authority can use prudential borrowing to fund capital expenditure provided that such borrowing is affordable, prudent and sustainable over the medium term. A range of calculations (prudential indicators) are completed as part of the annual budget setting process to evidence this. These make sure that the cost of paying for interest charges and the repayment of principal is taken into account when developing the Medium-Term Financial Plan.

Internal borrowing - will be used to finance the Ashford Live Fire project with a view to potentially undertaking external borrowing in later years. Internal borrowing requires an amount to be set aside in the revenue budget (Minimum Revenue Provision) to repay the principal amount and although interest charges will not be incurred on internal borrowing it will result in reduced investment income as the funds will no longer be available to invest.

MEDIUM TERM INFRASTRUCTURE PLAN 2025/26 – 2028/29

Infrastructure Plan - Funding and Reserve Balances

The Tables below show the funding sources for the capital plan plus anticipated balances on the capital receipts and infrastructure reserves for 2025/26 to 2028/29.

Capital Infrastructure Plan Funding					
(All figures are £'000)	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2025-29 Total
Funded By:					
Revenue Contributions - from Base Budget	2,722	2,858	3,000	3,151	11,731
External Borrowing	50	1,700	3,500	4,000	9,250
Internal Borrowing	9,281	212	0	0	9,493
Capital Receipts Applied	1,624	1,391	1,264	1,241	5,520
Total Funding	13,677	6,161	7,764	8,392	35,994
Revenue Infrastructure Plan Funding					
(All figures are £'000)	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2025-29 Total
Funded By:					
Revenue Contributions - from Base Budget	1,315	1,381	1,450	1,522	5,668
Revenue Contributions – from Reserve	5,635	3,471	1,389	940	11,435
Total Funding	6,950	4,852	2,839	2,462	17,103
Capital Receipts Reserve Movements					
(All figures are £'000)	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	2028/29 Forecast	
Balance at start of year (1 April)	8,931	7,307	5,916	4,652	
New capital receipts expected in year	0	0	0	0	
Use of capital receipts in year	-1,624	-1,391	-1,264	-1,241	
Balance at end of year (31 March)	7,307	5,916	4,652	3,411	
Infrastructure Reserve Movements					
(All figures are £'000)	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	2028/29 Forecast	
Balance at start of year (1 April)	24,071	18,436	14,965	13,576	
Infrastructure reserve – revenue	-5,635	-3,471	-1,389	-940	
Infrastructure reserve - capital	0	0	0	0	
Balance at end of year (31 March)	18,436	14,965	13,576	12,636	

CAPITAL STRATEGY

Background

1. **Statutory Requirement** – The latest revision to the CIPFA Prudential Code for Capital Finance in Local Authorities was issued in December 2021, its key objectives remain, which are to ensure that decisions made around the capital programme are affordable, prudent and sustainable. The Authority continues to use the Code as required under Part 1 of the Local Government Act 2003, as a framework to demonstrate effective planning and proper appraisal of its capital finances.

2. A requirement of the Code is that authorities should produce a Capital Strategy which sets out an outline of the reporting requirements that it should be meeting. As this represents the long-term capital investment for the Authority it has been regularly reviewed and updated as necessary. Members last agreed the Capital Strategy at the February 2024 Authority meeting and were updated on the latest plans regarding Ashford Live Fire training facilities in October 2024. Since then, the tables have been updated to reflect the latest capital forecasts. The following paragraphs therefore set out the proposed updated Strategy for this Authority. Members are asked to consider and agree this updated Strategy.

3. **Purpose and Principles of the Strategy** - The Capital Programme for the medium term has been developed following the principles that are laid out in the Capital Budget Strategy which are shown below:
 - To ensure capital resources are aligned with the corporate priorities as set out in the Customer Risk Management Plan and identified Strategic Challenges.
 - To maintain the assets and infrastructure across the organisation.
 - To maintain an affordable 10 year rolling capital programme.
 - To undertake Prudential Borrowing only where there are sufficient monies to meet the full implications of capital expenditure, which include both borrowing and revenue running costs.
 - To consider collaboration with our partner organisations, such as Kent Police and SECAmb, Network Fire Service Partnership (NFSP) and progress any other possible collaboration opportunities that may present themselves to enable greater efficiencies and improvements to the service.

Expenditure will be classified as capital if it meets the criteria set in Statute within the Local Government Act 2003 and CIPFA Statement of Recommended Practice. A minimum limit

of £10k is applied per item (unless a significant number of assets below this value result in a large amount of expenditure, with a life of more than a year). Any expenditure falling below the minimum will be treated as revenue expenditure. The outlay should result in either the acquisition, construction or enhancement of a fixed asset that provides a benefit to the Authority in excess of a year.

Capital programme planning is reviewed and determined alongside the revenue budget planning process within the framework of the Medium-Term Financial Plan (MTFP).

Strategic Planning Framework



4. **Business Planning** – The Authority’s key priorities and challenges are set out in our Customer and Risk Management Plan. To address our challenges, the Environment and Asset plan and Vehicle and Equipment Replacement Programme are key documents for consideration when developing the Capital Strategy as it is important that the Authority ensures that capital resources are directed at its existing assets to ensure that they are of good condition to achieve best use of them to deliver a better service. We are also looking to make our fleet more energy efficient to achieve carbon neutrality by 2050. Where assets are identified as surplus to requirements they are disposed of in an appropriate manner, in line with the Authority’s Disposal Policy, consequently generating a capital receipt which is, at some future point used to contribute to the capital expenditure of asset investments or developments.

This overarching Capital Strategy reflects the contents of the Corporate Risk Management Plan and supporting documents to achieve our longer-term ambition, as they define the

anticipated investment and development in areas such as the Property Estate, Fleet and IT.

5. **Revenue Planning** - The revenue planning looks at the funding available from central government, council tax, business rates, external funding and reviews the level of revenue contributions available or required to be set aside in reserves to fund expenditure in the Capital Strategy to reduce the levels of borrowing. The Treasury Strategy sets out the cost and cashflow of expenditure, identifies any shortfall in funding that may require the authority to borrow and determines its affordability via a number of prudential indicators.
6. **Capital Planning** - Identifies the capital expenditure required to enable the business strategies to be delivered within in the 10-year Capital Strategy cycle. It also identifies the draw down required from the Infrastructure Reserve and Capital Receipts Reserve required to fund it, with shortfalls in funding identified and consequently highlights if the Authority may need to consider borrowing.

Governance and Funding

7. **Governance and Monitoring** - An important part of the governance arrangements is the frequent monitoring of the agreed capital programme and probably more importantly the transparency, accountability, and sustainability of the funding of the agreed programme. As such, members of the Authority are responsible for approving the Capital Strategy which sets out the considerations for such investments. It is a prerequisite that all expenditure incurred in the delivery of the capital programme must be compliant with the defined Financial and Procurement policies and procedures.
8. **Officers Responsibility** - Within the Authority, Corporate Management Board has an overall responsibility for the strategic development, management and monitoring of the capital programme. Wherever appropriate to do so, and more specifically for the larger projects, project delivery groups are established, which consist of a wide range of professional expertise. These groups meet regularly to assess and monitor the progress of the projects to ensure the delivery of the defined capital investment.
9. **Available Capital Funding** - There are a variety of ways in which capital expenditure can be financed, but the main sources are often from a combination of revenue resources / reserves, capital grants, capital receipts and borrowing. There is also the option of leasing, but this will only be considered where it is a viable and cost-effective route to fund the asset in question. A brief explanation for each of these options is described below:
 - a) **Revenue Contributions / Reserves** - The base revenue budget has a level of funding which may be used to support the funding of the capital programme. The Authority also has revenue resources set aside in the Infrastructure Reserve that can be used to fund capital projects.

- b) **Prudential Borrowing** - The Authority can use prudential borrowing to fund capital expenditure provided that such borrowing is affordable, prudent and sustainable over the medium term. A range of calculations (prudential indicators) are completed as part of the annual budget setting process to evidence this. These make sure that the cost of paying for interest charges and the repayment of debt (including Minimum Revenue Provision) is considered when developing the Medium-Term Financial Plan. The Capital Financing Requirement (CFR) measures the amount of capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income. It measures the underlying need to borrow for a capital purpose. This can be undertaken in two different ways: -
- **External Borrowing** – By entering into loan arrangements with external loan providers such as the Public Works Loan Board (PWLB)
 - **Internal Borrowing** - Given the positive net cash flow position of the authority, it may judge it prudent, especially given the current high borrowing rates, to make use of cash that it has already invested to reduce borrowing levels. In doing this, the Authority does not reduce the magnitude of the funds it is holding for these long-term purposes but simply adopts an efficient and effective Treasury Management Strategy. This practice, often known as ‘internal borrowing’, is common in local authorities and means there is no need to externally borrow to pay for capital spending
- c) **External Capital Grants** - Certain projects may have specific external funding in the form of grants that can be applied for and utilised on the defined capital project.
- d) **Capital Receipts** - The Authority has a large property estate, the majority of which are fire stations, but the estate also includes day crewed houses, a training centre and administrative buildings such as Service Headquarters. The estate is managed by the Head of Property and Facilities and their team, all of whom ensure the buildings are well maintained and fit for their daily use. Where properties are identified as surplus to operational requirements, Members approval is sought for their disposal. Cash receipts which are generated from property asset disposal or the sale of vehicles and equipment and which are in excess of £10k, must be used to support new capital investment or to offset future debt or transitional costs. They cannot be used to fund day to day revenue expenditure.
- e) **Lease Finance** - This option of financing may be considered if it is economically viable to do so. Consideration would be taken as to the availability of funding for such a purchase and its implications. However, financing of expenditure through any lease arrangement needs to consider the:
- Value of expenditure.
 - Residual Value of the asset.

- Life span of equipment matches the funding proposed.

From the 1 April 2024 changes in accounting regulations (IFRS 16) require the Authority to recognise on the Balance Sheet any assets that they have the use and control over to deliver their services over a de-minimis level. This means that arrangements will now be visible within the capital programme.

Capital Receipts Strategy

10. **Statutory Requirement** – The Ministry of Housing, Communities and Local Government (MHCLG) Statutory Guidance on the use of Capital Receipts requires local authorities to prepare and publish a Strategy before the start of each year, setting out their planned use. It is generally the case that all capital receipts must be utilised to support capital purchases only. However, in March 2016 the Government issued statutory guidance which allowed a variation to this requirement to allow for flexible use of capital receipts to fund some revenue expenditure that may generate on-going savings such as the sharing of back-office services, service reform, collaboration, driving digital delivery. In April 2022 the guidance was updated so that for each financial year the Authority is required to send details setting out their planned use of the flexibility. This was updated in August 2022 to extend this flexibility until 2024/25. This Authority currently has no requirement to apply for flexible use of capital receipts to fund service reform as due to its long-term planning it was able to plan for such changes/efficiencies through the use of the infrastructure reserve, negating the need to utilise capital receipts.
11. **The utilisation of capital receipts** - The forecast capital receipts opening balance for the 2025/26 financial year is expected to be £8.9m with the potential for further receipts in the next few years. These balances will be utilised in future years to help support the funding of the capital programme. They will help smooth out the peaks and troughs of the service demands and provide a balanced capital programme reducing the need to borrow.

Description of Major Capital Projects

12. **The main capital projects / programmes of work** that are incorporated into the Authority's capital programme are identified below and link into our Corporate Risk Management Plan, Environment and Assets Plan and Digital and Data Delivery Plan:

Vehicle Replacements - We have a comprehensive long-term programme in place to replace our operational fleet of fire engines, specialist vehicles, pool and response cars. The fleet is reviewed on a regular basis to determine any change in the numbers and types of vehicles that may be needed to facilitate operational capability identified in our CRMP.

Historically the Authority has purchased appliances in bulk and delivery has been in a single year. This approach meant there were peaks and troughs in the capital

programme as a large number of appliances came to the end of their useful life at the same time. This meant that it was more of a project rather than business as usual to replace them. An aging fleet also has the added financial pressure of increased maintenance and repairs that impacts on the revenue budget. As of 2025/26 the Authority has changed its profile to bring in a small number of appliances each year, this will smooth the peaks and troughs in capital funding requirements and maintenance and will allow the Authority to take advantage of new technologies and improvements in vehicles as they come through.

Building Works - The Authority's property portfolio consists of more than 80 buildings which it aims to maintain in a good condition. Periodically, however, enhancements and improvements to the buildings are undertaken wherever it is appropriate and necessary to do so, not least to ensure that the Service and its operational bases remain fit for the future. Regular reviews take place to determine property use across the estate and indicative funding requirements have been incorporated into the capital programme, to ensure that any redevelopments are affordable and sustainable.

Redevelopment of the Ashford site, to provide a state-of-the-art Live Fire training facility is still progressing. Having now changed the main contractor, we are working with them to identify all areas where efficiencies to the plan can be made. The Authority agreed a revised budget of £16m at the October 2024 Authority meeting, due to additional remediation ground works to rectify contamination issues and an increase in inflation on costs to which all parties are working hard to try and keep within this limit.

The Authority entered into a short term 5-year leasing agreement for the existing Fleet Workshop unit used by KCS when the service was first brought in house. A workshop of the type required takes a considerable amount of planning and £10m has been set aside within the plan to facilitate and review facilities that meet the Authority's long-term estate and fleet objectives.

13. Every project goes through a robust process of producing a business case, assessing risks and outcomes along with any savings or efficiencies that could be achieved. Projects are appraised after completion and a review of successes and lessons learned are documented.
14. Wherever possible we consider collaboration with our partner organisations, such as Kent Police and SECamb and progress any other possible collaboration opportunities that may present themselves to enable greater efficiencies and improvements to the service. We currently have a number of sites sharing licences in place.

Prudence and Sustainability

15. **Capital Expenditure** - The Prudential Code requires that the Authority shall ensure that all its capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will consider its arrangements for the repayment of debt and consideration of risk and the impact on the Authority's overall fiscal sustainability.
16. The Authority is required to make reasonable estimates of the total capital expenditure that it plans to incur over the next 10 years, as a minimum. Budget Managers are asked to consider future works and capital expenditure requirements as part of the budget setting process. Usually at this stage the project will have indicative costs associated to it based on past project expenditure to enable development of the Capital Programme. As the project develops, and the objectives and specifications are clearer the indicative costs are refined as the business case progresses.
17. All major acquisitions have a life assigned to them and where appropriate a replacement is included within the Capital Programme based on the historic cost or current market value, whichever is available at that time. As the replacement year moves closer an assessment is made of the business need and current condition of the asset. The original sums set aside will then be replaced with the revised estimates. This is undertaken on an ongoing basis for vehicles and equipment, IT projects and premises component replacements.
18. If the cost of a project increases, and additional funds are required and available, a change request is presented to the Senior Leadership Board for approval. If the agreed amount is significantly increased (i.e. more than a £500k increase), it will also be presented to members for their prior approval.
19. The anticipated capital expenditure for the next 4 years is detailed below; however, it should be noted that the Authority plans to continue to invest in the improvement of its I.T. infrastructure across the organisation, but most of this will be classified as revenue costs. As such, these costs are not reflected in the Capital Programme below:

Estimates of Capital Expenditure (£'000)	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>2029/30</u>
Premises	10,388	2,902	4,460	4,900	2,330
IT	600	0	200	0	0
Vehicles	2,689	3,259	3,104	3,492	3,473
Total Planned	13,677	6,161	7,764	8,392	5,803

20. **Funding of Capital Expenditure** - All proposed expenditure set out in the Capital Programme is planned to be funded from a combination of revenue contributions to capital,

capital receipts and the infrastructure reserve. Using internal borrowing to fund the Ashford project until its completion in 2026/27 will enable us to borrow in future years, when borrowing rates should be more favourable, but this may be necessary earlier if our cash balances reduce and impact on cashflow. It is also expected that borrowing will be required to develop a new fleet workshop facility. Whilst planning is still at the very early stages and options are being considered the expenditure has been accounted for within the existing capital strategy to ensure that it is affordable and sustainable. There are currently no allocations of capital grants expected in the near future.

21. **Total Capital Financing Costs** - One of the features of the Prudential Code arrangements is the need to calculate the Capital Financing Requirement (CFR). This figure covers unfunded capital expenditure which has not yet been permanently financed through the revenue account. The figures below reflect the unfunded spend on the Ashford Live Fire Project as it is intended to fund this currently by internal borrowing for the short term until interest rates stabilise and reduce.

Capital Financing Requirement	<u>2025/26</u>	<u>2026/27</u>
	<u>(£'000)</u>	<u>(£'000)</u>
Opening CFR	5,512	13,548
Capital Investment	13,677	6,161
Sources of Finance:		
Government Grants	0	0
Revenue contributions to Capital	-2,722	-2,858
Long-term debtors taken on in relation to finance leases	-34	-34
Capital Receipts and Reserves	-1,624	-1,391
Minimum/Voluntary Revenue Provision	-1,261	-1,260
Closing CFR	<u>13,548</u>	<u>14,166</u>

22. **External Debt** - All borrowing if required will be from the Public Works Loan Board (PWLB), however by the end of 31 March 2025 the Authority will have no existing loans and will be debt free. The current Capital Strategy identifies that the Capital Programme will need to undertake new external borrowing in the future if anticipated costs and planned works are as expected. The Treasury Strategy reflects the potential impact of any borrowing that may be required, but of course this will be kept under regular review.
23. **Risk Assessment** - The Authority has a sound financial plan in place, to deliver the Capital Programme over the coming years, which includes the use of earmarked reserves, revenue funding, capital receipts and new external borrowing. Following a peak in 2022, there has been a gradual decrease of inflation since, with the November 2024 rate, sitting at 2.6% which is just above the Monetary Policy committee target of 2%. Whilst this is

positive there are still inflationary concerns such as wage growth and the continuing conflict between Russia and Ukraine and the political unrest in Serbia.

Many authorities are facing significant levels of funding pressures. MHCLG's recent consultation on capital risk mitigation measures, effective from April 2024, will provide government with the flexibility to intervene, where appropriate, based on their assessment of risk. Risk metrics will calculate various measures of an authority's debt, investments, and MRP provision. These will not impact on this Authority.

Other risk considerations are detailed in the table in the below:

Risk	Mitigation
Market	Within the funding programme assumptions on the use of the capital receipts are based on the future health of the property market and the Authority relies on expert advice to mitigate this risk.
Interest Rate	External Borrowing from any approved source will have an interest rate that the Authority will need to pay back over the duration of the profiled borrowing. To mitigate the risk of interest rate fluctuations only fixed rates will be considered.
Legislative	Changes in statute and regulations will impact on the capital projects, as they must comply with current legislation. As mitigation the Authority must horizon scan and remain aware of any changes in the pipeline, which might affect projects and make amendments accordingly through the proper governance channels.
Project Delivery	These are unforeseen delays and increases in costs. Apart from building in contingencies there is a range of measures that can mitigate the risks. Effective scrutiny of business cases at the outset will ensure robustness of projects. During the life of the project, risks are monitored with risk registers being properly maintained and updated. Regular highlight reporting to Corporate Management Board and Senior Leadership Board keeps key stakeholders informed and allows for any early intervention. In the case of complex major projects, such as Ashford, professional experts are brought into value analyse the methods and materials to ensure savings and effective delivery.
Climate Change	Climate change could see an increase in demand on natural resources, resulting in price rises and shortages as well as increasing the risks of flooding and wildfire.
Supply Chain	With ongoing conflicts in the world, it is important that the supply chains are regularly reviewed as part of the contract

	management. To also mitigate risk for high level projects it may be necessary to place orders earlier than initially anticipated to ensure a timely delivery so as not to impact on project delivery.
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The programme does not include the additional costs for our fleet to be totally zero emission compliant by 2050 as it is not possible to predict the impact on costs and emerging technology currently.

24. In order to fully understand the risks and the need to contain the level of borrowing undertaken to minimise the revenue impact, the Authority has now moved away from a short term 4-year capital programme to a longer term 10-year capital programme (attached at **Annex 1**). This will enable the Authority to identify where any funding shortfalls may arise in the programme that delivers corporate priorities, which may result in actions, such as increasing reserves in the short term to provide greater long-term stability to the programme or evaluation of the service needs against the asset strategy. Due to the complex and large-scale nature of capital projects, the original budgets must be based on estimations that often need revising as the project progresses. This in turn leads to re-phasing of the capital programme to keep the overall costs within the agreed bottom line. This is monitored and reported to Corporate Management Board quarterly and any key issues are subsequently reported to Members.
25. **Knowledge and Skills** - The Capital and Treasury programmes are managed by a team of professionally qualified accountants with extensive Local Government financial knowledge. A Continuous Professional Development (CPD) is a requirement of various professions and courses are attended to update knowledge on a regular basis. All project teams consist of various professionals, including Surveyors and Accountants and outside professional advice is bought in when required. Periodically Members are provided with relevant training on a range of financial topics, which is either provided by officers or external organisations.
26. **The Director of Finance and Corporate Services** is of the opinion that the current Capital Strategy provides core principles on which to build a capital programme that is affordable, prudent, and sustainable.

**CAPITAL EXPENDITURE
PLAN**

The table below shows the ten-year capital expenditure plan for 2025/26 to 2034/35

(All figures are £'000)	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>2029/30</u>	<u>2030/31</u>	<u>2031/32</u>	<u>2032/33</u>	<u>2033/34</u>	<u>2034/35</u>	<u>TOTAL</u>
Future Station Development	10,081	2,662	4,200	4,700	1,450	700	700	700	700	700	26,593
Total Station Development	10,081	2,662	4,200	4,700	1,450	700	700	700	700	700	26,593
Roofing Works	200	200	200	200	200	200	200	200	200	200	2,000
Drill Towers	-	40	-	-	50	-	-	50	-	-	140
Bay Doors	30	-	30	-	30	-	30	-	30	-	150
Fuel tank	47	-	-	-	570	-	-	-	48	-	665
Boilers/Ground source heat pumps	30	-	30	-	30	-	-	-	-	-	90
Generators	-	-	-	-	-	30	30	30	30	30	150
Total Premises	307	240	260	200	880	230	260	280	308	230	3,195
Total Premises and New Builds	10,388	2,902	4,460	4,900	2,330	930	960	980	1,008	930	29,788
Operational Response Project	600	-	-	-	-	800	-	-	-	-	1,400
Printers	-	-	200	-	-	-	-	250	-	-	450
Total Systems	600	-	200	-	-	800	-	250	-	-	1,850
Appliances	340	2,040	2,060	2,100	2,750	2,750	2,750	2,750	2,750	2,750	23,040
Cars and Vans	283	333	745	828	668	619	1,510	-	150	820	5,956
Specialist Vehicles	2,066	886	299	564	55	1,391	877	1,735	590	270	8,733
Total Vehicles & Appliances	2,689	3,259	3,104	3,492	3,473	4,760	5,137	4,485	3,490	3,840	37,729
TOTAL CAPITAL EXPENDITURE	13,677	6,161	7,764	8,392	5,803	6,490	6,097	5,715	4,498	4,770	69,367

FUNDING	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>2029/30</u>	<u>2030/31</u>	<u>2031/32</u>	<u>2032/33</u>	<u>2033/34</u>	<u>2034/35</u>	<u>TOTAL</u>
CAPITAL Funded from: -											
Contributions from Revenue	2,722	2,858	3,000	3,151	3,308	3,473	3,647	3,830	4,021	4,222	34,232
Infrastructure Reserve movement	0	0	0	0	0	1,350	2,450	1,885	477	185	6,347
Capital receipts applied	1,624	1,391	1,264	1,241	1,745	1,667	0	0	0	0	8,932
INTERNAL BORROWING	9,281	212	0	0	0	0	0	0	0	0	9,493
Borrowing requirement	50	1,700	3,500	4,000	750	0	0	0	0	363	10,363
Total Capital Funding	13,677	6,161	7,764	8,392	5,803	6,490	6,097	5,715	4,498	4,770	69,367

ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2025/26

Introduction

1. Treasury management is defined by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice as:

“The management of the Authority’s borrowings, investments and cash flows, its banking, money market and capital market transactions; the effective control of risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

2. There are two parts to the treasury management operations, the first is to ensure that the Authority’s cashflow is adequately planned, with cash being available when it is needed to support business and service objectives. Surplus monies are placed in low-risk counterparties or instruments in line with the Authority’s low risk appetite, providing adequate liquidity initially before considering investment return. The second main function of treasury management is the funding of the Authority’s capital plans. The Capital Strategy provides a guide to the borrowing need of the Authority, essentially the longer-term cashflow planning to ensure that the Authority can meet its capital spending obligations.
3. The CIPFA Code of Practice on Treasury Management (TM) and the CIPFA Prudential Code require local authorities to determine and set the Authority’s Treasury Management Strategy, its Strategy relating to investment activity, and Prudential Indicators on an annual basis. The Authority currently has cash backed reserves and balances of circa £36.3m, so it is important that robust and appropriate processes are in place to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund. Set out below are the key elements of the Strategy covering the borrowing requirements and investment arrangements.
4. The Authority’s Investment Strategy has regard to the TM Code and the Guidance. It has two objectives: the first is security, in order to ensure that the capital sum is protected from loss, ensuring that the Authority’s money is returned; and the second is portfolio liquidity, in order to ensure that cash is available when needed. Only when the proper levels of security and liquidity have been determined can the Authority then consider the yield that can be obtained within these parameters.
5. This Strategy has been created based on the CIPFA 2021 Prudential and Treasury Management Codes, which requires the Authority to prepare a Capital Strategy. The Capital Strategy is a document in its own right which will be reported separately to the Authority as part of the February budget papers. This Authority does not envisage any commercial investments and has no non-treasury investments.

Policy Statement

6. The Authority regards the successful identification, monitoring and control of risk to be the main criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
7. The Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives including its Customer and Risk Management Plan and long term Capital Strategy. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurements, within the framework of effective risk management.

National Guidance and Governance

8. This Strategy complies with the CIPFA Treasury Management in Public Services Code of Practice and Cross-Sectoral Guidance Notes (“the TM Code”), and guidance on Local Government Investments issued by the Secretary of State for Communities and Local Government under section 15(1)(a) of the Local Government Act 2003 (“the Guidance”). Specific decisions on the timing and amount of any borrowing will be made by the Authority’s Director, Finance and Corporate Services in line with the agreed Strategy.
9. **Governance:** The Authority is required to receive and review a number of financial reports each year, which cover the following:
 - (a) **An Annual Treasury Management and Investment Strategy:** This Strategy forms part of the February 2025 budget report to Authority. This Strategy therefore includes: -
 - the Capital Programme together with the appropriate prudential indicators.
 - the Minimum Revenue Provision (MRP) policy, which details how residual capital expenditure is charged to revenue over time.
 - the Treasury Management Strategy, which defines not only how the investments and borrowings are to be organised, but also sets out the appropriate treasury indicators; and
 - an Investment Strategy which sets out the parameters on how deposits are to be managed.
 - (b) **A Mid-year Treasury Management Report:** This will usually be presented to Members of the Audit and Governance Committee for review in the autumn prior

to submission to the Authority meeting and provides an update on the Capital Programme, amending prudential indicators and/or the Strategy, if necessary.

- (c) **A Year-end Annual Report:** This provides the final outturn position for the year in relation to investments and deposits made during the year, prudential and treasury indicators, and a summary of the actual treasury activity during the year.
10. A quarterly review by Corporate Management Board (CMB) monitors the treasury management and prudential indicators as part of the Authority's general revenue and capital monitoring reporting.

External Support

11. **Treasury Management Advisor:** The Authority uses MUFG Pension & Market Services (previously known as Link Group) as its external Treasury Management Advisor. The Authority recognises that the responsibility for treasury management decisions remains with itself and will ensure that undue reliance is not placed upon the external advisor. The current contract expires in October 2028.

THE CAPITAL PRUDENTIAL INDICATORS 2025/26-2028/29 AND THE MINIMUM REVENUE PROVISION (MRP) STATEMENT

12. The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the Capital/Infrastructure Plan is reflected in the Prudential Indicators, which are designed to assist Members' overview and confirm capital expenditure plans.
13. **Capital Expenditure:** This can be funded from a variety of sources such as directly from the revenue budget, capital receipts (money received for the sale of the Authority's assets) capital grants or from borrowing. The Authority's Capital Plan, and the revenue and capital resources being used to finance it, are shown in **Table 1** below. Where there is a difference between planned expenditure and cash resources, this will result in an increase in the net financing need and hence the potential need to consider external borrowing. The Authority will only ever borrow to fund capital expenditure. Given that interest rates remain high, it is prudent to consider internal borrowing as opposed to external borrowing until such time as interest rates reduce.

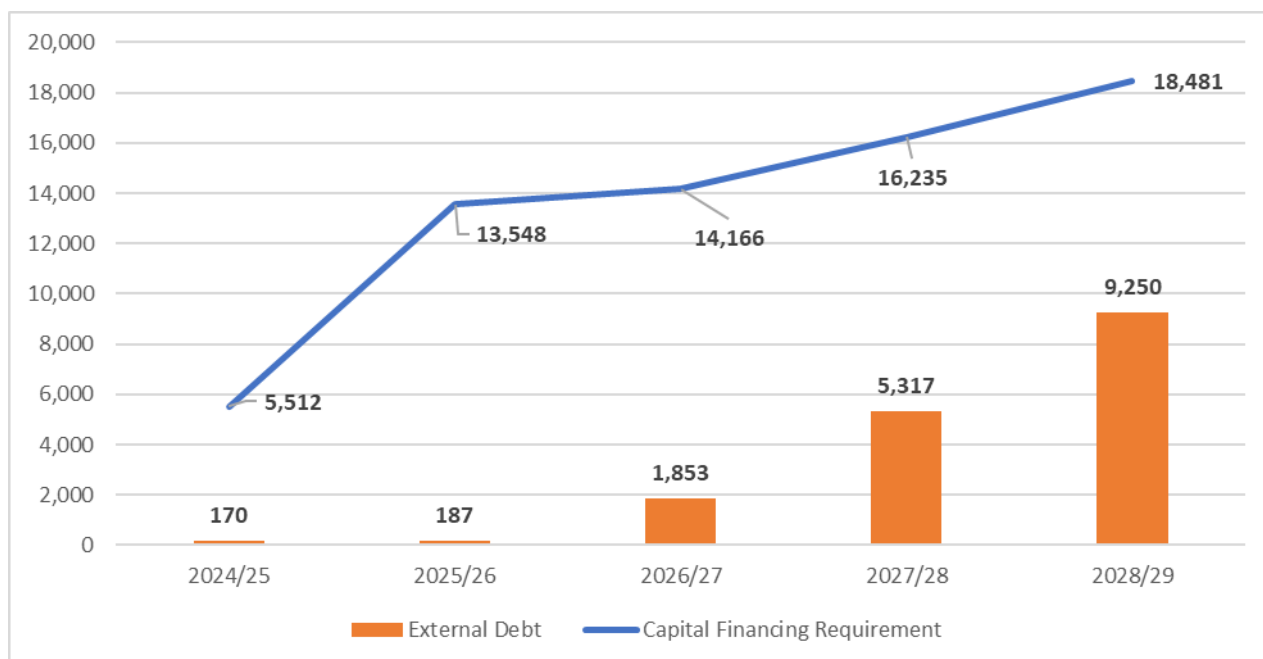
Table 1	2024/25	2025/26	2026/27	2027/28	2028/29
Capital Expenditure	Forecast	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure	7,712	13,677	6,161	7,764	8,392
Funded By:					
Revenue / Infrastructure funding	-2,785	-2,722	-2,858	-3,000	-3,151
Capital Receipts	0	-1,624	-1,391	-1,264	-1,241
One off Capital Funding	0	0	0	0	0
Net Financing Need (Borrowing) for the Year	4,927	9,331	1,912	3,500	4,000

14. **The Authority's Borrowing Need [the Capital Financing Requirement (CFR)]:** The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Authority's indebtedness and its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through revenue or capital resource will increase the CFR. The CFR projections are shown in **Table 2**.

Table 2	2024/25	2025/26	2026/27	2027/28	2028/29
Capital Financing Requirement	Forecast	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Opening CFR	1,879	5,512	13,548	14,166	16,235
Movement in CFR	3,633	8,036	618	2,069	2,246
Closing CFR	5,512	13,548	14,166	16,235	18,481
Movement in CFR represented by					
Net Financing Need (Borrowing) for the Year	4,927	9,331	1,912	3,500	4,000
Less: Long-term Debtor Lease Principal (MRP)	-31	-34	-34	-36	-67
Less: Provision for Principal (MRP)	-1,263	-1,261	-1,260	-1,395	-1,687
Movement in CFR	3,633	8,036	618	2,069	2,246

*The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which reduces the indebtedness in line with each asset's life.

Capital Financing Requirement Profile vs External Debt Profile (year-end position). (Shown in £'000s)



Note: External Debt includes other long-term liabilities such as leases

15. **Core Funds and Expected Investment Balances:** The application of resources (capital receipts, reserves, etc.) to finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments/deposits. Detailed below in **Table 3** are estimates of the year-end balances for each cash-backed resource, working balances and the net amount of capital expenditure funded from internal resources (historical under-borrowing). The sum of these balances is the amount estimated as available for investment.

16. Working balances comprise of the estimated net difference between amounts owed to or by the Authority (debtors and creditors and other amounts paid or received but not yet charged to the accounts). The amount under-borrowed in this table relates to historical capital expenditure that was identified as needing to be funded from borrowing in earlier years and Ashford Live Fire Project, but where a decision was made to use internal cash balances instead of external debt, less the actual amount of external debt at the end of each year. **Table 7** further below details how the under-borrowing is then calculated.

Table 3	2024/25	2025/26	2026/27	2027/28	2028/29
Reserves and Balances	Forecast	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
General reserve	4,680	4,890	4,950	5,090	5,210
Earmarked reserves	31,416	23,622	18,502	17,122	16,191
Insurance Provision	223	223	223	223	223
Capital grants unapplied	0	0	0	0	0
Capital Receipts	8,931	7,307	5,916	4,652	3,411
Total Core Funds	45,250	36,042	29,591	27,087	25,035
Working Capital Deficit	-3,566	-3,566	-3,566	-3,566	-3,566
Under borrowing	-5,341	-13,361	-12,313	-10,918	-9,231
Expected Investments	36,343	19,115	13,712	12,603	12,238

17. **Financing Cost to Net Revenue Stream:** This indicator shows the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. It is an indication of how affordable the borrowing required to fund the capital programme is and shows the trend in the cost of capital, (borrowing and other long-term obligation costs), against the net revenue stream.

Table 4	2024/25	2025/26	2026/27	2027/28	2028/29
Financing Costs to Net Revenue Stream	Forecast	Estimate	Estimate	Estimate	Estimate
Ratio of Financing Costs	1.39%	1.33%	1.36%	1.61%	2.03%

18. **Minimum Revenue Provision (MRP) Policy Statement:** The Ministry of Housing, Communities and Local Government (MHCLG) sets out the regulations around determining the annual charge that must be made to the revenue account in order to repay what has been borrowed to fund capital expenditure. This charge is called the Minimum Revenue Provision (MRP). As explained above the MRP calculation has an impact on the year end value of the CFR and the Code is clear that the outstanding debt cannot be greater than the CFR. The Policy for MRP is detailed below:

- (a) **Borrowing for capital expenditure incurred before 1 April 2008** - The MRP is calculated as 4% of the opening CFR balance for the year.
- (b) **Borrowing for capital expenditure post 2008** - The Authority will calculate the MRP for all new borrowing (internal or external) using the Asset Life method. This method uses the estimated life of the asset to calculate a yearly revenue charge which ensures sufficient provision is set aside to reduce the borrowing need over

the life of the asset. Repayments for leases on the balance sheet are applied as MRP.

If the Authority were to undertake no new external borrowing, the outstanding external debt will be cleared by 31 March 2025. At this moment in time, it is prudent that future borrowing is funded temporarily through internally borrowing against the Authority's available balances for investment.

Regulation 27(3) allows a local authority to charge MRP in the financial year following the one in which capital expenditure finance by debt was incurred.

Capital expenditure financed by borrowing in 2024/25 will not be subject to an MRP charge until 2025/26, or in the financial year following the one in which the asset first becomes available for use.

- (c) **Leases** - The adoption of International Financial Reporting Standard 16 has introduced a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is low value.

When the assets and liabilities in relation to a lease contract are brought onto the balance sheet, the Authority will increase its long-term liabilities and as a result this will increase the debt liability. An MRP charge equal to the amount that is taken to the balance sheet to reduce the liability will be made.

19. **MRP Overpayments:** As defined in the Code, the Authority has always set aside additional funding, on top of the regulated MRP, to repay the borrowing of money to fund capital. This additional funding that is set aside is called a Voluntary Revenue Provision (VRP). A change introduced by the revised MHCLG MRP Guidance, allows for any charges made over the statutory minimum revenue provision (MRP), to be reclaimed for use in the budget. Up until the 31 March 2024 the total VRP overpayments were £7.2m. These overpayments have allowed for prudent voluntary repayments to reduce the indebtedness of the Authority within a shorter timescale providing greater financial stability in the long term.
20. **Forecast for Bank Rate:** Forecasts on the Bank Rate are constantly being reviewed given the current economic and political climate. At its meeting on 6 November 2024, the MPC voted by a majority to reduce Bank Rate by 0.25%, to 4.75%. This is the second rate cut since July 2024 and, as shown in the table below, a further cut in Bank Rate is forecast in the period to March 2025. Inflation remains above the Bank of England target rate of 2%, currently sitting at 2.30%. There are a number of risks that could require these forecasts to be revised, such as systematic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. With the high level of uncertainty prevailing on several different fronts, these forecasts will need to be kept under regular review.

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50

21. **Limits on External Debt:** The Treasury Indicators set limits for interest rate exposures in relation to borrowing and the maturity structure of long-term borrowing. The objective of these indicators is to restrain the activity of the treasury function within certain limits, thereby managing the risk of re-financing and adverse movements in interest rates.
22. **Interest Rate Exposures for Borrowing:** All the borrowing undertaken by the Authority has been on a fixed rate of interest with the Public Works Loans Board (PWLb). Currently the Authority is not looking to borrow externally due to high borrowing rates, however, as capital projects progress and their figures are finalised within the capital strategy, this requirement will be reviewed and reported. It is likely that any external borrowing undertaken would be on a fixed rate of interest due to the need for certainty and affordability over future payments.
23. **Interest Rate Exposures for Deposits:** The Authority primarily deposits its cash balances on a fixed rate basis and therefore limits its exposure to any reductions in interest rates. Whilst security of the deposit remains a prerequisite, interest rates are forecast to remain at a higher level for a while yet and therefore surplus cash will be invested across a range of durations up to one year so as to provide a degree of certainty in respect of the level of return achieved. The Authority defines fixed rate investments as those where the interest rate does not fluctuate during the period of the investment. Up to 100% of surplus cash can be invested in fixed rate deposits but to provide maximum investment flexibility, up to 100% of surplus cash may also be invested in variable rate investments if deemed appropriate.

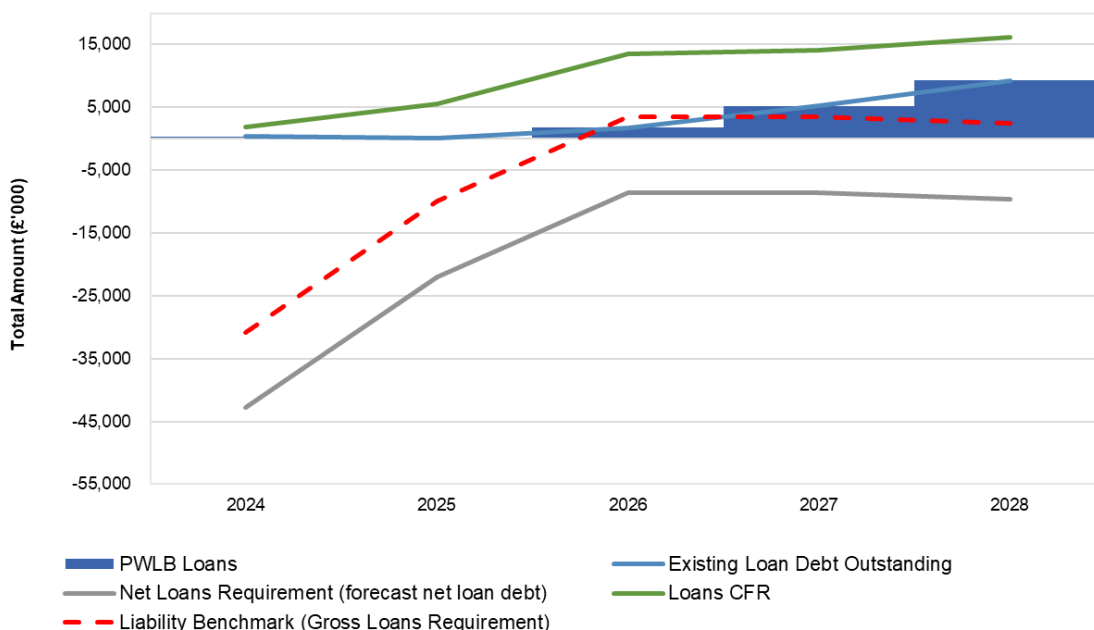
Table 5 Limit of Deposit Exposure	2024/25 Limit	2025/26 Limit	2026/27 Limit	2027/28 Limit	2028/29 Limit
Fixed Interest Rates	100%	100%	100%	100%	100%
Variable Interest Rates	100%	100%	100%	100%	100%

24. **Maturity Structure of Borrowing:** The current maturity profile of the Authority's existing loans, as at 31 March 2025 is set out in **Table 6** below.

Table 6 Existing Loan Profile	Amount £'000	Percentage Maturing
	0	0%
Total borrowing to be repaid	0	0%

25. **Debt Liability Benchmark:** the liability benchmark indicator is a projection of the optimum amount of loan debt outstanding which the Authority needs each year into the future, in order to fund its existing debt liabilities, planned prudential borrowing and other cash flows.

26. As the Authority is currently operating with a net cash surplus, the indicator is a measure of the forecast net investment requirement and guides the appropriate size and maturity of investments needed – there is currently no need to borrow externally for capital financing purposes.



1. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

BORROWING

27. **Borrowing Arrangements:** The Authority has been actively trying to reduce its cash balances by deferring long term external borrowing and therefore borrowing internally from its own cash balances. The Authority will continue with this prudent strategy which has resulted in savings in borrowing interest costs and has minimised the risk of counterparty loss. The Authority is currently under-borrowed by £5,341k and, based on current interest rates has saved approximately £288k per annum by not borrowing this money.
28. **Timing of Borrowing:** Officers engaged in treasury management monitor interest rates on a daily basis and receive advice from the Authority's Treasury Management Advisor on changes to market conditions, so that borrowing and investing activity can be undertaken at the most advantageous time. If borrowing is required, given the high borrowing rates and the Authority's high cash balances, it is proposed to undertake internal borrowing in the interim.

29. **Volatility to Inflation:** The Authority will keep under review the sensitivity of its treasury liabilities to inflation and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.
30. **Periods of Borrowing:** In general, the period of borrowing is linked to the life of the assets acquired, although regard is also given to the maturity profile of borrowing to mitigate the risks that might arise on any re-financing. However, on occasions, borrowing decisions may be taken to borrow over shorter or longer periods where this is considered to be the cheapest option in the long term.
31. **Sources of Borrowing:** The Authority could borrow from the Public Works Loan Board (PWLB), other Local Authorities, the money markets, the Municipal Bonds Agency or through Finance Leasing depending on which terms are the most favourable overall.
32. **External Debt:** The Authority's current debt portfolio position for the next five years is detailed in **Table 7** below. It shows the actual external debt against the underlying capital borrowing need (the CFR) highlighting any over or under-borrowing.

Table 7	2024/25	2025/26	2026/27	2027/28	2028/29
Current Debt Portfolio	Forecast	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Opening Borrowing 1 April	400	171	187	1,853	5,317
New Borrowing	0	50	1,700	3,500	4,000
New Other Long-term liabilities (OLTL)	202	0	0	0	0
Expected change in OLTL	-31	-34	-34	-36	-67
Loans Repaid	-400	0	0	0	0
Borrowing as at 31 March	171	187	1,853	5,317	9,250
Less closing CFR	-5,512	-13,548	-14,166	-16,235	-18,481
Under borrowing	-5,341	-13,361	-12,313	-10,918	-9,231

33. The Authority's debt should not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) for the current year and the next two financial years. This allows the Authority the flexibility to borrow for future years whilst ensuring that borrowing is not undertaken for revenue purposes. The level of actual borrowing and the CFR will often be different for a combination of reasons. It could be due to timing differences between amounts set aside for the repayment of debt and the actual timing of loan repayments, but it could also be due to a decision to defer the borrowing relating to capital expenditure that has already been incurred.
34. **The Director, Finance and Corporate Service** reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans and the proposals within the budget report.
35. **The Operational Boundary for External Debt:** This is the limit which external debt is not normally expected to exceed. The proposed Operational Boundary for external debt is based on the Authority's plans for capital expenditure and financing, and is consistent

with its treasury management policy, statement and practices to provide sufficient headroom to switch funding for capital projects from reserves, receipts and revenue contributions to external borrowing.

36. The Authority has some projects where there is the potential to lease rather than buy, and so the limit recognises that such leases may be classified as finance leases. Accounting changes with regard to leases (IFRS16) mean that some existing lease arrangements, that in the past have been accounted for within the revenue budget, may now be reflected on the Authority's balance sheet as a liability for the commitment of the contract so this now needs to be considered as part of the Treasury Strategy under the other long-term liabilities heading. Risk analysis and risk management strategies have been considered, as have estimates of the Capital Financing Requirement and estimates of cash flow requirements for all purposes when determining this limit.
37. **The Director, Finance and Corporate Services**, has confirmed that the Operational Boundary is based on expectations of the maximum external debt of the Authority according to probable - not simply possible - events and is consistent with the maximum level of external debt projected by estimates. This indicator is a key management tool for in-year monitoring and acts as an "alert" for the possibility of an imminent breach of the Authorised Limit. The Operational Boundary for external debt excluding investments is shown in **Table 8** below.

Table 8 - Operational Boundary	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
	£'000	£'000	£'000	£'000	£'000
Borrowing	20,000	35,000	35,000	35,000	35,000
Other long term finance liabilities	3,500	3,500	3,500	3,500	3,500
Total	23,500	38,500	38,500	38,500	38,500

38. **Authorised Limit for External Debt:** The Authorised Limit provides for additional headroom over and above the Operational Boundary to allow for unusual and unexpected cash movements. This represents a limit beyond which external debt is prohibited. The Authorised Limit for the Authority's total external debt, excluding investments, is shown in **Table 9** below.

Table 9 Authorised Limit	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2026/27 Estimate	2027/28 Estimate
	£'000	£'000	£'000	£'000	£'000
Borrowing	24,000	39,000	39,000	39,000	39,000
Other long term finance liabilities	3,500	3,500	3,500	3,500	3,500

Total	27,500	42,500	42,500	42,500	42,500
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39. **Borrowing in Advance of Need:** The Authority will not borrow in advance of its needs in order to profit from any short term interest rate advantage. Any decision to borrow in advance will be within the approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds. The risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual treasury reports.
40. **Debt Rescheduling:** Whilst short term interest rates may be cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of the debt repayment (premiums incurred). The reasons for rescheduling may include the generation of cash savings in annual interest payments or to amend the maturity profile of the portfolio. The premium now charged by the PWLB generally makes restructuring debt for interest rate reasons unattractive. Consideration would be given to debt restructuring if there was a significant change in the PWLB's policy. Any debt rescheduling will be reported to the Authority at the earliest opportunity following the rescheduling. But given that as at 31 March 2025, there is no outstanding external debt, this realignment of debt is not an issue that this Authority needs to consider currently.
41. **Gearing:** Gearing is used as a measure of financial leverage and indicates how much of the Authority's activities are funded by debt. The higher the percentage, the more risk the Authority has, as it must continue to service this level of debt. Gearing is calculated as (total debt/total assets). The Authority's current gearing level is a very low 0.10%.
42. **Borrowing Strategy:** The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flows have been used as a temporary measure. This Strategy is prudent as borrowing rates are currently high, but are expected to fall over the medium term, and counterparty risk is also still an issue that needs to be considered.
43. Against this background and the risks within the economic forecast, caution will be adopted with the 2025/26 treasury operations. The Director, Finance and Corporate Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. Any decisions taken will be reported to the Authority at the next available opportunity.

ANNUAL INVESTMENT STRATEGY

44. **Investment Policy - Management of Risk:** The Authority's Investment Strategy has regard to the CIPFA Treasury Management Code 2021 and the CIPFA Treasury Management Guidance Notes 2021. It has two main objectives: the first is security, in order to ensure that the capital sum is protected from loss; and the second is portfolio liquidity, in order to ensure that cash is available when needed. Only when the proper levels of security and portfolio liquidity have been determined can the Authority then consider the yield that can be obtained within these parameters. Where appropriate the Authority will also consider the value available in periods up to 12 months with high credit rated financial institutions. The Authority will ensure that robust due diligence procedures cover all external investment. This Strategy is reviewed and updated annually.
45. The Treasury Management Code of Practice details that the term "investments" used in the definition of treasury management activities also covers other non-financial assets which an organisation holds primarily for financial returns, such as investment property portfolios. The Authority does not hold non-financial assets primarily for financial returns, nor does it propose to do so.
46. The above guidance places a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -
- Minimum acceptable **credit criteria** are applied to generate a list of highly credit worthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
 - **Other Information** - ratings will not be the sole determinant of the quality of an institution, it is important to continually assess and monitor the financial sector and take account of the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this the Authority engages with its Treasury Advisors.
 - **Other Information sources** used will include the press and other such information pertaining to the banking sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.
47. **Volatility to Inflation:** The Authority will keep under review the sensitivity of its treasury assets to inflation and will seek to manage the risk accordingly in the context of the whole Authority's inflation exposures.
48. **Specified or Permitted Investments:** These are investments of not more than one-year maturity, or those which could be for a longer period but where the Authority has the right to be repaid within 12 months if it wishes. All such investments will be sterling

denominated. These are considered low risk assets where the possibility of loss of principal or investment income is small and will include deposits with: -

- the UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
 - other local authorities.
 - Money Market Funds (CNAV and LVNAV).
 - banks, building societies and other financial institutions of **high credit quality**.
49. **High Credit Quality:** The Authority's Treasury Management Advisor provides a creditworthiness service which, taking into account the ratings provided by the credit agencies, market data, market information and information relating to government support for banks, provides a recommendation on counterparty, group and country limits as well as investment duration. Officers have considered this, together with other information available and views on risk, in order to produce a counterparty list. The Authority defines "high credit quality" as being: -
- UK Banks
 - UK part-nationalised banks.
 - Institutions domiciled in the UK that have been classified by MUFG Pension & Market Services as being appropriate for deposit durations of between 100 days and one year; that have a minimum sovereign long-term rating of A- and have, as a minimum, the following credit rating from at least one of Fitch, Moody's and Standard and Poor's (where rated): -
 - (a) Short term – F1 (or equivalent).
 - (b) Long term – A- (or equivalent).
 - The Authority's own banker for transactional purposes, or except if the bank falls below the above criteria, in which case balances will be minimised in both monetary size and time.
 - Institutions domiciled in a foreign country where that country has a sovereign rating of AAA.
50. **The Monitoring of Investment Counterparties:** The credit rating of counterparties will be monitored regularly, based on credit rating information received from MUFG Pension & Market Services. On occasions ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the

criteria will be removed from the list. If this requires revision of the Treasury Strategy, then this will be reported to the Authority for approval.

51. **Investment Duration for Deposits:** The longest duration for any investment will be one year. The Authority will only use specified investments, the criteria for which are set out in paragraphs 48 and 49 above and may restrict the period of investment to a period shorter than the maximum.
52. **Environmental, Social and Governance Policy:** The Authority is committed to considering environmental, social and governance (ESG) issues, and has a particular interest in taking actions against climate change and pursuing activities that have a positive social impact. The Authority will not knowingly invest directly in institutions whose activities are inconsistent with the Authority’s mission and values. As part of the Authority’s Counterparty list, the Authority has access to two sustainable fixed term deposit accounts with NatWest and Standard Chartered.
53. The Strategy for 2025/26 will be to use only those institutions detailed on the counterparty list, shown in **Table 10** below:

Table 10 – Investment Duration for Deposits

Permitted Forms of Investment 2025/26	Minimum Credit Criteria
Cash Deposits with the Debt Man. Office	N/A
UK Treasury Bills	N/A
Call Accounts/Notice Accounts	UK Banks, UK part-nationalised bank or an institution rated by MUFG Pension & Market Services as suitable for investment for 100 days or more
Term Deposits	
Certificates of Deposit	N/A
Money Market Funds CNAV	AAA
Money Market Funds LVNAV	AAA
Term Deposits with Other UK Local Authorities	AA

Counterparty List 2025/26	Counterparty Limit
Debt Management Office (incl. Treasury)	Unlimited
RBS Group: Royal Bank of Scotland/Nat West	£7m Group Limit
Lloyds Bank: Lloyds TSB/HBOS, Corporate Markets	£7m Group Limit
Barclays Bank plc	£5m
Coventry Building Society	£5m
HSBC Bank plc	£7m
Leeds Building Society	£5m
Nationwide Building Society	£5m
Skipton Building Society	£5m
Yorkshire Building Society	£5m
Santander UK plc	£7m

Goldman Sachs International Bank	£5m
Standard Chartered Bank	£5m
Handelsbanken plc	£5m
SMBC Bank International plc	£5m
Al Rayan Bank plc	£5m
National Bank of Kuwait International plc	£5m
Clydesdale Bank PLC	£5m
Australia and New Zealand Banking Group	£5m per institution but £5m Country
Commonwealth Bank of Australia	Limit
National Australian Bank Ltd	
Westpac Banking Corporation	
Macquarie Bank Ltd.	
Bank of Montreal	£5m per institution but £5m Country
Bank of Nova Scotia	Limit
Canadian Imperial Bank of Commerce	
National Bank of Canada	
Royal Bank of Canada	
Toronto Dominion Bank	
Danske A/S	£5m per institution but £5m Country Limit
Bayerische Landesbank	£5m per institution but £5m Country Limit
Commerzbank AG	
Deutsche Bank AG	
DZ BANK AG Deutsche Zentral- Genossenschaftsbank	
Landesbank Baden-Wuerttemberg	
Landesbank Berlin AG	
Landesbank Hessen-Thueringen	
Landwirtschaftliche Rentenbank	
Norddeutsche Landesbank Girozentrale	
NRW.BANK	
ING Bank N.V.	£5m per institution but £5m
ABN AMRO Bank N.V.	Limit
BNG Bank N.V	
Cooperatieve Rabobank U.A.	
Nederlandse Waterschapsbank N.V.	
DNB Bank ASA	£5m per institution but £5m Limit
DBS Bank Ltd	£5m per institution but £5m
United Overseas Bank Ltd	Limit
Oversea-Chinese Banking Corp. Ltd.	
Svenska Handelsbanken	£5m per institution but £5m Country Limit

Skandinaviska Enskilda Banken	
Swedbank	
UBS AG	£5m per institution but £5m Limit
Bank of America N.A	£5m per institution but £5m Limit
The Bank of New York Mellon	Limit
JP Morgan Chase Bank	
Wells Fargo Bank	
Citibank	
Other Local Authorities	£5m per Local Authority - £20m limit
Money Market Funds (CNAV and LVNAV)	£5m per fund - £25m limit

Banks that qualify using this credit criteria as at the date of this report are shown above. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

54. **Investment Returns Expectations:** The Authority is expecting investment income of approximately £2,850k for 2024/25, averaging a return of 4.90% for the year. However, a further rate cut is forecast in the period to March 2025 and it should be noted that risks such as blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver infrastructure projects could result in changes to these assumptions. Consequently, these will be regularly monitored and Members will be kept updated through the mid-year Treasury report.
55. Returns on Treasury Bills have fallen since last year. They offer a high degree of security and are currently returning an average rate of 4.73%. The Authority continues to make use of Money Market Funds (MMFs) which are included in the treasury strategy. They offer a high degree of security, being AAA-rated, with instant access and carry rates currently of circa 4.71%. The rates generally track the base rate. They are deemed to be a good way of diversifying cash and spreading risk as the credit rating agencies put strict limits on how much they can have in any one counterparty and what the average duration of the underlying portfolio can be.
56. There are three types of Money Market Funds, which are: -
- **Constant Net Asset Value (CNAV)** – Short term funds that have a high level of investment in government assets. Units in the fund are purchased or redeemed at a constant price.
 - **Low Volatility Net Asset Value (LVNAV)** - Short term funds that are primarily invested in money market instruments, deposits and other short-term assets. Units

in the fund are purchased or redeemed at a constant price so long as the value of the assets do not deviate by more than 0.2% (20bps) from par (i.e. 1.00)

- **Variable Net Asset Value (VNAV)** – Funds that are invested in money market instruments and deposits and other Money Market Funds. The funds are subject to looser liquidity rules and may invest in assets with a longer maturity than CNAV and LVNAV funds. Units in the funds are purchased or redeemed at a variable price.
57. A review has been undertaken of the available funds and the Authority will only invest in CNAV and LVNAV Money Market Funds as they are considered more appropriate for the Authority's investment risk appetite.
 58. **Local Authority Loans:** As set out above, the Authority does make provision to allow loans to be made available to other Local Authorities, however the maximum duration for any loan will be one year, in line with the maximum timeframe for other deposits set out in this Strategy. Prior to agreeing to any such loan, the Authority will undertake appropriate due diligence to establish the financial stability of the Authority that requires the loan. Reviews will be undertaken on issues such as past audit reports / opinions, balance sheet reviews, any adverse public reporting.
 59. The maximum duration for investments suggested by MUFG Pension & Market Services can be revised at any time, which means that the Authority could find that the remaining duration of a fixed term investment is greater than the maximum suggested at that time. When there is a change to reduce the suggested duration downwards, and early redemption would cause a penalty or loss of interest, the investment will be allowed to run to maturity. If the suggested duration is changed to zero, the investment will be monitored and the need for early redemption reviewed.
 60. Some of the institutions on the Authority's counterparty list charge for transferring the investment income into the Authority's main bank account. Where such charges apply, it is not cost-effective to transfer the investment income out of these accounts on a monthly basis. For these institutions, therefore, investment income will be transferred annually. As a consequence, the counterparty limit may be exceeded during the year by up to the amount of the annual interest due for the year.
 61. The Authority has a weighted maturity average of just over 70 days and therefore, as the closest available benchmark, uses the backward looking 3 month Compounded SONIA (Sterling Overnight Index Average) Index to compare itself. The reason the Authority chooses to look at the backward-looking Compound SONIA is that it is based on real data, and not a forecast rate like the forward-looking data is. Currently the portfolio is slightly below the benchmark with a rate of 4.80% against the SONIA rate of 4.83%.
 62. **Training:** The Authority has processes in place to ensure that the appropriate level of training is delivered to both Members and staff who are involved in the delivery and scrutiny of the treasury management function. A training session on the latest economic

forecast and changes to the Prudential Code and Treasury Management practices was provided by MUFG Pension & Market Services to Audit and Governance members at the September 2023 meeting, with a subsequent update to be undertaken at the January 2025 meeting. Officers within the Finance team with direct responsibility, regularly attend seminars and conferences to ensure specialist Treasury and Investment knowledge is kept up to date and a number of them have also completed their CIPFA Treasury e-learning modules. One team member is currently studying for the full membership qualification for the Association of Corporate Treasurers and direct line managers that oversee Treasury activity are CIPFA qualified accountants.

63. The Authority's treasury team have taken the initiative to set up the Kent Treasury Forum; a forum which aims to bring together treasurers from all districts within Kent to discuss key policies and compare portfolios. The forum has enabled the Authority to benchmark its rates against other local authorities' rates and therefore help identify areas where the Authority is performing well, as well as areas that can be improved. It also enables our own newly formed Treasury Officers to network with more experienced Kent Treasurers and enhance their understanding of the types of investments available and the advantages and disadvantages of such investment types.
64. **Current Portfolio** - below sets out the investment portfolio of the Authority as at 31 December 2024.

Table 11 – Current Portfolio	Fixed Deposits	Call Account	Notice Call Account	Money Market Funds	Total	Average Interest Rate
	£'000	£'000	£'000	£'000	£'000	
Debt Management Office (including Treasury Bills)	12,701	0	0	0	12,701	4.72%
RBS Group: Royal Bank of Scotland/ Nat West	6,900	100	0	0	7,000	5.01%
Barclays Bank plc	0	0	5,000	0	5,000	4.90%
HSBC	0	0	7,000	0	7,000	4.65%
Lloyds Bank	6,000	1,000	0	0	7,000	4.89%
Landesbanken	5,000	0	0	0	5,000	4.96%
Standard Chartered Bank	5,000	0	0	0	5,000	4.77%
Goldman Sachs International Bank	2,000	0	0	0	2,000	5.16%
Aviva Sterling Liquidity Fund	0	0	0	5,000	5,000	4.78%
Aberdeen Sterling Liquidity Fund	0	0	0	5,000	5,000	4.72%
Blackrock Sterling Liquidity Fund	0	0	0	5,000	5,000	4.68%
Goldman Sachs Sterling Liquidity Reserve	0	0	0	255	255	4.66%
Total Per Deposit Type	37,601	1,100	12,000	15,255	65,956*	4.80%
Average Interest Rate Per Deposit Type	4.86%	4.45%	4.75%	4.73%		

* This includes the one-off advanced pension grant payment in relation to Mcloud/Matthews

RESERVES STRATEGY AND ANNUAL REVIEW 2025/26

Background

1. **Statutory Requirement** - Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 requires that, when setting the budget for the forthcoming year, precepting authorities should have regard to the level of reserves needed to provide sufficient resources to finance estimated future expenditure, plus any appropriate allowances that should be made for contingencies. The Fire and Rescue Services National Framework for England includes a requirement for all Combined Fire and Rescue Authorities to publish a Reserves Strategy and outlines the detail which should be included.
2. **Professional Guidance** - Best practice guidance on the use and management of reserves and balances is provided by CIPFA and the Local Authority Accounting Panel (LAAP) guidance, specifically LAAP Bulletin 99 - 'Local Authority Reserves and Balances' issued in July 2014. In recent years, Ministers have made many references to the levels of reserves held by local authorities and continue to ask authorities to consider the use of reserves to effectively manage their budgets.
3. **Role of External Auditors** - The External Auditors are not responsible for prescribing the optimum or minimum level of reserves for individual authorities or for authorities in general, but they are required to review and report on the level of reserves and balances. The External Auditors' view as to whether an authority has strong financial management and sound financial standing will be supported by their review of the process used to determine and approve the level of reserves.
4. **Annual Review** - Members of the Authority annually review the Reserve Strategy to ensure that it remains relevant and up to date, reflecting the medium to long term needs of the Authority. The Authority holds a number of different reserves, each of which are explained in this Strategy, and all support the prudent and sustainable approach to budget setting, which has existed for many years. Over the years use has been made of Earmarked Reserves to manage spend profiles across financial years, especially when there are large capital build projects in place, however, the Authority has also seen the use of reserves as an aid to support the transformation, improvement and collaboration agenda, which is helping make the service fit for the future. Reserves have also been set aside to provide additional one-off funding to support the delivery of longer-term efficiencies and better ways of working.
5. **Reserve Balances** - these 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 are sufficient balances to support the budget requirements and they provide an adequate contingency for budget risks. The Strategy

and the outcome of the annual review of reserves are set out in the paragraphs that follow.

6. **Members Approval** - Members are requested to consider and approve this Strategy and the annual review of the General and Earmarked Reserves as set out in this report.

Reserve Strategy

7. **National Framework Requirements** - The Fire and Rescue Services framework is prescriptive over the details that should be included in a Reserve Strategy. It is clear that General Reserves should be held by the Authority and used to balance funding (in exceptional circumstances), support spending priorities and to manage risk. The Strategy should be specific about how the level of the General Reserve has been determined and provide justification if there is a need for the level to be in excess of five percent of the revenue budget. The Strategy should also include details of current and future planned reserve levels, their value and purpose, set out over the timeframe of the Medium-Term Financial Plan.

8. **Strategic Context for this Authority** - There are several reasons why this Authority holds a number of reserves, these include, to: -

- mitigate potential future risks such as increased demand and costs.
- help absorb the costs of future liabilities.
- temporarily plug a funding gap should resources be reduced suddenly.
- enable the Authority to resource one-off policy developments and transformation initiatives without causing an unduly disruptive impact on Council Tax.
- spread the cost of large-scale projects which span a number of years.

Reserves only provide one-off funding so the Authority aims to avoid using reserves to meet ongoing financial commitments other than as part of a sustainable medium-term budget plan.

9. **Long-Term Sustainability** - Reserves are an essential tool to ensure long-term budget stability, particularly at a time when government funding levels beyond 2025/26 remain highly uncertain. Due to the fact that funding for future capital spend is held within the Infrastructure Reserve, the overall level of Earmarked Reserves held by the Authority is currently still high, but these will reduce significantly as the capital programme progresses.

10. **Types of Reserves** - There are three different types of reserve, and these are described below: -

- (a) **General Reserve** - provides a contingency to cushion the impact of unexpected events or exceptional costs, and in extreme circumstances would be used to provide a working cash balance to cushion the impact of uneven cash flows and

help avoid unnecessary temporary borrowing. Any use of the General Reserve is always subject to Members' prior approval.

- (b) **Earmarked Reserves** - are sums specifically set aside to not only provide funds to meet future known or predicted expenditure or liabilities, but to also support the transformation of the service to ensure it is fit for the future. Earmarked Reserves are typically used to smooth the impact on the revenue budget (and Council Tax) of expenditure that would otherwise cause significant fluctuations in the annual budget requirement, such as expenditure on the replacement of vehicles and equipment or large-scale build projects. Earmarked Reserves are also of use where there may be plans to introduce a policy change or a service improvement which initially requires a one-off increase in expenditure for which additional resources are required, or where there is a future budget liability or pressure which is known but for which the timing of payments or change in funding is uncertain. Reserves are key tools to manage these risks. There is a clear protocol setting out the purpose of each Earmarked Reserve, how and when the Reserve can be used, procedures for the Reserve's management and control, and a process and timescale for review of the Reserve to ensure continuing relevance and adequacy.
 - (c) **Capital Receipts** - These are effectively an Earmarked Reserve and as such are set aside for a defined purpose. The value of this reserve is generated from the income receipt from the sale of capital assets and as such these resources can generally only be used for reinvestment in other capital assets.
11. **Risk Assessment to Determine the Adequacy of the General Reserve** - A comprehensive financial risk assessment to assess the adequacy of the Authority's General Reserve is carried out annually to determine the extent to which the Authority is exposed to uninsured and unbudgeted losses. A well-managed multi-purpose authority will strive to maintain as low a level of General Reserve as possible, whilst still covering its financial risks. As a single-purpose authority, the Authority has no opportunity to use cross-service subsidies to meet unanticipated expenditure and so, proportionally, its General Reserve may be slightly higher than for a multi-purpose authority. The Authority has a robust approach to managing risk and there are effective arrangements for financial control in place. That said, given the high level of influence that third parties, such as the Local Government Employers and Government departments have on its income and expenditure, there is always a risk that the Authority will unexpectedly become liable for expenditure that it has not budgeted for.
 12. The annual risk assessment looks at the risks in the context of the Authority's overall approach to risk management and internal financial controls. This information is then used to determine the optimal level of reserve holdings needed to meet the requirements of the contingency and working balance.
 13. **Analysis of Need for the Working Balance** - The Authority's General Reserve and Earmarked Reserves are largely cash-backed and as a result any instance of

exceptional expenditure or a delay in receiving income is unlikely to lead to the Authority having to borrow temporarily (or go overdrawn).

- (a) **Expenditure** - A significant proportion of the Authority's budget is related to employee and pension payroll costs which are paid monthly and so the cash flow is evenly spread across the financial year. The Authority receives its business rate demands in April each year for immediate payment which significantly raises the cash flows out of the Authority in April. Capital expenditure will generally be on large-value assets (and usually planned well in advance) so the timing of these purchases can result in large cash outflows falling in some months. The Firefighter Pension Fund Account is balanced by top-up grant from Government, with any difference between payments made and income received reflected in the Authority's cash position.
 - (b) **Income** - Precepts, business rates and revenue grant payments are paid to the Authority in regular instalments throughout the year.
14. **Earmarked Reserves** - The Authority currently has five Earmarked Reserves, each of which has been set aside for a specific purpose. The relevance of, and balance in, each reserve is reviewed annually, and Members are informed of the latest plans for the balances held in such reserves over the medium-term.

Annual Review of Reserves

15. **General Reserve** - Detailed at **Annex A** is the annual financial risk assessment. **Annex A** indicates the likelihood of each risk occurring and the potential financial risk to which the Authority could be exposed. It would be very unlikely for all of the risk areas to impact at the same time, but it is conceivable that a number of them could be co-dependent. For example, a failure of part of the banking system could result in delayed payments to suppliers, supplier failure and loss or delayed recovery of deposits. A key supplier may not be able to deliver the goods or services necessary for the safe delivery of firefighting services, impacting on the safety and wellbeing of staff, which might then lead to industrial action. Due regard is therefore given to the likelihood of each risk occurring and the optimum level of the General Reserve.
16. The risk assessment has been reviewed for its relevancy to future years spanned by the Medium-Term Financial Plan (MTFP) and includes consideration of: -
- (a) The ability of the Authority to make difficult decisions to manage financial and other challenges.
 - (b) The ability of the Authority to deliver statutory responsibilities from the resources available, avoiding legal challenges and protests from stakeholders.
 - (c) Financial issues, setting a balanced budget, strong financial controls, avoiding the need to reduce reserves to unacceptably low levels, able to pay debts when due.

- (d) The possibility of industrial action that might arise in response to pay restraints, changes to terms and conditions, pension related issues and job losses.
 - (e) External factors such as a major supplier failing due to general economic conditions, which might lead to significant service disruption and reputational damage to the Authority. The impact of the pandemic continues to be being felt by many suppliers.
 - (f) Incremental factors where multiple, smaller, failures in individual areas lead to an eventual critical mass of tipping points.
 - (g) A doomsday scenario where a further banking/financial crisis leads to even greater levels of austerity, over a significantly longer timeframe.
17. **Proposal for the Level of the General Reserve** - Taking all of the above into consideration, together with the risk assessment at **Annex A**, it is proposed that, at least for the medium term, it would be appropriate to maintain the General Reserve balance at approximately 5% of the base revenue budget. Therefore, it is proposed that the General Reserve balance is increased by £210k, up from £4.680m to £4.890m for 2025/26 and as such Members are asked to agree to this proposal.
18. **Earmarked Reserves** - The Authority currently holds five earmarked reserves. **Annex B** details each reserve and provides a brief explanation of the purpose of each reserve and the potential or planned use of the respective reserve.
19. **Earmarked Reserve Balances over the Medium Term** - **Annex C** sets out the balances, at the current point in time, estimated to be in place at 31 March 2025. This position currently excludes any year-end adjustment that may be required as a result of the final underspend on the 2024/25 revenue budget. The final movement on Earmarked Reserves for 2024/25 will be shown in the Annual Statement of Accounts, which it is hoped will be reported to the Audit and Governance Committee in September 2025, however the precise timing will be subject to confirmation of the external audit timetable. In line with the proposed policies on the control and management of these funds, the limits will be reviewed on an annual basis against prevailing risk assessments and other information.

Annual Risk Assessment of the Adequacy of General Reserves

The following % assessments have been applied to the likelihood value to estimate a net impact:

Low Risk (25%) - A risk that is unlikely to occur, or where the organisation has taken steps to mitigate potential risk.

Medium Risk (50%) - A risk that could possibly occur, moderate concern and impact.

High Risk (75%) - Has occurred regularly before or it may have a significant financial impact which the organisation cannot control.

Likelihood and value of risk £'000	Net Impact £'000
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Risk

1. Natural Disasters, National Emergencies and Prolonged Periods of Operational Activity

1.1	The Bellwin Scheme provides financial assistance to local authorities in the event of a national emergency or disaster, subject to an authority contributing to the total costs by an amount equivalent to 0.2% of its approved budget.	Low 200	50
1.2	In addition, there could be local large-scale incidents or periods of high activity due to local weather patterns which would not meet the criteria laid down within the Bellwin Scheme. Government currently covers 100% of eligible expenditure above the threshold but only in limited circumstances will claims against capital expenditure be allowed.	Medium 1,000	500
1.3	It is difficult to anticipate the cost of a potential disaster that could have a detrimental effect on the Authority, but it could be significant. Costs might include enhanced welfare and protective equipment, plus increased legal claims in the event that service delivery is detrimentally affected.	Medium 250	125

2. Unanticipated Business or Economic Pressures

2.1	The Authority has a wide range of contractual arrangements which could see a financial loss in the event of the bankruptcy of a supplier or a customer. The Authority maintains a bad debt provision based on aged debtor analysis, but it would be insufficient to fully fund a loss from a major contract.	Low 500	125
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2.2	Public sector procurement bodies are increasingly likely to be subject to challenge and litigation from unsuccessful bidders in tendering exercises or from suppliers not invited to submit bids in the first place. In the event, that this should arise, the Authority would need to cover the legal costs of responding to such potential challenges and to account for any potential reparation costs awarded to successful claimants by the courts.	Medium 200	100
2.3	In the event that a key system, such as the control mobilising system or system networks, were to fail, it is possible that urgent consultancy or replacement equipment would be required, and this could, due to the short notice, be costly.	Low 1,500	375
2.4	The Authority has a range of both revenue and capital projects planned over the period of the MTFP – so there is the risk of cost overruns for a variety of reasons e.g. unforeseen ground conditions, planning approvals, technology risk, supply chain disruption. Furthermore, recent surveys and exploratory work in relation to contaminates, has identified some ground contamination which may require remediation works. This is currently impacting on the ability to get Public Liability insurance to cover certain contaminants.	Medium 1,000	500
3. Pension Liabilities			
3.1	The budget provides for two ill-health retirements (one higher tier and one lower tier), but with the increase in normal pension age there is a possibility that this could increase.	Medium 100	50
3.2	The Matthews and McCloud legal cases may result in additional pension liabilities falling on the Fire Authority, particularly in relation to Compensation payments which are not chargeable to the Firefighters' Pension Fund.	Medium 100	50
4. Inflationary Increases			
4.1	Whilst an allowance has been made for inflation against specific budget lines, some suppliers may need to increase their charges by more than currently anticipated.	Medium 400	200
4.2	The level of interest rates prevailing during the financial year impacts on both rates for long-term borrowing and the level of investment income achieved. A 50-basis point (0.5%) difference in short term rates could change the investment income by £200k - £300k depending on the level of cash balances held. To date, all of the Authority's long-term borrowing has been at fixed interest rates thus eliminating any exposure to interest rate risk.	Low 300	75

5. Legal Issues

5.1	Given the nature of the work of the Authority there is a possibility that it could suffer a major health and safety or environmental failure. Although this could result in a substantial cost, the Authority's Risk Register has details of the controls that are in place to mitigate this risk.	Low 3,000	750
5.2	It would be prudent for the Authority to make provision for an unfavourable outcome of any legal action taken against it, which could be made on a range of different grounds, including breaches of data protection, equal pay, discrimination and corporate manslaughter. Such awards are usually significant and a sum of up to £500k would not be unusual.	Low 500	125
5.2	Under the Regulatory Reform (Fire Safety) Order 2006, FRAs are responsible for enforcement, and thus the risk of legal challenge to such action could arise, the costs of which could exceed existing revenue budget provision.	Low 100	25

6. Employment Issues

6.1	Issues that might arise in respect of pay settlements or other factors which might lead to industrial action would, in the first instance, may be managed within the revenue budget. However, if the requirement for such additional resources was excessive, then there may need to be a call on the Reserves to meet the additional one-off costs.	Medium 1,000	500
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7. Funding Issues

7.1	In recent years some of the Authority's grant funding (e.g. National Resilience grant, Building Safety grant) has not been confirmed until after the budget has been approved by Members so, when setting the budget, an assumption is made that funding will continue at the same levels. There is a risk that the government may discontinue or reduce the grant amount paid to the Authority.	Medium 1,000	500
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8. Cyber Security / Fraud

8.1	Cyber threats are constantly evolving and although the Authority has undertaken additional measures to enhance protection against such threats a cyber breach could result in a financial loss or additional costs for the Authority.	High 1,000	1,000
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Estimated Financial Exposure	5,050
Proposed Reserve Balance for 2025/26	4,890

Earmarked Reserves
<p>Government Grants Reserve - The Authority has received grants from the Government, which include funding in support of National Resilience work, Building Safety and the Emergency Services Mobile Communications Programme (ESMCP). Any unspent grant balances are carried forward in reserves at the end of each financial year to fund any future costs associated with the relevant initiative.</p>
<p>Infrastructure Reserve - This reserve is by far the largest as it is used to fund both revenue and capital investment in infrastructure assets (premises, environmental improvements, IT and communications equipment, as well as vehicles and operational equipment) and includes a programme of investment in station improvements, IT and replacement vehicles over the medium-term. The funding held in this reserve will be utilised as and when expenditure is incurred so will reduce over the medium-term.</p>
<p>Insurance and Resource Reserve - This reserve is utilised to help smooth the volatility of settling insurance claims each year and also the annual variability in legal costs in relation to the enforcement of building safety regulations. Additionally, the reserve is also used to support significant one-off costs that may arise, for example for higher levels of pay awards, compared to that planned for in the MTFP or significant increases in inflation in some areas of supplies, which again may arise after the budget is agreed. The financial settlement for 2025/26 is a one-year settlement so government funding for future years remains highly uncertain meaning this reserve may be required to temporarily balance the budget where there is a timing difference in cuts to funding and the delivery of base budget savings. In addition, some funding will be set aside in this reserve each year to fund the end-of-lease costs for returning the property leased for vehicle servicing and maintenance to the state it was at the start of the lease.</p>
<p>Rolling Budgets Reserve - This reserve is utilised to carry forward budget for which there was planned spend but for which the goods or services had not been delivered by the close of the respective financial year. The reserve is simply used to roll the amount forward into the accounts of the following year to fund the payment once the purchase has been completed.</p>
<p>Service Transformation and Productivity Reserve - This reserve will be used as a one-off funding resource to help pump-prime new transformation initiatives to generate longer-term efficiencies or to fund improvements to the Service which may arise in-year or be planned for future years. It will also help support collaborative initiatives with other blue light services and partner agencies, which is likely to include the procuring of professional project management support. It will also fund a number of fundamental reviews across the Service which will help ensure that it stays fit for the future.</p>

Forecast Reserve Balances over the Medium Term

	Balance at 31.3.24 £'000	Forecast Net Transfers 2024/25 £'000	Forecast Balance at 31.3.25* ₁ £'000	Forecast Balance at 31.3.26 £'000	Forecast Balance at 31.3.27 £'000	Forecast Balance at 31.3.28 £'000	Forecast Balance at 31.3.29 £'000
General Reserve	4,260	420	4,680	4,890	4,950	5,090	5,210
Govt. Grants	904	-10	894	751	347	347	347
Infrastructure	26,751	-2,680	24,071	18,436	14,965	13,576	12,636
Insurance and Resource	4,580	1,392	5,972	4,132	3,190	3,199	3,208
Rolling Budgets	761	-458	303	162	0	0	0
Service Transformation & Productivity	400	-224	176	141	0	0	0
Sub total E. M Reserves	33,396	-1,980	31,416	23,622	18,502	17,122	16,191
Capital Receipts	8,554	377	8,931	7,307	5,916	4,652	3,411
Total Reserves	46,210	-1,183	45,027	35,819	29,368	26,864	24,812

Note 1: Forecast Earmarked Reserve balances at 31.3.25 excludes any transfer to reserves as a result of the forecast underspend (£0.469m) on the 2024/25 revenue budget.

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By: Chief Executive
To: Kent and Medway Fire and Rescue Authority – 18 February 2025
Subject: PAY POLICY STATEMENT - 2025/26
Classification: Unrestricted

FOR DECISION

SUMMARY

Sections 38 to 43 of the Localism Act 2011 requires that the Authority prepares and publishes a Pay Policy Statement for each financial year before the start of that financial year, and this report seeks approval to the Statement for 2025/26.

RECOMMENDATIONS

Members are requested to:

1. Approve the Pay Policy Statement for 2025/26 (paragraph 3 and **Appendix 1** refer).

LEAD/CONTACT OFFICER: Director, HR & Culture - Lyndsey Jell
TELEPHONE NUMBER: 01622 692121 ext. 8668
EMAIL: lyndsey.jell@kent.fire-uk.org
BACKGROUND PAPERS:

COMMENTS

1. **Background** - Sections 38 to 43 of the Localism Act 2011 requires all local authorities to prepare and publish an annual Pay Policy Statement. The requirements in the Act originate from the recommendations set out in the Hutton Review of Fair Pay in the Public Sector. This recognised not only the need for high-calibre leaders but also the requirement for fair levels of pay reflecting individuals' contributions whilst also reassuring the public that this was being achieved.
2. The Hutton Review expressed concern over pay governance practices, in particular placing an emphasis on the pay and benefits received by Chief Executives. The Act specifically refers to the relationship between these and the lowest-paid employees by requiring that the ratio between the two is identified. Members will be aware that, under the Accounts and Audit Regulations 2015, the Authority is already required to publish, as part of its Annual Statement of Accounts, details relating to senior employee salaries, defined as £50,000 and above. For the purposes of the Pay Policy Statement, it is not intended to replicate this information but to provide the necessary link to it through the website.
3. **Pay Policy Statement for 2025/26** - The proposed Pay Policy Statement for 2025/26, as attached at **Appendix 1**, reflects the establishment figures as at 31 October 2024, and sets out the pay awards that were agreed in relation to 2024/25. The Statement also provides Members with the assurance that the Authority currently pays all of its employees at least an hourly rate of £12.71, which is above the national living wage of £11.44 as of April 2024. Members are therefore asked to agree the Pay Policy Statement for 2025/26.
4. **Communication** - Once the Pay Policy Statement has been approved it will be placed on the Authority's website so that it is available for the public to access. There are a number of links to other sources of information shown in the Statement and these will be included when the document has been agreed and published.

IMPACT ASSESSMENT

5. The draft Pay Policy Statement puts into context, for members of the public, the arrangements the Authority has in place for setting and amending the pay of its employees. The Pay Policy Statement meets all current guidance issued by the Government to produce such documents.

RECOMMENDATIONS

6. Members are requested to:
 - 6.1 Approve the Pay Policy Statement for 2025/26 (paragraph 3 and **Appendix 1** refer).

Kent and Medway Fire and Rescue Authority Pay Policy Statement - 2025/26

Introduction

The Pay Policy Statement has been compiled in accordance with Sections 38 to 43 of the Localism Act 2011. The Act requires Kent and Medway Fire and Rescue Authority to publish a Pay Policy Statement annually. The information contained in this Statement is based on the position as of 31 October 2024, unless otherwise stated. The purpose of a Pay Policy Statement is to provide information to the public on the pay arrangements that apply to employees of the Authority, including the Chief Executive and their direct reports. The Statement also includes information on how decisions to set or change pay are made.

Structure of the Workforce

As of 31 October 2024, 1610 people worked for us. These employees span various pay groups which perform a variety of roles and have different working patterns to meet our business needs. In its simplest form these are employees who either have an operational role (such as firefighters working on fire stations, 999 operators in our Control Room and technical colleagues working in specialist areas) and wear a uniform; or those who provide administrative and customer service functions such as finance, property, information technology systems and human resources, and do not wear a uniform. A summary of the numbers in each of these categories is set out below in **Table 1**. The Authority has a third group of employees, namely the Chief Executive, and four Directors; one of whom is uniformed and the other three non-uniformed, which are not shown in the table below.

Table 1: Number of Colleagues Employed by Category as of 31 October 2024

Colleague Group	Definition	Number of Colleagues in Group
Whole-time Firefighters	Firefighters who work an average of 42 hours a week to crew stations 24 hours a day either as firefighters located at the station, or as firefighters located at the station during the day and responding from their own homes on an on-call basis at night, or who work in specialist areas such as Building Safety. This figure also includes operational officers that do not work on fire stations.	730 (710.3 full-time equivalents)
Control colleagues	Uniformed colleagues who handle 999 calls and are based at the Fire and Rescue / Police Control Centre.	41 (40 full-time equivalents)
On-call Firefighters	A duty system where firefighters respond from their own homes or workplaces located near to the fire station on an on-call basis.	436 (full-time equivalents not applicable)
Customer Services, front line prevention and protection colleagues	Colleagues who typically do not wear a uniform and largely work in administrative and professional support functions. A proportion provide fire prevention and road safety advice and offer home safety services and specialist advice for those more at risk.	403 (377.9 full-time equivalents)

Part 1: Pay

Pay Policy

The overarching framework for pay and conditions of service for colleagues employed by the Authority is governed by three National Joint Councils (NJC). These are:

- the NJC for Local Authority Fire and Rescue Services
- the NJC for Local Government Services
- the NJC for Brigade Managers of Local Authority Fire and Rescue Services.

The principal role of each of these national bodies is to reach agreement on a national framework of pay and conditions of service for authorities to apply locally. Each NJC is made up of people who represent the employers and others who represent employees; the latter typically being trade union representatives. The frameworks of pay and conditions set by each of these national bodies are locally referred to as the Grey Book (generally applies to uniformed colleagues); the Green Book (generally applies to colleagues who do not wear a uniform); and the Gold Book (applies to the Chief Executive and four Directors) respectively.

Each NJC acknowledges that its national framework of pay and conditions will need to be adjusted locally to reflect local needs. Where appropriate this will be undertaken through local agreement, with recognised trade unions where they exist, or alternatively through local decision-making processes.

The Equality Act 2010 gives women (and men) a right to equal pay for equal work. As of 31 March 2022, we conducted a review of our pay practices to ensure fairness and equity. There were no areas of concern identified as a result of this audit. A more recent equal pay audit took place in the latter half of 2024/25 and the outcomes will be reported to a future Authority meeting.

From 2017, Regulations included in the Equalities Act 2010 means that any organisation that has 250 or more employees has a legal responsibility to publish and report specific figures about their gender pay gap. The gender pay gap shows the differences in the average pay between men and women (in percentage terms) within an organisation across all types of work/colleague groups. (It is not the same as Equal Pay which is the difference between men and women who carry out the same or similar jobs or work of equal value).

Public Sector organisations must provide a snapshot for gender pay gap reporting at the 31 March for any given year. We have published our data for the snapshot as at 31 March 2024. Our data was published before the deadline date. The data indicates that we remain in a good position with a slight gap in favour of women at the median point. Similarly, in other identity pay gap reporting, (undertaken but not legally required) our gaps are small and we have proportionate representation at all levels. We remain committed to improving representation and diversifying our organisation across all teams and at all levels.

Local Variations to Pay and Conditions of Service

The national pay agreements and the terms and conditions constitute a minimum standard, but it is acknowledged that these can be modified through local negotiation to reflect local needs. There is a mechanism in place to agree such changes. However, any changes to the

pay or conditions of service of the Chief Executive and/or the Directors must be approved by the Authority's Senior Officer Appointment, Conditions and Conduct (SOACC) Committee.

Pay Structure

Each category of colleague is linked to a pay structure which is directly linked to a national pay agreement. When the pay agreement has been amended to reflect local needs, Members of the Authority are updated accordingly.

The pay structure for uniformed colleagues is based on the national pay agreement which is negotiated and issued by the NJC for Local Authority Fire and Rescue Services annually and is based upon six roles. The annual salary within each role is a fixed-point salary. This means that unless the employee is promoted, or a national pay award is agreed, the salary will remain unchanged. Employees may move up the pay structure through promotion into a higher role. For an employee to do this they must be approved by their line manager as having demonstrated the type of behaviours and skills required of an employee operating at the higher level through the monitoring of their performance, undergo a development process and then by being successful through interview for a role at the higher level.

The pay structure is different for green book colleagues and follows the NJC awards, the grading structure is locally agreed. Employees are appointed to a post which has a specific pay grade assigned to it. Within each grade there are between five and six pay points. The experience and skills of the employee are evaluated against the requirements of the job which will then determine the pay point to which they are appointed. Progression to higher pay points within the grade will be dependent on the employee demonstrating continued development and performance against the requirements of the role which is measured through the continuous monitoring of their performance.

Pay Awards 2024/25

An annual pay increase is awarded based on the outcome of the relevant national pay negotiation process. Pay awards are based upon the decisions taken at a national level by the NJCs relevant to this Authority. Green Book colleagues were awarded, as of 1 April 2024, an annual increase of £1,290 on pay points up to and including scale point 44. Beyond that scale point, the increase was 2.5%.

How are Grades and Roles Determined?

When a post is created or changes significantly it is evaluated in order that it can be matched against the appropriate grade for the role. A job evaluation process is used to determine the grade of a post. The process of job evaluation considers a range of factors relating to the demands of the job, including knowledge necessary to do the job; complexity; level of discretion in, and potential impact of, decision-making; and accountabilities in relation to people, finance and physical resources such as equipment or property. The job evaluation process ensures that the principle of equal pay for work of equal value is met and that the demands required of the post are assessed as objectively as possible. The job evaluation process includes input from trained individuals from across the organisation including union representatives.

The job evaluation process was last reviewed in September 2018. The scheme still follows the principles of the NJC scheme, but some factors have been updated to ensure the scheme better relates to specialist/professional roles.

The Authority has an Establishment Board which meets to consider and determine the future needs of everyone that works for us, what posts are needed, and which can be deleted. Where uniformed vacancies arise or will occur at some point in the future, consideration is given to the post being converted from uniformed (Grey Book) to non-uniformed (Green Book) terms and conditions.

Supporting and Encouraging Performance

The Authority supports all employees to develop and perform to the best of their ability. To do this there are management training and procedures such as Supporting Talent and Career Aspiration Conversations. All of this encourages talent management conversations to help individuals to maximise their potential and support their development, engagement and career progression.

Managers support individuals through continuous dialogue therefore giving timely feedback on performance, supporting, encouraging and checking regularly on individual's wellbeing. They also offer individual's a more in-depth career conversation, to explore how they would like to progress in the organisation on a longer-term basis. This information is collated for Grey book colleagues through the Talent Bench Review process, which is used to inform succession planning and progression.

The Authority seeks to encourage individuals to own their development with the support of their manager and the organisation. This may be through; the creation of an individual development plan to support performance/wellbeing/progression towards promotion, access to a professional qualification via Continuous Professional Development (CPD) allocated days, access to the Authority's leadership programmes or through external and internal events and workshops.

Where there are concerns about performance and an individual becomes subject to the Authority's formal capability procedure, this may have an effect on their pay, and the continued payment of CPD. CPD is designed to recognise and reward experienced employees who are able to demonstrate continuous professional development. It is expected that employees will maintain a high level of continuous professional development and commitment to their job to receive a CPD payment.

The Authority does not currently have arrangements in place for performance related pay as part of its appraisal of performance; neither does it have any arrangements in place for the payment of bonuses.

Market Premiums

In 2018 the Authority introduced the use of market premium payments for the purpose of attraction within recruitment and retention of key colleagues. The recruitment of certain specialist colleagues, particularly within the Information Technology (IT) department, has proved difficult with roles being advertised and subsequent applications being poor in quality and quantity. Therefore, a procedure to apply market premium was developed and approved through the Establishment Board. This was again reviewed in 2024 to ensure that our approach to market premiums remained competitive and took into account the total reward value of positions to enable us to consider more than simply base pay in our external market comparisons.

Senior Officers

The Authority is required to publish information relating to the pay of its most senior employees, which are defined as those employees whose annual salary is £50,000 or more. We publish this information in salary bands only, showing how many officers are in each band. The pay of the Authority's most senior officers is published with their name. This information is published on an annual basis as part of the Statement of Accounts.

The Senior Officer Appointments, Conditions and Conduct (SOACC) Committee has a specific remit from the Authority to consider and make decisions about the remuneration and terms and conditions of employment of the Chief Executive and Directors.

The pay award for the Chief Executive and Directors generally follows the recommendations of the NJC for Brigade Managers of Local Authority Fire and Rescue Services. The NJC announced a 3% pay award backdated to 1 January 2024.

Ratio between Highest Earner and Average Earnings of the Organisation and Definition of 'Lowest Paid'

The Authority is required to publish information which expresses as a ratio the difference between the pay of its highest paid employee and the average pay for all other employees. The Authority is also required to publish its own definition of 'lowest paid' employees as it applies to the Authority's workforce.

The Authority has a range of colleagues employed on different conditions of service and this means that it has a range of salary levels. Some colleagues are employed on contracts which are regarded as secondary employment. This means that they are able to undertake their contract in addition to other full-time employment. Specifically, this relates to firefighters who work the 'on-call' duty system, providing on-call availability from their home or place of work. These employees generally have full-time work outside the Authority.

The Table below sets out the difference between the pay of the highest paid employee (who is the Chief Executive) when compared to the average pay (total pay divided by the number of employees) of all other employees. The information illustrates that the Chief Executive's pay is 4.13 times more than the median pay (middle value of all salaries paid) of all other employees on 31 October 2024. Table 2 provides this information:

Table 2: Pay Ratio

	Oct-23	Oct-24	Degree of Change
Chief Executive's Salary	169,200	174,276	3%
Mean Salary	44,200	46,166	4.45%
Median Salary	40,919	42,162	3.04%
Ratio	4.13	4.13	

This ratio is calculated by dividing the Chief Executive's salary by the median salary for other colleagues (excluding overtime).

The Authority's Definition of 'Lowest Paid' Employees

The Authority regards its lowest-paid employees to be those employed on its Green Book conditions of employment. These are employees who do not wear a uniform and who work in administrative and customer service function areas. Employees can be employed on grades which range from 2 to 12. The Authority currently does not have any Grade 2 posts in its establishment. Following a review of its support and administrative roles these were re-evaluated to Grade 4, leaving only some of our apprentice posts as grade 3 roles.

The Authority recognises that the necessary training and development can be provided in-house over a relatively short period and therefore specific skills, or experience are not specified as essential at the recruitment stage. The Authority is committed to supporting all colleague's development and in addition, a number of teams have built into their structure, graded progression posts.

The salary range that applies to grade 3 is £24,473 to £26,934. The minimum hourly rate for a grade 3 role is £12.69 per hour, which is greater than the current National Minimum Wage (£6.40 to £11.44 dependent on age) and National Living Wage (21 and over is £11.44 per hour as of 1 April 2024). Consequently, the Authority has ensured that all employees, including apprentices, received no less than the National Living wage, with effect from November 2024.

The Authority has met the requirements under the Apprenticeship levy.

Part 2: Pensions arrangements

Pension Arrangements

The Authority currently administers five occupational pension schemes. There are four schemes for firefighters:

- the Firefighters' Pension Scheme 1992 (FPS) (closed to new entrants from April 2006)
- the New Firefighters' Pension Scheme 2006 (NFPS) (closed to new entrants from April 2015)
- the Modified Scheme 1992/2006 (specific to retained firefighters who served between 1 July 2000 and 6 April 2006)
- the Firefighters' CARE Pension Scheme 2015 (FPS 2015)

However, with effect from 1 April 2022, all firefighters/employees in any of the first three pension schemes were automatically be moved to the FPS15 scheme, as all these schemes other than the FPS15 are now closed. The employee contribution rates effective from 1 April 2024 for the FPS15 range between 11% to 14.5%, whilst the employer rate is currently 37.6% from April 2024.

Each scheme includes discretions which the employer decides how to apply. In July 2024 the Fire Authority approved an overarching Pensions Policy which set out the protocol for agreeing any discretions within the respective pension schemes.

Green Book colleagues have the right to belong to the Local Government Pension Scheme (LGPS). The employee contribution rates for this scheme currently ranges from 5.5% to 12.5% depending on salary level. However, the employee does have a right to choose to reduce to a 50/50 contribution, i.e. reducing their contribution to half, but this does have an impact on their benefits. The employer contribution rate will increased to 17.5% from the 1 April 2024.

A new Local Government Pension Scheme (LGPS 2014) came into effect on 1 April 2014. This Scheme is a 'Career Average Revalued Earnings' (CARE) Scheme, unlike the original LGPS which is a final salary scheme. The new LGPS 2014 scheme introduced five employer discretions which were agreed by the Fire Authority July 2024. Generally, these discretions lead to enhanced benefits to scheme members, but result in additional costs which fall to the Authority and not to the pension scheme.

Re-engagement of Employees

For Grey Book colleagues who were members of the Firefighters' Pension Scheme (1992) and New Firefighters' Pension Scheme (2006) a policy regarding re-employment and the treatment of pensions in payment has been in place since March 2010. This policy is based on the Regulations under each scheme and guidance is provided by the Government.

Where re-employment is secured, the pension is adjusted (where relevant) so that the combination of pension and new salary does not exceed the individual's salary at the time of their retirement. This adjustment process is called abatement. The process of abatement is not included in the Local Government Pension Scheme regulations and therefore does not apply to Green Book employees.

In July 2024 the Fire Authority agreed a policy in relation to pension discretions. One of the many discretions applies to abatement and as such it was agreed that the application of any discretion will require the collective approval of the Chief Executive, Director of HR and the Director of Finance, up to a net annual cost per discretion of £50k. Any discretion which exceeds that value must have prior approval from the Authority, prior to it being agreed. The agreement not to abatement pensions, is rare, and as such there are very few occasions when this has been applied. However, when it is agreed not to abate, that decision will be reviewed at least ever two years.

Part 3 Special Severance Payments

When carrying out structural change or introducing new ways of working it may result in the need to reduce the establishment through the deletion of posts and/or the re-defining of skill sets within teams. To achieve this the Authority may need to make special severance payments over and above any statutory or contractual entitlement, to enable employees to leave the organisation to support these change initiatives.

The Authority has always sought to do structural change through natural turnover and has chosen not to apply compulsory redundancy wherever possible to do so. In addition, they have used redeployment, retirement, flexible retirement and the offer of voluntary redundancy.

In 2012 the Authority agreed an enhanced redundancy package. This package includes:

- the use of the government calculator to calculate statutory redundancy based on age (maximum 61) and years' service (maximum 20)
- Average weekly pay is calculated on actual pay whereas the statutory redundancy is calculated on weekly up to a set maximum amount.
- Lump sum payment of an additional 12 weeks' pay

Those taking redundancy are entitled to statutory notice pay i.e. a maximum of 12 weeks (1 weeks' notice for each year of service). Individuals being dismissed or resigning due to other reasons will be entitled to the notice stated within their contract of employment. All notice pay is subject to tax and national insurance.

In May 2022 the government issued new guidance which relates to the making and disclosing of special severance payments by local authorities in England. This guidance sets out:

- that these payments should only be made in exceptional circumstances
- what would be included in a special severance payment
- what would be considered an exceptional circumstance
- And how payments should be disclosed and reported.

The Authority has the responsibility to ensure that special severance payments are only made when there is a clear, evidenced justification for doing so, and such payments are in the interests of the taxpayer. It must also ensure that all relevant internal policies and procedures have been followed and all alternative actions have been fully explored and documented. If in exceptional circumstances it is decided that a special severance payment should be paid, it is the responsibility of the Authority to ensure that this is fair, proportionate, lawful and provides value for money for taxpayers.

Special severance payments are payments made to an employee, worker or contractor when leaving employment in the public sector. These payments may be made in circumstances where an employee resigns, is dismissed or agrees to a termination of contract.

The following payments would not be classed as a special severance payment:

- Statutory redundancy
- Contractual or voluntary redundancy
- Payment of untaken annual leave
- Any payments made through a COT3 agreement (a settlement agreement that records the terms of settlement of an employment tribunal claim)
- Payments made as a result of an ill health retirement
- The non-working of notice period due to business reasons.
- Pension strain paid under LGPS Regulation 68(2) which results from a LGPS member's retirement benefits becoming immediately payable without reduction under Regulation 30(7), or under Regulation 30(6) where the employer has waived the reduction under Regulation 30(8). This relates to the strain costs incurred by employers when a member takes early retirement on the grounds of redundancy or business efficiency. Or where a member takes flexible retirement, and an employer decides to waive any reductions.

The following payments, however, would form part of a special severance payment:

- Any payments made under a settlement agreement which will discontinue legal proceedings without admission of fault
- The value of any employee benefits / allowances which continue beyond the agreed exit date
- Write off of any loans or hardship payments
- Any honorarium or hardship payments
- Costs incurred due to re-training or outplacement services relating to termination of employment
- Pay or compensation in lieu of notice where the amount is greater than the amount due
- Pension strain payments arising from employer discretions to enhance standard pension benefits (for example under Regulation 30(5) where the employer has waived the reduction under Regulation 30(8) or because of the award of additional pension under Regulation 31). Regulation 30(5) refers to members who are aged 55 or over and voluntarily elect to draw their retirement benefits, and accept any actuarial reductions applied to these benefits. Under this Regulation an employer can decide to waive in whole or part any reduction and cover the costs incurred. This is a mandatory requirement. Under Regulation 31, an employer can award additional annual pension to a member.

In considering whether it is appropriate to make a special severance payment the Authority must consider if the payment is a proper use of public money. Payments should be consistent with the Public Sector Equality Duty under the Equality Act 2010.

Consideration should be given to:

- Economy – there should be an economic rationale behind the proposal which considers if the individual can be exited at a lower cost, public perception, could there be a better alternative use of the money and any potential of setting a precedent.
- Efficiency and effectiveness – ensure that these payments are not avoiding management action, consider chances of legal success balanced against cost to take case to court and ensures that the payments are in line with public sector practice.

The approval process for special severance payments will be:

- Payments of £100k and above must be approved by the Authority
- £20k to £100k must be approved by the Chair of the Authority and the Chief Executive
- Less than £20k can be approved in line with the Officers Scheme of Delegations.

To avoid conflict of interest it is expected that the payment will be approved by at least two independent persons. In the case of all severance payments, it will be part of the Authority's S151 Officer, and where appropriate, the Monitoring Officer responsibility, to monitor and justify special severance payments made by the Authority.

There will be an annual collection of data relating to exit payments by the Department of Levelling up, Housing and Communities and this data will be published into official statistics through the gov.uk website.

By: Chief Executive
To: Kent and Medway Fire and Rescue Authority – 18 February 2025
Subject: POLICY AND GOVERNANCE UPDATE
Classification: Unrestricted

FOR DECISION

SUMMARY

This report covers the following governance issues:

- A. Policy Update

RECOMMENDATIONS

Members are requested to:

1. Approve the four new policies set out in table 1, paragraph 1 and **Appendices 1 to 4** refer.
2. Note the remaining contents of the report.

LEAD/CONTACT OFFICER: Head of Policy - Owain Thompson
TELEPHONE NUMBER: 01622 692121 ext. 8453
EMAIL: owain.thompson@kent.fire-uk.org
BACKGROUND PAPERS: None

COMMENTS

A. Policy Update

Lead/contact officer: Owain Thompson, Head of Policy

01622 692121 ext. 6374 owain.thompson@kent.fire-uk.org

Policies that require Members' approval

1. Since the last meeting of the Authority in October, four new policies have been developed. These have passed through the appropriate governance process, and it has been determined that they meet the threshold for requiring Members' approval. Table 1 below summarises each policy, the reason for its development and the reason for it being brought to Members for approval. A copy of each policy is attached at **Appendices 1 to 4** for Members' approval.

Table 1. Policies that require Members' approval

Policy	Summary of why developed or key changes	Reason for KMFRA approval	Department
Business Engagement Policy (V1)	New policy. Introduced to make KFRS as effective as possible in supporting businesses to meet their fire safety responsibilities. Published as V1	Oversight Relates to one of KFRS' statutory duties (fire safety regulation)	Building Safety
Intervention and Enforcement Policy (V1)	New policy written and introduced. This is an amalgamation and update of the Risk Based Inspection Policy and the Enforcement Policy and so replaces both of these policies. Published as V1	Oversight Relates to one of KFRS' statutory duties (fire safety regulation)	Building Safety
HFSV Policy (V1)	New policy introduced. Replaces old smoke alarm policy and incorporates elements of this and provides an overarching policy for home fire safety work. Published as V1	Oversight Relates to one of KFRS' statutory duties (fire prevention)	Customer Safety
Education Policy (V1)	New policy introduced to provide an overarching policy for education work. Published as V1	Oversight Relates to one of KFRS' statutory duties (fire prevention)	Customer Safety

Policies for Members' information

2. In order to ensure that they remain up-to-date and effective, the Authority's policies are revised as required based on a variety of factors, which may include changes to legislation, changes to procedures and practices, and the scheduled policy review dates. This may also include the development of new policies. Table 2 below summarises new policies, or policies that have been revised or undergone review since the last meeting of the Authority. Copies of these policies can be made available to Members upon request.

Table 2. Policies for Members' information

Policy	Summary of why developed or key changes	Department
Freedom of Information Request Policy (V7)	Policy updated and restructured to reflect current practices and improve clarity. Also brought into line with new Tier 2 Policy format.	Policy and Governance
Subject Access Request Policy (V3)	Policy updated and restructured to reflect current practices and improve clarity. Also brought into line with new Tier 2 Policy format.	Policy and Governance
Partnerships and Collaboration Policy (V1)	New policy. This replaces the Community Partnerships Policy and expands its scope to provide a policy that covers partnership working at an organisational level.	Policy and Governance
Meetings Policy (V1)	New policy. Developed to ensure a clear structure and approach to internal meetings, along with providing clarity over the types of meetings, the purpose, functions and membership of those meetings.	Policy and Governance
Accident Reporting and Investigation Policy (V1)	New policy. Developed as one of four new Tier 2 policies from the restructure of the legacy H&S framework documents.	Health and Safety
H&S: Consultation and Complaint Policy (V1)	New policy. Developed as one of four new Tier 2 policies from the restructure of the legacy H&S framework documents.	Health and Safety
H&S: Health and Safety Workplace Regulations Policy (V1)	New policy. Developed as one of four new Tier 2 policies from the restructure of the legacy H&S framework documents.	Health and Safety
H&S: Organisational Health and Safety Policy (V1)	New policy. Developed as one of four new Tier 2 policies from the restructure of the legacy H&S framework documents.	Health and Safety

Community Insight Policy (V1)	New policy. Developed to ensure that community insight activities support our statutory duties on equality and are conducted in a consistent, ethical, and effective manner to inform our overall service strategies.	Community Insights and Partnerships Team
Research Policy (V1)	New policy. Developed to establish the principles and framework for conducting research within KFRS.	Community Insights and Partnerships Team

IMPACT ASSESSMENT

3. There are no direct impacts from the contents of this paper which cannot be contained within existing budgetary provision. A people impact assessment has been completed for each policy referenced in this report. There are a range of data associated with each policy which, if falling within the scope of the Equality Act 2010 will be appropriately protected by the Authority. It is important that the Authority has strong processes in place to protect customers, and colleagues have confidence in using these policies.

RECOMMENDATIONS

4. Members are requested to:
- 4.1 Approve the four new policies set out in table 1, paragraph 1 and **Appendices 1 to 4** refer.
- 4.2 Note the remaining contents of the report.

Business Engagement Policy



Policy owned by:	Building Safety
Version 1	Tier 2 (Policy)
Policy applies to:	Employees

Introduction

Business Engagement is a proactive effort aimed at fostering a strong relationship with the business community and enhancing fire safety awareness among those with regulatory responsibilities.

This policy outlines the objectives, key messages, and engagement strategies to ensure that businesses are well-informed about their obligations under the Regulatory Reform (Fire Safety) Order 2005 and are equipped to maintain safe and compliant premises.

This policy applies to all colleagues who deliver, share, or promote business safety messages as part of their role.

Service Policy

KFRS will actively engage with businesses and the commercial sector to promote fire safety awareness, understanding, and compliance. KFRS will ensure that engagement is accessible to all businesses, including those from seldom heard and underrepresented groups. Clear and accessible advice on fire safety duties will be provided.

- **General Fire Safety Engagement:** KFRS will actively engage with partners and businesses to raise awareness and understanding of fire safety responsibilities and the regulatory framework within which they operate. This includes providing clear and accessible information about the regulations, their implications, and the potential consequences of non-compliance. Fostering a safety-conscious culture, and commitment to continuous improvement.
- **Targeted Engagement:** Priority will be given to engaging with higher-risk premises. KFRS will analyse data on audit and enforcement activity to identify emerging trends and patterns in fire safety deficiencies. By understanding these trends, KFRS will prioritise engagement at premises with a higher likelihood of non-compliance or those most likely to benefit from support, reducing the need for enforcement actions.
- **Collaborative Partnerships:** KFRS will participate in targeted fire safety campaigns and prevention initiatives, collaborating with relevant stakeholders to address fire safety risks within the business community. This includes providing tailored advice and promoting best practices to reduce the potential for fires and enforcement activity.

- **Customer Centred:** KFRS will ensure that engagement with customers is delivered in a consistent, accessible, and inclusive way. We will prioritise the needs and concerns of businesses, ensuring that our engagement efforts are responsive and relevant. We will actively challenge and address any biases that may influence our interactions with businesses, ensuring that our services are fair, equitable and inclusive.

Combining these elements, KFRS aims to foster a culture of proactive fire safety within the business community, minimise the cost of compliance, and ensure that all businesses understand and meet their legal obligations.

Organisational aim

This policy supports the organisational aim (Customer – Saving lives and reducing harm) through engagement with business owners and “responsible persons”. We will provide information to help them meet their responsibilities under fire safety legislation.

Relevant legislation and codes of practice

[Fire and Rescue Services Act 2004](#)

[The Regulatory Reform \(Fire Safety\) Order 2005](#)

[Fire Safety \(England\) Regulations 2022](#)

[Fire Safety Act 2021](#)

[Equality Act 2010](#)

[Licensing Act 2003](#)

Linked Guidance (Tier 3)

Building Safety Operating Process: Engagement (in development)

Related Tier 2 Policies

Licensing and Events Policy

Intervention and Enforcement Policy

Data inputs and controls

Measure advice and engagement opportunities through seminars and networking interactions, promote customer feedback, and evaluate and develop our services to reflect the diversity and needs of our business community and customers

Document audit information

Senior responsible manager	Area Manager, Customer and Building Safety
Authorised by	KMFRA
Direct enquiries to	Business Liaison and Insight Manager
Date first implemented	18 February 2025
Date of most recent approval (significant amendments)	18 February 2025
Review by	18 February 2028
People Impact Assessment	
Security classification	Not protectively marked
Version number	1
Version change summary	V1 (18/02/2025) New policy. Introduced to make KFRS as effective as possible in supporting businesses to meeting their fire safety responsibilities. PIA also undertaken and published.

Intervention and Enforcement Policy



Policy owned by:	Building Safety
Date implemented:	01 April 2025
Version: 1	Tier 2 (Policy)

Introduction

The Regulatory Reform (Fire Safety) Order 2005, as amended (The Order) places statutory duties upon Responsible Persons, duty holders and accountable persons to ensure that premises and relevant persons are safe in case of fire.

Kent and Medway Fire and Rescue Authority (the Authority) will always strive to support responsible persons with advice and encouragement to ensure fire safety compliance and prevent fires, however the Authority has a duty to enforce The Order. On occasions where all attempts by the Authority to assist responsible persons have been exhausted, or where there is an immediate risk to life, the Authority may choose to take enforcement action.

Service Policy

Targeting Interventions

We use a risk-based programme (Risk Based Intervention Programme – RBIP) to allocate resources and target our proactive interventions, prioritising premises that are deemed to present the greatest risk.

Our prioritisation and level of proactive intervention is based on the NFCC “Guidance on risk in the built environment, highest risk occupancies and prioritising fire safety interventions guidance” which recognising the wide range of interventions available to the Authority, and how they all contribute to reductions in risk. We also respond reactively to incidents and complaints within regulated premises and will target our ongoing respective interventions based on our findings.

Outcomes from Interventions

Each intervention, whether proactive or reactive will assess the seriousness of any fire safety deficiencies.

Based on this assessment, The Authority may serve an appropriate Enforcement Notice on the Responsible Person, which can take the form of an:

- Alterations notices
- Enforcement notices
- Prohibition notices

Our enforcement interventions will be integrated with effective fire safety prevention and response activities.

Applying the regulatory principles of good practice to enforcement

When conducting our inspection, intervention and enforcement activities we apply the following principles:

- proportionality in how we apply the law and secure compliance
- risk based targeting of our interventions
- consistency of our approach
- transparency about how we operate and what can be expected.
- accountability for our actions

We have regard to the Regulators' Code when developing the policies and procedures that guide our regulatory activities. We will encourage and promote fire safety while minimising the associated costs of providing safety from fire.

Proportionality

In our dealings with Responsible Persons and duty holders, we ensure that our enforcement action is proportionate to the risks or extent of non-compliance and to the seriousness of any breach of the law. This includes the impact of any action on the safety or standard of buildings or the safety of residents.

We expect that Responsible Persons and duty holders will adopt a sensible and proportionate approach to managing risks, and complying with the law, prioritising the most significant risks i.e., those with the potential to cause real harm to residents and others affected by their activities.

Our regulators will take particular account of how far Responsible Persons and duty holders have fallen short of what the law requires, and the severity of the non-compliance

We will also apply proportionality during emergencies to allow for effective risk management.

Consistency

We strive for consistent enforcement, treating similar situations similarly to achieve compliance. This does not mean a one-size-fits-all approach. We consider factors beyond just risk and non-compliance, such as management attitude, incident history, and the impact of enforcement actions.

To ensure fair and consistent decisions, where necessary we rely on professional judgment, peer review, and collaboration with other regulators.

Where enforcement action conflicts with the requirements of other regulators we will work with them to resolve the differences, where possible. We are mindful of potential biases and proactively challenge to avoid them in our decision-making.

Transparency

Enforcement actions will clearly outline both required actions and any prohibited activities for Responsible Persons and duty holders.

We will provide clear and timely explanations of our decisions, including reasons and required actions for compliance. Reasonable timescales will be discussed, and consequences of non-compliance will be clearly explained.

We will differentiate between legal requirements and advice to avoid unnecessary burdens on businesses.

Transparency is key. We will keep affected parties informed, subject to legal restrictions on disclosure.

Accountability

As a regulator, we are accountable for our enforcement decisions and our actions can be judged against the principles and standards set out in this policy.

We take our responsibility to enforce fire safety regulations seriously. In carrying out these duties, we adhere to [The Regulator's Code](#), aiming for transparency and fairness. If you feel we haven't met these standards, please refer to our [complaints procedure](#).

All formal fire safety Notices, including Alterations, Enforcement, and Prohibition Notices, are recorded on a Public Register in accordance with the Environment and Safety Information Act 1988.

We utilise the [NFCC National Enforcement Register](#) provided by the National Fire Chiefs Council (NFCC).

After the statutory appeal period of 21 days, we make efforts to update the Public Register. If a legal appeal is lodged against an Enforcement Notice or Alteration Notice, it will not be recorded until a decision is reached. Successful appeals result in no entry on the Public Register. Appeals must be made to the local Magistrates' Court.

Organisational aim

This policy supports and contributes to our organisational aim ("Customer – Saving lives and reducing harm ") by ensuring that, where appropriate to do so, we can undertake enforcement action to reduce the risk of fire in regulated premises and from that improve public safety and business resilience.

Relevant legislation and codes of practice

This Policy conforms with the requirements of the Regulatory Reform (Fire Safety Order 2005), as amended by The Building Safety Act 2022, The Fire Safety Act 2021, The Fire Safety (England) Regulations 2022.

- [Regulatory Reform \(Fire Safety\) Order 2005](#)
- [Building Safety Act 2022](#)
- [Fire Safety Act 2021](#)
- [The Fire Safety \(England\) Regulations 2022](#)

Related Tier 2 Policies

- Automatic Fire Alarms (AFA) Policy
- Business Engagement Policy
- Firefighter Access and Buildings Policy
- Licensing and Events Policy

Data Inputs and Controls

The following data will be used to inform compliance with, or make assessments relating to, this policy:

- Dynamics data on Prohibition
- Enforcement and alternations notices served
- National enforcement register date of Prohibition, Enforcement and Alternations notices served by Kent and Medway Fire and Rescue Authority

Document audit information

Senior responsible manager	Area Manager, Protection and Prevention
Authorised by	KMFRA
Direct enquiries to	Head of Building Safety
Date first implemented	01 April 2025. Approved by KMFRA 18 February 2025 but implementation date set for April so that this aligns with the roll out of the Risk Based Intervention Programme that will be starting in April 2025.
Date of most recent approval	18 February 2025
Review by	TBC
People Impact Assessment	
Security classification	Not protectively marked
Version No	1
Version change summary	V1 (01/04/2025) New policy written and introduced. This is an amalgamation and update of the Risk Based Inspection Policy and the Enforcement Policy and so replaces both of these policies.

Home Fire Safety Visit Policy



Policy owned by:	Customer Safety
Version 1	Tier 2 (Policy)
Policy applies to:	Employees

Introduction

Under [Part 2 paragraph 6\(2\)\(a\) and \(b\) of the Fire and Rescue Services Act 2004](#) Kent Fire and Rescue Service (KFRS) has a legal duty to provide fire prevention advice and promote fire safety. We achieve this through undertaking a programme of person-centred Home Fire Safety Visits and Safe and Well Visits.

Face to face Home Fire Safety Visits are carried out by Firefighters. Safe and Well Visits are also in person and are carried out by an Officer who works for us. During the visit, the officer will carry out a range of checks around the customer's home, such as testing smoke alarms and making sure existing smoke alarms are located in the best place. The entire service including any equipment fitted is provided as free of charge directly to the resident; smoke alarms are not provided to landlords or housing providers.

There are approximately 1.8 million people living in Kent and Medway. Resources must therefore be prioritised to where the risk is greatest. This is the purpose of our targeted home fire safety visit programme. The Home Fire Safety Visit is focussed on a specific range of fire-safety related issues. The Safe and Well Visit is more comprehensive, and the team installs specialist equipment for those identified as more at risk, creating safer living environments.

Service Policy

KFRS has a legal duty to provide fire prevention advice and promote fire safety and we do this by operating a dedicated function to book and deliver Safe and Well and Home Fire Safety Visits. The aim is to improve the safety, health and wellbeing of communities and to reduce the number of fires in the home and the number of injuries and deaths occurring as a result. To support customers and address risks our safeguarding policy details how KFRS meets lawful responsibilities and the arrangements in place to safeguard and promote the welfare of children, young people and adults at risk. The advice given during visits extends to making referrals and signposting to other agencies when required.

Safe and Well visits are often more complex and longer in duration, requiring a case management approach when planning revisits and following up on referrals made. Revisits focus on behaviour factors and how the person implements and sustains change in home factors following an initial visit.

A Customer Safety Team is in place to deliver this function, the team will also support stations and all team members with the responsibility of delivering visits to be suitably trained in the areas covered by the visits.

1. Identify those at greatest risk and prioritise free home fire safety visits for customers who meet specified high risk criteria.

We use information on accidental dwelling fires combined with lifestyle profiling data to target the highest-ranking postcodes in each station reporting area.

We have in place processes to receive referrals requests from partner agencies (e.g. NHS, Police, Social Services, housing providers and care agencies) and other KFRS teams.

2. Respond to requests directly from customers, from their family members or carers, and referrals from partner agencies within set timeframes.

We adhere to [Person Centred Guidance](#) and NFCC position statements, monitoring performance monthly and reviewing annually to benchmark ourselves against other services. We apply our professional experience and knowledge, as well as research on human behaviour and fire in the home consistently to prioritise resources.

3. Be accessible and inclusive so everyone in the community can access tailored advice on how to keep safe from fire.

We encourage customers not eligible for a face to face visit to use the Online Home Fire Safety Check and provide website advice and printed materials, ensuring all customers can access fire prevention advice on request.

4. Take a person-centred approach to fitting smoke alarms and other equipment to reduce risk.

We undertake a person-centred risk assessment that is tailored to each customer, their needs, and the living environment. As part of this we provide a combination of advice and equipment that considers recognised minimum standards and is appropriate to the circumstances and risks identified.

5. Monitor and evaluate the effectiveness and efficiency of prevention activity.

We gain feedback from customers and collect data to demonstrate the impact of Home Fire Safety Visits.

Organisational aim

This policy supports and contributes to our organisational aim ("Customer – Saving lives and reducing harm ") by ensuring that we have a process to identify those who are most at risk in the community and then effectively prioritise resources to address those risks and keep people safe. The provision of a programme of HFSVs is also a key aspect of meeting our statutory duty set out in Section 6 of the Fire and Rescue Services Act 2004, to actively promote fire safety and fire prevention strategies. This will improve the safety, health and wellbeing of communities, leading to a reduction in incidents, injuries, serious injuries and fatalities.

Relevant legislation and codes of practice

[Fire and Rescue Services Act 2004](#)
[Equality Act 2010](#)

Linked Guidance (Tier 3)

Home Fire Safety Visit Targeting
 Safe and Well Visits
 Smoke Alarm Guidance

Related Tier 2 Policies

Safeguarding Policy

Data Inputs and Controls

The following data will be used to inform compliance with, or make assessments relating to, this policy:

Risk data on:

1. Number of Safe and Well and Home Fire Safety Visits completed.
2. Number of referrals and requests for visits received.
3. Number and timeliness of attempts made to contact and visit customers.
4. Number of online home fire safety checks completed.
5. Number of alarms provided.

Lifestyle profiling data (including Mosaic)

Incident data on number of accidental dwelling fires and number of serious injuries and deaths resulting from accidental dwelling fires.

Document audit information

Senior responsible manager	Area Manager – Protection, Prevention and Customer Engagement
Authorised by	KMFRA
Direct enquiries to	Customer Safety Lead
Date first implemented	18 February 2025
Date of most recent approval	18 February 2025
Review by	18 February 2028

People Impact Assessment	PIA for Home Fire Safety Visit (HFSV) Policy
Security classification	Not protectively marked
Version change summary	<p>V1 (18/02/2025) new policy introduced. Replaces old smoke alarm policy and incorporates elements of this and provides an overarching policy for home fire safety work.</p> <p>PIA undertaken.</p>

Education Policy



Policy owned by:	Protection, Prevention and Customer Engagement
Version 1	Tier 2 (Policy)
Policy applies to:	Employees

Introduction

Education refers to the objectives and key messages shared by Kent Fire and Rescue Service (KFRS) in order to promote safer behaviours and develop external customers' understanding of how to stay safe with regard to fire and other emergencies. KFRS will share, promote and teach objectives in partnership with relevant agencies, bodies and stakeholders

KFRS has a responsibility to ensure that safety education is delivered in a consistent, accessible and inclusive way acknowledging customers' requirements to maximise the learning opportunity to minimise harm.

KFRS delivers safety education that develops customers awareness and knowledge, with a strong emphasis on fostering behavioural change.

KFRS strives to deliver effective, defined and strategic communication and engagement which is informed by education objectives and behaviour change. This includes our statutory duty to warn and inform the public about incidents that may impact them.

The policy applies to all colleagues who deliver, share or promote education objectives as part of their role including Education, Engagement including Volunteers, Customer Safety, Community Insight and Partnerships, Building Safety and Operational teams.

Service Policy

KFRS have a dedicated team who develop and deliver safety education (related to fire and other emergencies) to customers across the county.

An education initiative or engagement will need to adhere to the following:

Meet the NFCC strategic objectives regarding education and/or the objectives detailed in the Prevention, Protection and Engagement standard

KFRS will acknowledge and adhere to the strategic intent outlined by the NFCC with regard to Children and Young People as well as the objectives detailed in the Prevention, Protection and Engagement Fire Standard

Be consistent in its delivery of appropriate education objectives

KFRS will set clearly defined education and engagement objectives (informed by

research, data and/or behaviour change methodology) that informs the direction taken by all teams involved. KFRS commits to working collaboratively to ensure education delivered is impactful and effective.

Promote safe strategies and safer behaviours

KFRS will promote safer behaviours through education avoiding the use of shock tactics. Education initiatives and engagements will promote safe strategies with customers – modelling their use and effectiveness.

Be accessible and inclusive in its design and delivery of education initiatives and engagements

KFRS will plan and deliver inclusive, risk informed education initiatives which respond to the customers' needs and requirements.

Be designed and delivered by colleagues/volunteers who understand their role in supporting education and promoting safer behaviours.

KFRS will provide colleagues with appropriate direction regarding education objectives. We will equip colleagues with the necessary guidance, materials and/or resources to reinforce key objectives and maximise learning opportunities within their role.

Organisational aim

This policy supports and contributes to the organisational aim which focuses on saving lives and reducing harm. The organisation aims to meet this objective by ensuring that fire safety and other safety education is provided to all customers. A consistent programme of safety education and related initiatives are key to KFRS meeting the statutory duty set out in Section 6 of the Fire and Rescue Services Act 2004 – which documents the requirement to actively promote fire safety and fire prevention strategies.

This policy is also underpinned by the guiding prevention principles outlined in the Community Risk Management Plan.

Relevant legislation and codes of practice

[Children Act 1989](#) and [Children Act 2004](#)

[Data Protection Act 2018](#)

[Equality Act 2010](#)

[Fire and Rescue Services Act 2004](#)

[Fire Safety \(England\) Regulations 2022](#)

[Policing and Crime Act 2017](#)

[Safeguarding Vulnerable Groups Act 2006](#)

[Serious Violence Duty](#)

[United Nations Human Rights Convention on the Rights of the Child 1989 \(Article 12\)](#)

[Working Together to Safeguard Children 2023](#)

Underlying Tier 3 (Guidance) documents

Education for Children and Young People
Education for Customers Post 18

Related Tier 2 Policies

Building Safety Business Engagement

Data Inputs and Controls

- Evaluation and Impact outcomes for new and revised education programmes/packages
- Quality Assurance outcomes related to the delivery of education programmes/packages
- Quarterly customer feedback data related to education delivery and engagements
- Customer impact data through use of attitudinal and/or knowledge surveys
- Key Performance Indicators related to education delivery (including number of schools and education establishments with people at the highest risk visited in an academic year; the number of schools and education establishments accessing virtual or digital education materials)

Document audit information

Relevant Head of Section	Area Manager – Protection, Prevention and Customer Engagement
Authorised by	KMFRA
Direct enquiries to	Education Manager
Date first implemented	18 February 2025
Date of most recent approval	18 February 2025
Review by	18 February 2028
People Impact Assessment	Education Policy PIA.docx (sharepoint.com)
Security classification	Not protectively marked
Version change summary	V1 (18/02/2025) new policy introduced to provide an overarching policy for education work. PIA undertaken.

By: Chief Executive
To: Kent and Medway Fire and Rescue Authority – 18 February 2025
Subject: AMENDMENT OF CARBON NEUTRAL TARGET
Classification: Unrestricted

FOR DECISION

SUMMARY

This report seeks Members' approval to amend the Authority's target to become carbon neutral to 2050 from the previous target date of 2030.

The UK government has pledged to reduce its greenhouse gas emissions to net zero by 2050, and a majority of local authorities across Kent and Medway have aligned their targets with this.

A considerable amount of work has been undertaken to understand the scope of and scale of the work and investment needed to reduce our carbon impact, including a 'carbon roadmap report'. From this it has now become evident that the scale of this issue and spending required makes it unrealistic to meet our initial target of 2030.

We are committed to achieving carbon neutrality and will continue to make improvements as part of our planned maintenance programme, this includes ongoing upgrades to LED lighting during refurbishments and upgrading our estate infrastructure to support a future electric vehicle fleet.

RECOMMENDATION

Members are requested to:

1. Approve the proposal to amend the Authority's target to become carbon neutral from 2030 to 2050, which will align us with the UK Government and the majority of local authorities in Kent and Medway.

LEAD/CONTACT OFFICER: Head of Property – Kirstie Loft

TELEPHONE NUMBER: 01622 692121 ext. 8383

EMAIL: Kirstie.Loft@kent.fire-uk.org

BACKGROUND PAPERS: None

COMMENTS

Background

1. In conjunction with other local authorities across Kent and Medway, in 2020 we declared a climate emergency. We also set ourselves a goal to become carbon neutral and developed a Climate Action Plan to achieve this. At this time, we set ourselves the ambitious target date of 2030, however, this does not align us with the majority of our partners who are working to 2050 (see table 1).

Table 1. Target dates for local authorities across Kent and Medway

Organisation	Target date
Kent County Council	2050
Medway Council	2050 (net zero)
Ashford Borough Council	2050
Canterbury City Council	2050
Dartford Borough Council	2050
Dover District Council	2050
Folkestone and Hythe District Council	2030
Gravesham Borough Council	2050
Maidstone Borough Council	2041
Sevenoaks District Council	2050 (net zero)
Swale Borough Council	2030
Thanet District Council	2030
Tonbridge and Malling Borough Council	2030
Tunbridge Wells Borough Council	2030 (net zero)

2. 'Carbon neutral' means that all the carbon emissions generated are offset, either by reducing carbon emissions, or by counteracting emissions through carbon absorbing projects such as sustainable reforestation. To be carbon neutral, an organisation should be considering their own direct emissions, as well as those that their suppliers create in relation to their business and their customers create by using their products. Consequently, this requires a wide range of measures that are co-ordinated and implemented across several areas of investment, spending and activity.
3. To achieve carbon neutrality, we need to reduce emissions to as low as possible and then offset any remaining emissions that cannot be reduced. We have considered the option of investing in carbon offsetting, but at over £7m this is not a realistic or not a viable option as this time.
4. In addition, the estimated cost to upgrade building fabric and services to meet the 2030 target are approximately £19m, a figure that the Authority would not be able

to fund, and which would significantly impair the delivery of our statutory duties and core services, including recruitment, operational equipment and training.

5. We appointed a firm of energy management consultants (LASER), who carried out a project to calculate KFRS' carbon footprint and to identify and model specific ways in which this could be reduced.
6. Following this the Authority recently secured grant funding for decarbonisation specialists to complete decarbonisation plans for all sites within our estate, which will identify areas for improvement and associated costs.
7. We will continue to work with decarbonisation specialists to develop an affordable and realistic long-term strategy to move towards achieving carbon neutrality in line with our revised target. However, this must be done in a way that does not compromise the essential investment that is continually needed in our frontline services. Any futures strategy will need to identify and utilise grant funding to reduce the very large (approximately £26m at current prices) budgetary impact of these investments.
8. Our move to carbon neutrality will be assisted through the continued investment in our fleet, where as part of scheduled cycles of upgrades we will be acquiring ever more fuel efficient and reduced emissions vehicles.
9. We will also continue to make marginal gains through education and behavioural change work among all our colleagues as well as encouraging environmentally sustainable practices by our suppliers.
10. Through aligning our target date with our partners, there is greater scope for co-ordinated action, which through increased scale has the opportunity to be more efficient and have greater impact to benefit of all.

IMPACT ASSESSMENT

11. Under current plans, there is a neutral environmental impact on estate decarbonisation as we are not making a positive impact through investment at this time, other than that secured through grant funding.
12. The current investment plan in fleet decarbonisation will have a positive impact on the environment, and funding has been ringfenced to invest in upgrading the estate infrastructure, to include electric vehicle charging points. In the meantime, we will continue to move towards an increasingly electrified fleet of vehicles as we move forward, but it is likely to be some considerable time before the vehicle fleet is fully electric.
13. If, however, we were to consider borrowing externally to finance investments which would help contribute to the target of carbon neutrality by 2050, each £10m of investment could cost in the region of £450k per annum in interest alone, plus

whatever amount was needed to be set aside for the repayment of the debt over the required timeframe.

14. As the financial outlay required to deliver carbon neutrality is prohibitive at this point in time, it is highly likely that any significant investment will only be achieved if external grants are available. The Authority, will however, continue to consider the viability of options that may arise, when the infrastructure plan is reviewed on an annual basis.

RECOMMENDATIONS

15. Members are requested to:

- 15.1 Approve the proposal to amend the Authority's target to become carbon neutral from 2030 to 2050, which will align us with the UK Government and the majority of local authorities in Kent and Medway.

By: Clerk to the Authority
To: Kent and Medway Fire and Rescue Authority – 18 February 2025
Subject: ADOPTION OF THE MEMBERS' ALLOWANCES SCHEME FOR 2025/26
Classification: Unrestricted

FOR DECISION

SUMMARY

This report proposes formal adoption of the Member Allowances Scheme for 2025/26.

RECOMMENDATION

Members are requested to:

1. Agree to re-adopt for 2025/26 the existing Members' Allowances Scheme as set out in **Appendix 1** to this report (paragraph 2 refers).

LEAD/CONTACT OFFICER: Clerk to the Authority – Marie Curry
TELEPHONE NUMBER: 01622 692121 ext 8291
EMAIL: marie.curry@kent.fire-uk.org
BACKGROUND PAPERS: None

COMMENTS

Background

1. It is a requirement of The Local Authorities (Members' Allowances) (England) Regulations 2003 that every local authority must formally adopt a new Members' Allowances Scheme each year.

Members' Allowances Scheme

2. The Authority last agreed a review of its Members' Allowances Scheme in February 2024 where it was agreed to adopt the new Scheme to cover the whole of the four-year period from 1 April 2022 to 31 March 2026. At this time there are no major changes proposed to the Scheme for 2025/26 with the exception of any inflationary increases in line with the annual pay award to the Authority's 'Green Book' (non-uniformed) staff. The existing Scheme is attached for Members' approval at **Appendix 1**.

IMPACT ASSESSMENT

3. As no changes are proposed to the Members' Allowances Scheme, there are no new resource implications, and payments under the current Scheme have been taken into account in the proposals for the Authority's budget for 2025/26.

RECOMMENDATION

4. Members are requested to:
 - 4.1 Agree to re-adopt for 2025/26 the existing Members' Allowances Scheme as set out in **Appendix 1** (paragraph 2 refers).

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

SCHEME OF MEMBERS' ALLOWANCES PAYABLE FROM 1 APRIL 2022 TO 31 MARCH 2026

Basic Allowance: £1,670.52 per annum for 2024/25
(there will be an inflationary increase wef 1 April 2025, based on the Green book pay award)

Notes

- (1) Payable to all Authority Members to cover their time commitment on KMFRA duties and any miscellaneous expenses incurred in pursuit of KMFRA business such as office equipment, stationery, and day-to-day subsistence.
- (2) Members must serve 14 consecutive days on the Authority before they become eligible to receive Basic Allowance. For those who meet that requirement the allowance will be backdated to the date of their appointment.

Special Responsibility Allowances (SRAs) (subject to annual inflationary increases and paid in addition to the Basic allowance)

Post-holder	% of Chairman	Allowance (per annum for 24/25) £
Chair of the Authority	100	£21,906.84
Vice-Chair of the Authority	40	£8,762.76
Opposition Group Leader (receives the sum of both elements if they apply)	30	£6,572.05 plus £319.43 for every Member above two (inflation applied each year).

Notes:

- (1) Members may only receive one SRA at any one time no matter how many offices within the KMFRA that Member may hold.
- (2) Basic Allowance and SRAs will be increased by the same percentage, and on the same dates, as the annual pay award to the Authority's 'Green Book' (non-uniformed) staff.
- (3) Allowances may be rounded up or down where necessary for payment purposes.

Travel and Subsistence Allowances

Members' Private Vehicles

Mileage is reimbursed at His Majesty's Revenue and Customs (HMRC) approved rates. At the date of approval of this scheme these rates were:

Cars:	45p per mile for the first 10,000 miles per annum and 25p thereafter (with an additional 5p per mile for journeys where another Member is carried as a passenger on official business)
Motorcycles:	24p per mile
Bicycles:	20p per mile

Public Transport

Rail (standard class only), bus and taxi (where no other means of transport available) fares reimbursed as incurred, subject to tickets/ receipts being submitted wherever possible.

Eligible Duties for Claiming Travel Allowance

- All official Authority meetings, and all Committee, Panel, etc meetings as a Member of that Committee, Panel, etc.
- Other meetings or events relating to the business of the Authority and authorised by the Authority or called by the Chief Executive or Clerk.
- Briefing sessions in respect of official Authority, Committee and Panel meetings attended by KMFRA office-holders in relation to the responsibilities for which they receive SRAs.
- Meetings of all outside bodies to which the Member is appointed by KMFRA, except where those bodies have their own expenses schemes.

Subsistence

No allowance payable for day-to-day subsistence because an element for this has been included in the Basic Allowance. However, Members may claim direct reimbursement of actual expenditure incurred on non-routine subsistence, eg when away overnight on KMFRA business, subject to receipts being submitted.

General Notes

- (1) Allowances are only payable for the period during which a Member holds office and Members may be required to refund any over-payments of allowances made to them.
- (2) Where a Member of the Authority is also a Member of another authority, that Member may not receive allowances from more than one authority in respect of the same duties.
- (3) Any Member may choose to forgo all or part of his or her entitlement to allowances by giving notice in writing to the Clerk.
- (4) Members' private vehicle mileage is reimbursed at the HMRC approved rates and will change automatically from time to time as those rates change.
- (5) Travel Allowances must be claimed before the end of the financial year in which they become payable, or within six months, whichever is the shorter.

By: Clerk to the Authority

To: Kent and Medway Fire and Rescue Authority – 18 February 2025

Subject: REVIEW OF THE AUTHORITY'S STANDING ORDERS AND THE
AUTHORITY'S CODE OF CONDUCT FOR MEMBERS

Classification: Unrestricted

FOR DECISION

SUMMARY

Following comprehensive reviews of the Authority's Code of Conduct for Members and the Authority's Standing Orders, Members are requested to consider and approve the updated versions, which are presented as appendices to this report.

RECOMMENDATIONS

Members are requested to:

1. Approve the proposed amendments to the Authority's Standing Orders (paragraph 3 and **Appendix 1** refer).
2. Approve the proposed amendments to the Authority's Code of Conduct for Members (paragraphs 4 and 5 and **Appendix 2** refer).

LEAD/CONTACT OFFICER: Clerk to the Authority – Marie Curry
TELEPHONE NUMBER: 01622 692121 ext 8291
EMAIL: marie.curry@kent.fire-uk.org
BACKGROUND PAPERS: None

COMMENTS

Background

1. At the February 2024 meeting of the Authority, updates were made to the Terms of Reference for the Senior Officer Appointment, Conditions and Conduct Committee (SOACC), the Terms of Reference for Hearings Panel as well as the introduction of a new Disciplinary Policy for Senior Officers. Additionally, some minor changes were also made to the Authority's Standing Orders to reflect the above revisions.
2. Since then, the Authority's Monitoring Officer was tasked with conducting a more in-depth review of the Authority's Standing Orders and the Authority's Code of Conduct for Members to ensure these documents remain up-to-date and align with current legislation.

Standing Orders

3. As part of the review of the Standing Orders, the Monitoring Officer compared governance documents from several Combined Fire Authorities as well as Kent County Council (KCC) and Medway Council. The proposed amendments to the Authority's Standing Orders are attached at **Appendix 1** for Members' consideration.

Kent Code

4. In 2019, The Committee on Standards in Public Life (CSPL) published its review into Local Government Ethical Standards. Whilst most of the recommendations in the report were directed at central government, one recommendation was for the Local Government Association (LGA) to update its Model Code of Conduct. This led to a consultation in 2020 and the publication of a revised version of the LGA Code.
5. In response, the Kent Secretaries Group reviewed the LGA Model and subsequently recommended changes to the Kent Code. These recommendations were considered and adopted by Kent County Council in May 2024. This Authority's Code of Conduct for Members is based on the Kent Code. Taking these amendments into account and following the review undertaken by the Monitoring Officer, proposed changes to this Authority's Code of Conduct for Members is attached at **Appendix 2** for consideration.

IMPACT ASSESSMENT

6. There are no new resource implications arising from these updates.

RECOMMENDATIONS

7. Members are requested to:
 - 7.1 Approve the proposed amendments to the Authority's Standing Orders (paragraph 3 and **Appendix 1** refer).
 - 7.2 Approve the proposed amendments to the Authority's Code of Conduct for Members (paragraphs 4 and 5 and **Appendix 2** refer).

KMFRA Standing Orders Review October 2024

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

STANDING ORDERS

1. PREAMBLE

- 1.1 The Authority is constituted under the Kent Fire Services (Combination Scheme) Order 1997. The Order mandates that a maximum of 25 Members of the Authority should be appointed by the two constituent authorities, Kent County Council and Medway Council, proportional to their respective local government electorates. This results in 21 Members being appointed by Kent County Council and 4 by Medway Council.
- 1.2 Members of the Authority must adhere to the Authority's Code of Conduct for Members and Members Handbook in the performance of their official duties for and on behalf of the Authority.
- 1.3 The Kent Police and Crime Commissioner (KPCC), is appointed as a Member of the Authority as set out in the Combined Fire and Rescue Authorities (Membership and Allowances) (Amendment) Regulations 2020. The KPCC is not subject to the rules of proportionality.

2. ORGANISATION OF THE AUTHORITY

- 2.1 The Authority shall normally meet three times a year, but additional meetings may be held as the Authority decides. Meetings shall normally be held at the Authority's Headquarters unless otherwise published. The programme of meetings shall be determined annually by the Authority.
- 2.2 The Authority may appoint Committees to carry out any aspect of its business except that the decisions on the annual budget and the amount of council tax to be charged each year shall only be taken at a full meeting of the Authority.
- 2.3 The Authority shall determine the size and political composition of its Committees and Panels, and Members shall be appointed to serve on these Committees and Panels by the Clerk, on the nomination of the appropriate political group(s).
- 2.4 Committees shall decide the time, date and place of their meetings.
- 2.5 Committees may not appoint Sub-Committees without the consent of the Authority.
- 2.6 All matters relating to the appointment and terms and conditions of the employment of the Chief Executive and Directors (Gold Book Officers) shall be dealt with by a Senior Officer Appointment, Conditions and Conduct (SOACC) Committee, whose chair shall be the Chair of the Authority.

- 2.7 Any allegation of gross misconduct by either the Chief Executive, a member of Corporate Management Board (including Section 151 Officer) or Monitoring Officer, shall be dealt with **in accordance with the Senior Officer Misconduct Procedures (as amended or replaced from time to time)** and by a Hearings Panel, whose chair will be the Vice-Chair of the Authority. The Panel will comprise of Members who have had no previous involvement with the case concerned **and an Independent Person or legal advisor**. The Members of the Hearings Panel will be decided **in accordance with its Terms of Reference (as amended or replaced from time to time)**. .
- 2.8 Any appeal against a finding of gross misconduct by either the Chief Executive, a member of Corporate Management Board (including the Section 151 Officer) or Monitoring Officer, shall be dealt with by **Members** the SOACC Committee who have had no previous involvement with the case concerned. The chair shall be the Chair of the Authority **in accordance with the Senior Officer Misconduct Procedures**.
- 2.9 A vacancy in an office of Chair or Vice-Chair of the Authority or one of its Committees shall be filled at the next meeting of the body concerned.
- 2.10 The Chair, or in his or her absence, the Vice-Chair, of the Authority shall preside at all full meetings of the Authority.
- 2.11 If both the Chair and Vice-Chair are absent from a meeting of the Authority or any Committee or Panel, then a Chair for the meeting shall be elected from those Members present.
- 2.12 The quorum for a full meeting of the Authority shall be one-third of the total number of Members, rounded up to the nearest whole number, and shall include at least one Member from each of the constituent authorities. The quorum for a meeting of a Committee shall be one half, and in the case of a Committee or Panel comprising an odd number, the nearest whole number above one half of the appointed Members.
- 2.13 If, at the end of 30 minutes from the designated start time for any meeting, a quorum is not present the meeting will not take place and consideration of any business on the agenda for the meeting will be adjourned to a date and time fixed by the Chair or, if the Chair does not fix a date and time, to the next full meeting of the Authority, Committee or Panel, as appropriate.
- 2.14 If during any meeting of the Authority there is no longer a quorum present the meeting will stand adjourned. The consideration of any business not transacted will be adjourned to a date and time fixed by the Chair at the time the meeting is adjourned or, if the Chair does not fix a time, to the next full meeting of the Authority, Committee or Panel, as appropriate.
- 2.15 Any Member of the Authority may attend any meeting of a committee, except that a committee considering an item of business that is exempt because it relates to the personal affairs of an individual employee, or past or prospective employee, may resolve to exclude Members other than Members of that Committee.

- 2.16 Members exercising their right to attend a meeting under these Standing Orders, shall not be entitled to vote and may speak only with the permission of the Chair.
- 2.17 Members of Committees may appoint substitutes to attend Committee meetings in their place in accordance with a scheme approved by the Authority. Substitutes are not permitted at full Authority meetings.
- 2.18 All full meetings of the Authority, its Committees and Panels shall be convened by the Clerk of the Authority or their representative, who shall issue the official documents for Members' consideration. The documents shall normally be dispatched to Members at least five days before the meeting.
- 2.19 Any Member of the Authority wishing to include an item on the agenda for a meeting must give notice of it to the Clerk of the Authority ten days before the meeting. Items must be relevant to the functions of the Authority.
- 2.20 Business that is not specified in the agenda for a meeting may not be introduced without the consent of the Chair. Where the Chair decides that there are special circumstances, an item of business not included on the agenda may be considered as a matter of urgency as long as the reason is specified at the time and in the Minutes.
- 2.21 All Members who attend a full meeting of the Authority, Committee or Panel shall sign their names in the attendance record for the meeting or otherwise ensure that their attendance is recorded by the Clerk of the Authority.
- 2.22 **Members must notify the Clerk of the Authority in advance if they are unable to attend a meeting of the Authority, its Committees and Panels, providing a reason for their absence.**
- 2.23 **If a Member fails to attend three consecutive meetings without valid reason or prior notification, the matter will be referred to the Chair of the Authority for further action.**

3. MOTIONS

- 3.1 **All Motions and amendments to Motions intended for discussion at a meeting must be submitted in writing to the Clerk of the Authority no later than five days prior to the date of the meeting.**
- 3.2 **Late Motions and amendments shall not be considered at the meeting unless the Chair, at their discretion, determines that the matter is of such urgency that it warrants immediate discussion.**
- 3.3 Motions and amendments to motions shall be formally proposed and seconded. They must be worded so that the meeting, if it agrees, can pass them as valid resolutions. If they are not, then the Chair shall rule them out of order.
 - a. **Motions shall be relevant to the item of business under discussion. The Chair may reject a Motion or amendments to a Motion if deemed inappropriate or unsuitable in form, vexatious, frivolous, disrespectful or offensive to the**

- Authority.** They must not seek to rescind in whole or in part any resolution passed within the previous six months.
- b. The Chair shall not be precluded from proposing a Motion nor the Chief Executive, Clerk or Treasurer from recommending decisions made necessary by changed circumstances since a previous decision was taken.
- 3.2 If requested by the Chair, the proposer of a motion or amendment must give a written copy of it to the Clerk.
 - 3.3 A proposer may withdraw or change a motion or amendment, provided this is agreed by the seconder at the meeting and the meeting consents. A motion may not be withdrawn or changed while a proposed amendment is undecided.
 - 3.4 During the debate of a motion or amendment no other substantive motion may be put.
 - 3.5 No amendment shall be proceeded with: -
 - a) Unless it is relevant to, and consistent with, the motion on which it is moved.
 - b) If it would result in the introduction of a new subject or subjects.
 - c) If it would effectively negate the motion before the meeting.
 - d) If it would have the effect of rescinding a previous resolution.
 - e) If the proposer of the original motion has exercised his or her right of reply.
 - 3.6 If an amendment is rejected, further amendments may be proposed on the original motion.
 - 3.7 If an amendment is carried, it shall take the place of the original motion and become the substantive motion. This revised motion may be subject to proposals for further amendment provided that they do not revive the original motion.
 - 3.8 No further proposals for amendments shall be permitted if an amendment is already before the meeting but has not been dealt with.
 - 3.9 If an amendment is not carried, and there are no further amendments, the substantive motion shall be put to the meeting.
 - 3.10 Members shall speak no more than once on any report, motion or amendment unless invited to do so by the Chair or unless they wish to: -
 - a) Speak on a point of order, which is a suggestion that a provision of these standing orders or of the law governing the Authority's proceedings is being breached.
 - b) Make a personal explanation.
 - c) Propose or second, without further speaking, that the press and public be excluded from the meeting during consideration of the item of business.
 - d) Exercise a right of reply. (Note: The right of reply does not give the proposer of a motion the right to speak more than once on each amendment).
 - 3.11 The seconder of a motion or an amendment may reserve their speech until later in the debate on that motion or amendment provided, they declare their intention

to do so. This right lapses if not claimed before the reply by the proposer of the motion.

3.12 The following shall apply: -

- a) Any Member, except the proposer or seconder or a Member who has already spoken on a motion or amendment under consideration, may move that “the question now be put” or that consideration be deferred.
- b) No debate is permitted on a motion that “the question now be put”. Once proposed and seconded the Chair must put it to the vote immediately.
- c) If a motion that consideration be deferred is proposed and seconded, a Member who has seconded the motion or amendment under discussion and who has reserved their speech may speak; the proposer of the motion may then speak to the motion to defer. No other Member may speak and the Chair must then put the deferral motion to the vote.
- d) If a motion “that the question now be put” is carried, a Member who has seconded a motion or amendment under discussion but who has reserved his or her speech may speak; the proposer of the motion may then exercise his or her right of reply. No other Member may speak and the Chair must then put the motion or amendment to the vote.

3.13 If a motion is amended, the proposer of the successful amendment shall not have a right of reply.

3.14 A Member who proposes a motion shall have a right of reply at the end of the debate on each amendment and immediately before the motion is put to the vote. In exercising that right of reply, the Member may only comment on points made during the debate. (Note: The proposer of an amendment to a motion does not have a right of reply to the debate on the amendment).

4 DECISIONS AND VOTING

4.1 A decision may be taken by consensus, the Chair stating their understanding of the consensus of the meeting. If any Member requests, the question shall be decided by a show of hands by a majority of voting Members present. Immediately after a vote has been taken any Member may ask that the way their voted shall be recorded in the Minutes. If one-third of the Members present so request, the way all Members voted shall be recorded.

4.2 If the votes for and against are equal, the Chair shall have a second or casting vote.

4.3 A member may require his opposition to a decision of the Authority or a Committee to be recorded in the minutes.

5 CONDUCT AT MEETINGS

- 5.1 Members shall recognise the authority of the Chair for the conduct of the meeting.
- 5.2 The Chair shall put the question that the minutes of the last meeting be approved as a correct record. No discussion shall take place upon the minutes except upon their accuracy and any question of their accuracy shall be raised by motion. Members shall address the Chair when speaking. Questions and comments must be relevant to the matter under discussion.
- 5.3 The Chair may call a Member to order and direct them to stop speaking if the Chair considers that Member's behaviour to be unacceptable.
- 5.4 If a Member disregards the authority or ruling of the Chair, the Chair may propose "that the Member (named) leave the meeting". The motion must be seconded by another Member and put to the vote without discussion. If it is carried, the named Member must immediately leave the room.
- 5.5 No matter relating to a particular officer or employee of the Authority shall be discussed at a meeting of the Authority or a Committee until the meeting has decided whether or not to exclude the press and public under Section 100(A) of the Local Government Act 1972.
- 5.6 Reporting on or recording of a public meeting of the Authority or Committee by members of the press or public is allowed, provided it is done in accordance with the Authority's Regulations on the Rights of the Public to Report on Meetings (published on the Authority's website).
- 5.7 The Chair's ruling on the interpretation and application of these Standing Orders at meetings is final. This includes a ruling on any point of order or explanation.

6. PUBLIC PARTICIPATION

- 6.1 At an open meeting of the Authority and subject to the following paragraphs, questions may be asked, or statements made by any member of the public – individuals, representatives of voluntary and other external organisations, including businesses.
- 6.2 Up to fifteen minutes will be allowed in total for questions/statements and each person will be allowed a maximum of 3 minutes to speak.
- 6.3 Speakers will be invited on a first come, first served basis.
- 6.4 Anyone wishing to speak should make a request in writing to the Clerk no later than 12 noon, five days before the meeting, including their name and contact details and the details of any question or comment.
- 6.5 All the questions and comments should be clear, concise and relevant to the agenda of the meeting. Only one question or comment may be allowed per speaker.
- 6.6 The Chair may reject a question if deemed inappropriate or unsuitable in form, vexatious, frivolous, disrespectful or offensive to the Authority.

- 6.7 The Authority or a Committee may, by resolution, exclude the Press and public from a meeting during an item of business upon a motion being made and seconded by the majority agreeing that their presence would likely reveal exempt information as defined in Section 100I of the Local Government Act 1972.
- 6.8 If a Member of the public interrupts a meeting, or otherwise behaves improperly or offensively, the Chair may, as he or she thinks fit, request that person to leave the meeting room and, if necessary, order their removal. In the event of a general disturbance, the Chair may direct that the public be excluded from the meeting room. Nobody so removed or excluded will be permitted to return to the meeting.

7 INTEREST

- 7.1 Members must, within 28 days of being appointed to the Authority, register their interests with the Monitoring Officer in accordance with the requirements set out in the Authority's Code of Conduct for Members.
- 7.2 If any Member has a Disclosable Pecuniary Interest (as defined in the statutory Regulations made under the Localism Act 2011) or an Other Significant Interest (as defined by the Authority's Code of Conduct for Members) in any matter being considered at a full meeting of the Authority or one of its Committees or Panels, they must act in accordance with the requirements of the Code of Conduct for Members.
- 7.3 Where a Member is present at a meeting of the Authority or one of its Committees or Panels, and has a Disclosable Pecuniary Interest or Other Significant Interest in any matter being considered at that meeting, they must withdraw from the meeting room while the matter is being discussed or voted upon, unless: -
- a) a dispensation for the Member concerned in respect of the interest is in effect.
 - b) the Member has only an Other Significant Interest in a matter and wishes to make representations, answer questions or give evidence on that matter at the meeting in accordance with the Code of Conduct.

8 ACCESS TO DOCUMENTS

- 8.1 No Member may disclose to a third party any Authority business or document which is exempt or confidential.
- 8.2 Members have a right to see such documents as are reasonably necessary to enable them to carry out their duties as Members of the Authority on a "need to know" basis so long as they have no improper or extraneous intentions in so doing.

- 8.3 Where a Member has asked to see any document and the request has been refused, they should seek advice on their right of access from the Clerk. If the matter cannot be resolved the Clerk will report [it] to the Authority.
- 8.4 No Member shall ask to inspect any document which relates to a matter in which they have a personal or prejudicial interest.

9 VALIDATION OF DOCUMENTS

- 9.1 The Common Seal of the Authority shall be affixed (and witnessed) to any document that requires to be sealed for the purpose of the transaction of the Authority's business only if it has been authorised by resolution of the Authority, or by the exercise of a function delegated to the Chief Executive, Clerk or Treasurer of the Authority. The affixing of the Common Seal will be attested by the Chief Executive, Monitoring Officer, Clerk or Treasurer or some other person authorised by them, provided that in any transaction relating to land to which The Regulatory Reform (Execution of Deeds and Documents) Order 2005 applies, the Common Seal shall be attested by a Member of the Authority and an authorised signatory.
- 9.2 The Chief Executive, Clerk or Treasurer or any other officer duly authorised in writing by them may sign any agreement or other document not required to be executed under Seal, provided the matter has been approved by the Authority or an employee exercising a function delegated to the Chief Executive, Clerk or Treasurer.
- 9.3 An entry of the sealing of every Deed and other document to which the Common Seal of the Authority shall have been affixed shall be registered in a separate book to be provided for the purpose.

10 RESIGNATION AND DISQUALIFICATION

- 10.1 A member of the Authority may resign from the Authority by giving written notice to that effect, in electronic or paper form, to the Chair with a copy to the Clerk to the Authority. On receipt of a notice of resignation, the Clerk to the Authority will provide written notification to the Chief Executive of the appropriate constituent authority to enable a replacement appointment to be made in accordance with 10.2, 10.3 and 10.4.
- 10.2 A member of the Authority who ceases to be a member of the constituent authority which appointed them shall cease to be a member of the Authority.
- 10.3 Subject to sub-paragraph 10.4, if a member of the Authority resigns or ceases to be a Member of the Authority for any reason, before the expiry of their period of office, the constituent authority shall appoint a representative to replace them. The appointment of the replacement, shall come into office on the date of their appointment and, shall hold office for the remainder of the period for which their predecessor was appointed.

10.4 If a member of the Authority resigns or ceases to be a member of the Authority for any reason, within six months before the end of their period of office, the constituent authority which appointed him shall not be required to appoint a replacement unless this results in the Authority being inquorate for its meetings.

11 SUSPENSION OF STANDING ORDERS

11.1 The Authority or a Committee may suspend any of these Standing Orders relating to the procedure to be followed in considering any specific item of business; any such suspension to be the subject of a motion put to a formal vote of the body concerned.

Adopted by Resolution of the Authority on 15 December 1997 and amended by the Authority on XXXX

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

CODE OF CONDUCT FOR MEMBERS

PREAMBLE

- (A) The Code of Conduct ('the Code') that follows is adopted under section 27(2) of the Localism Act 2011.
- (B) The Code is based on the Seven Principles of Public Life ('the Principles') under section 28(1) of the Localism Act 2011, which are set out in Annex 1.
- (C) This Preamble and the Principles do not form part of the Code, but you should have regard to them as they will help you to comply with the Code.
- (D) Where you have not undertaken training relating to conduct matters, you will not be able to use this as a defence where a complaint has been made.
- (E) There is an expectation that you will cooperate with any investigation undertaken under this Code and support or adhere to the conditions of any determination made at the conclusion of one.
- (F) If you need guidance on any matter under the Code, you should seek it from the Clerk. If the Clerk is unable to assist, you should contact the Monitoring Officer or your own legal adviser – but it is entirely your responsibility to comply with the provisions of this Code. Any matter relating to a Code of Conduct complaint should be directed to the Monitoring Officer.
- (G) In accordance with section 34 of the Localism Act 2011, where you have a Disclosable Pecuniary Interest, it is a criminal offence if, without reasonable excuse, you:
 - (i) Fail to notify the Authority's Monitoring Officer of the interest before the end of 28 days beginning with the day on which you became a member.
 - (ii) Fail to disclose the interest at Meetings where the interest is not entered in the Authority's register.
 - (iii) Fail to notify the Authority's Monitoring Officer of the interest before the end of 28 days beginning with the date of disclosure at a meeting if the interest is not entered in the Authority's register and is not the subject of a pending notification.
 - (iv) Take part in discussion or votes, or further discussions or votes, at Meetings on matters in which you have the interest which are being considered at the meeting.
 - (v) Knowingly or recklessly provide false or misleading information in any of the above disclosures or notifications.
 - (vi) **Take any action alone in matters you are discharging on behalf of the Authority, unless it is to enable someone else to deal with it instead.**
 - (vi) Knowingly or recklessly provide false or misleading information in any of the above disclosures or notifications.
- (H) Any written allegation received by the Authority that you have failed to comply with the Code will be dealt with under the arrangements adopted by the Authority for such purposes. If it is found that you have failed to comply with the Code, the Authority may have regard to this failure in deciding whether to take action and, if so, what action to take in relation to you.

THE CODE

1. Interpretation

In this Code:

“Associated Person” means (either in the singular or in the plural):

- (a) a family member or any other person with whom you have a close association, including your spouse, civil partner, or somebody with whom you are living as a husband or wife, or as if you are civil partners; or
- (b) any person or body who employs or has appointed you or such persons, any firm in which you or they are a partner, or any company of which you or they are directors; or
- (c) any person or body in whom you or such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of which you are in a position of general control or management and to which you are appointed or nominated by the Authority; or
- (e) any body in respect of which you are in a position of general control or management:
 - (i) exercising functions of a public nature; or
 - (ii) directed to charitable purposes; or
 - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union).

“Authority” means the Kent and Medway Fire and Rescue Authority.

“Authority Function” means any one or more of the following interests that relate to the functions of the Authority:

- (a) statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992 - where you are in receipt of, or are entitled to the receipt of, such pay;
- (b) an allowance, payment or indemnity given to members of the Authority;
- (c) any ceremonial honour given to members of the Authority;
- (d) setting council tax or a precept under the Local Government Finance Act 1992.

“Code” means this Code of Conduct.

“Co-opted Member” means a person who is not an elected member of the Authority but who is a member of:

- (a) any committee or sub-committee of the Authority, or
- (b) represents the Authority on, any joint committee or joint sub-committee of the Authority; and
- (c) who is entitled to vote on any question that falls to be decided at any Meeting.

“Disclosable Pecuniary Interest” means those interests of a description specified in regulations made by the Secretary of State (as amended from time to time) as set out in Annex 2 and where either it is:

- (a) your interest; or

- (b) an interest of your spouse or civil partner, a person with whom you are living as husband and wife, or a person with whom you are living as if you were civil partners and provided you are aware that the other person has the interest.

“Interests” means Disclosable Pecuniary Interests and Other Significant Interests.

“Meeting” means any meeting of:

- (a) the Authority; or
- (b) any of the Authority's committees, sub-committees, joint committees and/or joint sub-committees.

“Member” means a person who is an appointed or co-opted member of the Authority.

“Other Significant Interest” means an interest (other than a Disclosable Pecuniary Interest or an interest in an Authority Function) in any business of the Authority which:

- (a) may reasonably be regarded as affecting the financial position of yourself and/or an Associated Person to a greater extent than:
 - (i) the majority of other council taxpayers, ratepayers or inhabitants of the electoral division or ward affected by the decision; or
 - (ii) (in other cases) the majority of other council taxpayers, ratepayers or inhabitants of the Authority's area; or
- (b) relates to the determination of your application (whether made by you alone or jointly or on your behalf) for any approval, consent, licence, permission or registration or that of an Associated Person;

and where, in either case, a member of the public with knowledge of the relevant facts would reasonably regard the interest as being so significant that it is likely to prejudice your judgment of the public interest.

“Register of Members’ Interests” means the Authority's register of Disclosable Pecuniary Interests established and maintained by the Monitoring Officer under section 29 of the Localism Act 2011.

“Sensitive Interest” means information, the details of which, if disclosed, could lead to you or a person connected with you being subject to violence or intimidation.

Scope

- 2. (a) You must comply with this Code whenever you act, or you are purporting to act in your official capacity as a Member, Co-opted Member or substitute member of the Authority.
 - (b) This Code applies to all forms of communication and interaction including social media, which could result in a breach of the Code.

General obligations

- 3. (a) You must, when using or authorising the use by others of the resources of the Authority:
 - (i) act in accordance with the Authority's reasonable requirements; and
 - (ii) ensure that such resources are not used improperly for political purposes (including party political purposes).

- (b) You must not:
- (i) carry out any act of harassment or bully any person. For the purposes of this paragraph the following shall be taken into account:
 - (ii) harassment will have the applicable meaning set out in the Protection from Harassment Act 1997, the Equality Act 2010 and any other relevant legislation; and
 - (iii) bullying is understood to be characterised by offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that humiliate, denigrate or injure the recipient. It may be a regular pattern of behaviour or a one-off incident and is not restricted to face-to-face interactions.
 - (c) intimidate or attempt to intimidate any person who is or is likely to be a complainant, a witness, or involved in the administration of any investigation or proceedings, in relation to an allegation that a Member (including yourself) has failed to comply with this Code;
 - (d) do anything that compromises, or is likely to compromise, the impartiality or integrity of those who work for, or on behalf of, the Authority;
 - (e) disclose information given to you in confidence by anyone, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, including that deemed as exempt information within the meaning of Part VA Local Government Act 1972 or the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, except where:
 - (i) you have the written consent of a person authorised to give it; or
 - (ii) you are required by law to do so; or
 - (iii) the disclosure is made to a third party for the purpose of obtaining professional advice provided that the third party agrees not to disclose the information to any other person; or
 - (iv) the disclosure is:
 - reasonable and in the public interest; and
 - made in good faith and in compliance with the reasonable requirements of the Authority;
 - (f) prevent another person from gaining access to information to which that person is entitled by law;
 - (g) conduct yourself in a manner which could reasonably be regarded as bringing your office or the Authority into disrepute;
 - (h) use or attempt to use your position as a Member improperly to confer on or secure for yourself or any other person, an advantage or disadvantage.

Registering Disclosable Pecuniary Interests

4. (a) You must, before the end of 28 days beginning with the day you become a Member or Co-opted Member of the Authority, or before the end of 28 days beginning with the day on which this Code takes effect (whichever is the later), notify the Monitoring Officer of any Disclosable Pecuniary Interest.
- (b) In addition, you must, before the end of 28 days beginning with the day you become aware of any new Disclosable Pecuniary Interest or change to any interest already registered, register details of that new interest or change, by providing written notification to the Monitoring Officer.
- (c) **If you have a Disclosable Pecuniary Interest in a matter you are dealing with, or intend to deal with, on behalf of the Authority and you have not already registered the interest, or it is not yet in the process of being**

registered, then you must inform the Monitoring Officer immediately.

Declaring Interests

5. (a) Whether or not a Disclosable Pecuniary Interest has been entered onto the Register of Members' Interests or is the subject of a pending notification, you must comply with the disclosure procedures set out below.
- (b) Where you are present at a Meeting and have a Disclosable Pecuniary Interest or Other Significant Interest in any matter to be considered, or being considered, at the Meeting, you must:
- (i) disclose the Interest; and
 - (ii) explain the nature of that Interest at the commencement of that consideration or when the Interest becomes apparent (subject to paragraphs 6(1) to 6(3) below); and unless you have been granted a dispensation or are acting under para 5(4):
 - (iii) not participate in any discussion of, or vote taken on, the matter at the Meeting; and
 - (iv) withdraw from the Meeting room in accordance with the Authority's Standing Orders whenever it becomes apparent that the business is being considered; and
 - (v) not seek improperly to influence a decision about that business.
- (c) Where you have an Other Significant Interest in any business of the Authority, you may attend a Meeting but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the Meeting for the same purpose. Having made your representations, given evidence or answered questions you must:
- (i) not participate in any discussion of, or vote taken on, the matter at the Meeting; and
 - (ii) withdraw from the Meeting room in accordance with the Authority's Standing Orders.
- (d) Where you have a Disclosable Pecuniary Interest or Other Significant Interest which relates to any matter you are dealing with on behalf of the Authority, you must
- (i). notify the Monitoring Officer of the interest and its nature as soon as you become aware of it;
 - (ii) not take any actions in relation to the matter unless it is to enable someone else to deal with the matter; and
 - (iii) not improperly influence any decision about the matter.

Sensitive Interests

6. (a) Where you consider that the information relating to any of your Disclosable Pecuniary Interests is a Sensitive Interest, and the Monitoring Officer agrees, the Monitoring Officer will not include details of the Sensitive Interest on any copies of the Register of Members' Interests which are made available for inspection or any published version of the Register, but may include a statement that you have an interest, the details of which are withheld under this paragraph.
- (b) You must, before the end of 28 days beginning with the day you become aware of any change of circumstances which means that information excluded under paragraph 6(1) is no longer a Sensitive Interest, notify the Monitoring Officer asking that the information be included in the Register of Members'

Interests.

- (c) The rules relating to disclosure of Interests in paragraph 5(2) will apply, save that you will not be required to disclose the nature of the Sensitive Interest, but merely the fact that you hold an interest in the matter under discussion.

Gifts and Hospitality

- 7. (a) You must, before the end of 28 days beginning with the day of receipt/acceptance, notify the Monitoring Officer of any gift, benefit or hospitality with an estimated value of £100 or more, or a series of gifts, benefits and hospitality from the same or an associated source, with an estimated cumulative value of £100 or more, which are received and accepted by you (in any one calendar year) in the conduct of the business of the Authority, the business of the office to which you have been elected or appointed or when you are acting as representative of the Authority. You must also register the source of the gift, benefit or hospitality.
- (b) Where any gift, benefit or hospitality you have received or accepted relates to any matter to be considered, or being considered at a Meeting, you must disclose at the commencement of the Meeting or when the interest becomes apparent, the existence and nature of the gift, benefit or hospitality, the person or body who gave it to you and how the business under consideration relates to that person or body. You may participate in the discussion of the matter and in any vote taken on the matter, unless you have an Other Significant Interest, in which case the procedure in paragraphs 5(1) and 5(2) above will apply.
- (c) You must continue to disclose the existence and nature of the gift, benefit or hospitality at a relevant Meeting, for 3 years from the date you first registered the gift, benefit or hospitality.
- (d) The duty to notify the Monitoring Officer does not apply where the gift, benefit or hospitality comes within any description approved by the Authority for this purpose.

Dispensations

- 8. (a) The Monitoring Officer may, on a written request made to them (as appointed Proper Officer for the receipt of applications for dispensation) by a Member with an Interest, grant a dispensation relieving the Member from the restrictions on participating in discussions and in voting (referred to in paragraph 5 above).
- (b) A dispensation may be granted only if, after having had regard to all relevant circumstances, the Monitoring Officer considers that:
 - (i) without the dispensation the number of persons prohibited from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business; or
 - (ii) without the dispensation, the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business; or
 - (iii) granting the dispensation is in the interests of persons living in the Authority's area;
 - (iv) without the dispensation each member of the Authority's Executive would be prohibited from participating in any particular business to be transacted by the Authority's Executive, or
 - (v) it is otherwise appropriate to grant a dispensation.

- (c) A dispensation must specify the period for which it has effect, and the period specified may not exceed four years.
- (d) Paragraphs 5(1), 5(2), 5(3) and 5(4) do not apply in relation to anything done for the purpose of deciding whether to grant a dispensation under paragraph 8(1).

THE SEVEN PRINCIPLES OF PUBLIC LIFE

In accordance with the Localism Act 2011, and in order to help maintain public confidence in this Authority, you are committed to behaving in a manner that is consistent with the following Principles. However, it should be noted that these Principles do not create statutory obligations for Members and do not form part of the Code. It follows from this that the Authority cannot accept allegations that they have been breached. The definitions of the Principles are set out below. These will be reviewed and updated by the Monitoring Officer on a regular basis to ensure the most current definitions are in use.

SELFLESSNESS: Holders of public office should act solely in terms of the public interest.

INTEGRITY: Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

OBJECTIVITY: Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

ACCOUNTABILITY: Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

OPENNESS: Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

HONESTY: Holders of public office should be truthful.

LEADERSHIP: Holders of public office should exhibit these Principles in their own behaviour. They should actively promote and robustly support the Principles and be willing to challenge poor behaviour wherever it occurs.

ANNEX 2

DISCLOSABLE PECUNIARY INTERESTS

The descriptions of Disclosable Pecuniary Interests are subject to the following definitions:

“The Act” means the Localism Act 2011.

“Body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest.

“Director” includes a member of the committee of management of an industrial and provident society.

“Land” excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income.

“M” means a member of the relevant authority.

“Member” includes a co-opted member.

“Relevant authority” means the authority of which M is a member.

“Relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1), or section 31(7), as the case may be, of the Act.

“Relevant person” means M or any other person referred to in section 30(3)(b) of the Act (the Member’s spouse, civil partner, or somebody with whom they are living as a husband or wife, or as if they were civil partners).

“Securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Disclosable Pecuniary Interests, as prescribed by Regulations, are as follows:

Interest	Description
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</p>
Contracts	<p>Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority:</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	<p>Any tenancy where (to M's knowledge):</p> <p>(a) the landlord is the relevant authority; and</p> <p>(b) the tenant is a body in which the relevant person has a beneficial interest.</p>
Securities	<p>Any beneficial interest in securities of a body where:</p> <p>(a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and</p> <p>(b) either</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.</p>

By: Chief Executive

To: Kent and Medway Fire and Rescue Authority – 18 February 2025

Subject: CHAIR OF AUDIT AND GOVERNANCE COMMITTEE'S ANNUAL REPORT TO THE AUTHORITY

Classification: Unrestricted

FOR INFORMATION

SUMMARY

This report provides a summary of the activities undertaken during the year by the Audit and Governance Committee. It demonstrates to the Authority the effectiveness of that Committee in assessing and maintaining the organisation's internal control environment and governance arrangements.

Members of the Audit and Governance Committee have received specialist training and presentations to not only enhance their understanding and knowledge but to also support them in gaining assurance in the breadth of issues within the remit of this Committee. A number of reports have been reviewed and recommendations made.

CONCLUSION

Members are requested to:

1. Note the contents of this report.

LEAD/CONTACT OFFICER: Director, Finance and Corporate Services – Alison Hartley

TELEPHONE NUMBER: 01622 692121 ext 8262

EMAIL: alison.hartley@kent.fire-uk.org

BACKGROUND PAPERS:

COMMENTS

Background

1. At the February 2021 meeting of the Authority, it was agreed that an Audit and Governance Committee would be established to help support and enhance all the key aspects of good governance. The Chartered Institute of Public Finance and Accountancy (CIPFA) provides clear guidance and a Position Statement on the function and operation of Audit Committees alongside recommended best practice.
2. Audit Committees are a key component of any authority's governance framework and are there to provide an independent and high-level resource to support good governance and strong public financial management. It also provides independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing internal and external audit, it makes an important contribution to ensuring that effective assurance arrangements are in place.
3. This annual report of the Committee's work covers the period from September 2023 to November 2024, during which there have been three meetings held. The meetings are essentially timed around key aspects of work that are to be reviewed in a financial year, hence the meetings have been held in September 2023, January and April 2024, and as such cover these main areas of activity: Governance, Risk and Control, Internal Audit, External Audit, Financial Reporting.

Audit and Governance Committee

4. The Committee consists of eleven members and are independent from the Full Authority, meeting three times a year. Mr Vince Maple is the presiding Chair with Mr Barry Kemp as Vice Chair. The Chief Executive, Director of Finance and Corporate Services, Director of Prevention, Protection, Customer Engagement and Safety, Director of Response and Resilience, External and Internal Auditors are invited to all Committee meetings.
5. Training is an essential element for an Audit Committee. This year the Committee has received presentations from Link Asset Group, the Authority's Treasury advisors, which covered the latest economic update and provided an overview and benchmarking of the Treasury functions of the Authority. Further training has also been provided by the Project Delivery Manager on the managing and monitoring of Projects and Programmes within the Authority.
6. The Committee has developed a structured work programme which maps out its activities on an annual basis.

Governance, Risk and Control

7. Members of the Audit and Governance Committee have received and reviewed two reports on the Corporate Risk Register. Initially an in-year update was provided on the

Corporate Risk register, but in April 2024 a new and more detailed approach to risk management identification, reporting, risk tolerance and risk appetite was taken to the April 2024 meeting for review by the Audit and Governance Committee. Work continues throughout the year to monitor and review the progress made against the identified risk actions of the Corporate Risks, and a mid-year progress report will be presented to the Audit and Governance Committee in January 2025.

8. In April 2024, the Project Delivery Manager presented a Member training session on the approach adopted by the Authority in relation to managing and monitoring projects to ensure the delivery and achievement of expected benefits.
9. The Committee reviewed the Treasury Reports of the Authority and have received a benchmarking presentation from Richard Bason at Link Asset Group which gave assurance that the investments of the Authority were within acceptable risk profiles in comparison with other Fire Authorities and the debt profile of the Authority was in a better position than most comparators. Members of the Committee have also reviewed the Mid-Year Treasury report and Treasury Management Provisional Outturn report 2023/2024 and recommended them to the full Authority for approval at its October 2023 and July 2024 meeting, respectively.
10. The Authority is required to formally review its governance arrangements annually and the Audit and Governance Committee carries out this work on its behalf. This is achieved by the production of an Annual Governance Statement (AGS), which is presented and reviewed to the Committee and then signed by the Chair of the Audit Committee and the Chief Executive of the Authority.

Internal Audit

11. The Internal Audit Service is provided by Kent County Council, and the Committee oversees the work undertaken. At the beginning of the year the Committee approved the Internal Audit Plan for 2023/24 which set out the individual audits to be carried out during the financial year.
12. Performance against the plan is monitored through progress reports provided to each meeting, with a verbal update provided by the Internal Audit Manager, who attends the committee meetings. The Annual Report for 2023/24 was presented to the April 2024 Audit and Governance Committee for review and consideration.

External Audit

13. The Audit and Governance Committee receives and approves the External Auditor's Annual Audit Plan, which includes the proposed fee and work programme by Grant Thornton, based on the initial fees set by Public Sector Audit Appointments Ltd (the independent company set up by Government to oversee the procurement process). This was presented and reviewed at the April 2024 meeting of this Committee.

14. In order to assist with the External Audit Risk Assessment, it is now a requirement for Officers to provide details of processes around, Fraud, compliance with Laws and Regulations, related parties, an assessment of the Authority as a “Going Concern” and the Authority’s accounting estimates. This document was reviewed at the April meeting of this Committee.
15. The Committee has received updates on the Government proposals to resolve the issues that are now compounding on Local Authority external audits and sign off-of the Financial Statements.

Financial Reporting

16. The Committee has received and considered, the draft Financial Statements for 2023/24 as approved by the Director, Finance and Corporate Services. A shorter Summary version of the Statements was also provided alongside a presentation of the key areas by officers of the Authority.

Effectiveness of the Audit and Governance Committee

17. This is the third year that the Audit and Governance Committee have existed and during that time specialist knowledge has continued to grow and develop supported by the training that has been provided. This has enabled the Committee to focus in more detail on areas of activity within the remit of this Committee and enables the Authority to demonstrate that it applies relevant guidance to aid best practice.
18. This report has provided a summary of the work completed over the last twelve months, indicating that it is functioning in accordance with best practice and providing independent assurance of the Authority’s governance arrangements.

IMPACT ASSESSMENT

19. This update provides further assurance for Members that the Authority has robust governance arrangements in place.

CONCLUSION

20. Members are requested to:
 - 20.1 Note the contents of this report.

By: Director, Finance and Corporate Services
To: Kent and Medway Fire and Rescue Authority – 18 February 2025
Subject: MID - YEAR TREASURY MANAGEMENT AND INVESTMENT
UPDATE 2024/25
Classification: Unrestricted

FOR INFORMATION

Summary

This Mid- Year Treasury Management and Investment update 2024/25 was reviewed at the 6 November 2024 Audit and Governance meeting and is provided to Authority Members for information.

The CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code require the Authority to determine and set the Treasury Management Strategy for the financial year ahead. The Strategy was agreed at the Authority meeting on 20 February 2024 and a requirement of the Strategy is to provide a Mid-year update on treasury activity undertaken and the extent of compliance with the agreed Prudential Indicators.

The Authority continues to prioritise security and liquidity over potential yield, in line with CIPFA guidance. For the first part of this financial year, interest rates remained relatively stable, so returns on deposits have been similar to this time last year. However, The Bank of England cut interest rates at its meeting in August 2024. Since then, the Authority has seen interest rates on deposits reduce across the board, reflecting the rate reduction. For the first six months of this financial year average cash balances have been approximately £55.1m, which has resulted in an interest yield of £1,426k for that period.

CONCLUSION

Members are requested to:

1. Note the contents of the report.

LEAD/CONTACT OFFICER: Head of Finance, Treasury and Pensions – Nicola Walker
TELEPHONE NUMBER: 01622 692121 ext. 6122
EMAIL: nicola.walker@kent.fire-uk.org
BACKGROUND PAPERS:

COMMENTS

Introduction

1. The Authority operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, to ensure sufficient funds are available to meet anticipated expenditure before any other consideration is given to optimising investment returns.
2. The second main function of the treasury management service is to ensure that the necessary funding is available, when needed, to meet the agreed commitments set out in the Authority's Capital Plan, whether that's by using the Authority's own cash balances or undertaking any new borrowing. Hence, good treasury management and cashflow planning is key to enable the Authority to meet its capital and infrastructure spending programme.
3. This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021).

Economic Outlook

4. The Bank of England's Monetary Policy Committee (MPC) cut interest rates to 5% at its August meeting after holding them at 5.25% seven times in a row. Expectations are that the Base rate will fall further by the end of 2024.
5. **Inflation** - Consumer Price Inflation (CPI) hit its target in June before increasing to 2.2% in July and August, slightly above the MPC's target of 2%. It is expected to remain above the 2% target for the rest of the year, before it falls back to its target of 2% in mid-2025. The rise is due to the price of gas and electricity falling by less than they did a year ago. Core Consumer Price Inflation (CPI without energy and food) increased to 3.6% in August 2024, the highest in four months, compared to 3.3% in July.
6. The increasing uncertainties in the Middle East may also exert an upward pressure on inflation with oil prices rising in the aftermath of Iran's missile attack on Israel on 1 October. China's recent new fiscal support measures in the latter stages of September has also added to the upshift in broader commodity prices, which in turn may impact on global inflation levels and therefore Monetary Policy decisions. Despite these recent developments, the central forecast is still for rates to fall to 4.5% by the end of 2024 with further cuts likely throughout 2025.

7. **Interest Rate Forecast** - Rates available on deposits from counterparties are lower than those of a year ago, reflecting the recent rate cut. The Authority is currently forecasting investment income of £2,577k for the year compared to a budget set in February of £1,694k. The additional income has been forecast based on the interest that the Authority estimates will be achieved on an additional grant received from the government relating to the McCloud and Matthews pension cases. The Authority's Treasury Advisor, Link Asset Services, has provided the following interest rate forecasts:

LINK GROUP – JULY 2024

	End Q3 2024	End Q4 2024	End Q1 2025	End Q2 2025	End Q3 2025	End Q4 2025	End Q1 2026	End Q2 2026	End Q3 2026	End Q4 2026	End Q1 2027
Bank Rate	5.00%	4.50%	4.00%	3.50%	3.25%	3.25%	3.25%	3.25%	3.00%	3.00%	3.00%
5yr PWLB Rate	4.70%	4.50%	4.30%	4.10%	4.00%	3.90%	3.90%	3.90%	3.90%	3.90%	3.80%
10yr PWLB Rate	4.80%	4.60%	4.40%	4.30%	4.10%	4.10%	4.10%	4.00%	4.00%	4.00%	3.90%
25yr PWLB Rate	5.20%	5.00%	4.80%	4.70%	4.50%	4.50%	4.40%	4.40%	4.40%	4.30%	4.30%
50yr PWLB Rate	5.00%	4.80%	4.60%	4.50%	4.30%	4.30%	4.20%	4.20%	4.20%	4.10%	4.10%

(PWLB – Public Works Loan Board is a statutory body of the UK Government that provides loans to public bodies)

Treasury Management Strategy and Annual Investment Update

8. The Treasury Management Strategy (TMS) for 2024/25 was approved by the Authority on 20 February 2024. This report reflects the current position of the Authority's deposits, which are in line with the Treasury Management Strategy. The appropriate Prudential Indicators can be found at paragraph 16 within this report.
9. The table below shows the forecast of funds available for investing, reflecting the expectation that the balance reduces over the year. Depending on how projects progress the investment balance often changes which can result in a higher level of funding being available for depositing with the agreed counterparties.

Table 1 Reserves and Balances	2023/24	2023/24	2024/25	2024/25
Reserves and Balances	Forecast	Outturn	Budget	Revised
	£'000	£'000	£'000	£'000
General reserve	4,260	4,260	4,680	4,680
Earmarked reserves	30,016	33,396	25,223	28,753
Insurance & General Provision	60	773	773	773
Capital Receipts	7,894	8,554	8,128	8,867
Total Core Funds	42,230	46,983	38,804	43,073
Working Capital Deficit	- 887	-3,566	-3,566	- 3,566
Under-borrowing	- 2,544	- 1,178	-11,791	- 5,869
Expected Investments	38,799	42,239	23,447	33,638

Investment Portfolio

10. The Authority's key priority is to ensure security of capital and liquidity and to obtain an appropriate level of return consistent with the Authority's risk appetite. Since March 2024, returns on deposits had been gradually decreasing, in line with the Bank of England's bank rate, but given the recent reduction in the bank rate, returns are now falling below the 5% level.
11. The Authority held £73.775m of deposits as of 30 September 2024 (£43.2m on 31 March 2023). The significant increase in cash balances held is due to the additional grant we had received in July 2024 from the government relating to the McCloud and Matthews pension cases. A breakdown of the Authority's actual deposits and the average interest rates on 31 March 2024 are compared to actual deposits and actual interest rates as at 30 September 2024 in the table below: -

Table 2 Investments and Average Interest Rates	As At 31.03.24		As At 30.09.24	
	Total Investment (£000's)	Average Interest Rate	Total Investment (£000's)	Average Interest Rate
Debt Management Office (Including Treasury Bills)	3,054	5.28%	15,926	4.89%
RBS Group: Royal Bank of Scotland & Natwest	100	3.25%	7,000	5.02%
Barclays Bank plc	5,000	5.40%	5,000	5.15%
Santander UK plc	5,000	5.50%	-	-
HSBC	5,000	5.15%	7,000	4.90%
Standard Chartered Bank	5,000	5.14%	5,000	4.77%
Lloyds Bank	6,810	5.30%	7,000	5.18%
Goldman Sachs International Bank	4,000	5.37%	4,000	5.25%

Aberdeen Liq. Fund	2,225	5.22%	5,000	4.96%
Landesbank Hessen-Thueringen Gironzentrale	2,000	5.49%	5,000	5.30%
Aviva Investors Liq. Fund	5,000	5.25%	5,000	5.01%
Goldman Sachs Liq. Reserves	-	-	5,000	4.92%
HSBC Liq. Fund	-	-	2,849	4.88%
Totals	43,189	5.30%	73,775	5.00%

12. In late July, the NatWest Group announced that the latest divestment by the UK government had taken the government holding down below 20%. Subsequently, the position was lowered again on 2 August. Chancellor Reeves stated that the new administration would not be pursuing the previous government's proposal to offer shares in NatWest Group to the general public via a retail offering and that it was the new government's intention to fully divest itself of the bank by 2025-26. As a result, the Authority's treasury advisor has advised that there could be a possible reduction in the suggested durations for deposits placed with NatWest from twelve months to six months. Having reviewed the current portfolio we do not see that this will impact any current investments the Authority holds as they are all within the 6-month duration.
13. **Compliance with Treasury and Prudential Limits** - The Director of Finance and Corporate Services confirms that the approved limits were within the Annual Investment Strategy and that there is no expectation that these will be breached. All treasury management operations have been conducted in full compliance with the Authority's Treasury Management Practices.

Borrowing

14. The Authority's capital financing requirement (CFR) for 2023/24 is £1,879k. The CFR denotes the Authority's underlying need to borrow for capital purposes. Of the Authority's underlying borrowing need, £400k has been borrowed from the Public Works Loans Board (PWLB) and £1,479k has been utilised from the internal cash flow of the authority in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate. The Authority continues to pay off outstanding external loans as they become due for repayment and has identified no need to borrow externally to fund the existing Capital Strategy, in the current financial year.
15. The current forecast for the CFR for 2024/25 is £6,071k based on the latest capital monitoring. This reflects the spend on the Ashford Live Fire project, which is being funded through internal borrowing, at least for the short term, until such time as interest rates on borrowing have reduced.

Prudential Indicators

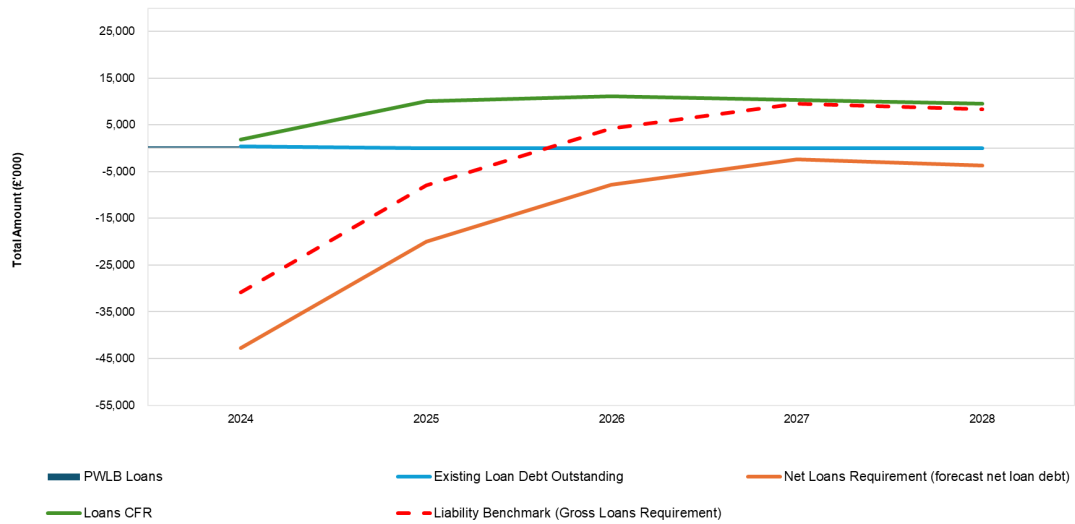
16. A Summary of the Prudential Indicators agreed at the Authority meeting in February are detailed below and shown against the 2023/24 outturn figures and revised projections for 2024/25.

Table 3 Prudential Indicators for affordability, prudence and capital expenditure	2023/24	2024/25	2024/25
	Outturn	Budget	Revised Budget
	£'000	£'000	£'000
Revenue Expenditure	82,370	94,730	94,713
Revenue Provision for debt repayment	573	1,295	1,295
Capital expenditure	4,719	12,752	12,513
CFR as at 31 March	1,879	12,034	6,071
Total loans outstanding as at 31 March	400	0	0
Ratio of Financing Costs to Net Revenue Stream	0.72%	1.38%	1.38%

Treasury Indicators

Assumed Operational Boundary for external debt	13,000	23,500	23,500
Assumed Authorised Limit for external debt	17,000	27,500	27,500
Interest rate exposure for borrowing at fixed rates	100%	100%	100%
Interest rate exposure for borrowing at variable rates	20%	20%	20%
Interest rate exposure for investing at fixed rates	100%	100%	100%
Interest rate exposure for investing at variable rates	100%	100%	100%

17. **Debt Liability Benchmark:** is a projection of the optimum amount of loan debt outstanding which the authority needs each year into the future, in order to fund its existing debt liabilities, planned prudential borrowing and other cash flows.
18. As the Authority is currently operating with a net cash surplus, the indicator is a measure of the forecast net investment requirement and guides the appropriate size and maturity of investments needed – there is currently no need to borrow externally for capital financing purposes.



IMPACT ASSESSMENT

19. All financial implications associated with servicing the Authority’s loans are able to be contained within the overall budget.

CONCLUSION

20. Members are requested to:

20.1 Consider and note the report.