



MEETING: FIRE AUTHORITY 24 JUNE 2024

SUBJECT: RESERVES POLICY 2024/25 TO 2027/28

JOINT REPORT OF THE CHIEF FIRE OFFICER/CHIEF EXECUTIVE (THE CLERK TO THE AUTHORITY) AND THE DIRECTOR OF FINANCE, ESTATES AND FACILITIES

1. INTRODUCTION

1.1 This report advises Members of the outcome of a recent review of the full earmarked reserves held by the Authority to ensure all reserves held are still required and hold an appropriate amount of the available funding we hold in order to address the financial risks of the Authority as best as possible. This has then informed the updated Reserves Policy document 2024/25 to 2027/28 which is attached for members information and approval.

2. CURRENT LEVEL OF EARMARKED RESERVES

2.1 As reported to members at the last Authority meeting held in February, the estimated amount of reserves held by the Authority at 31 March 2024 was £23.233m and that £10.292m was expected to be utilised during 2024/25 reducing the level to £12.941m by 31 March 2025. Appendix 1 shows the detailed reserves as reported, including the planned use of each reserve over the medium term based on current cost projections up to and including 2027/28.

2.2 The position above was the initial starting point for the review however the review saw adjustments to the reserves position that are now included in both the Revenue Budget and Capital Programme Outturn reports. The Mobilisation Reserve is the main cause for the bulk of the variation as the amount set aside for use in the Capital Programme was £2.840m but now that the tender has been awarded this has seen a reduction in the proposed capital spending to £2.139m returning £0.701m to reserves (which will help meet the additional annual revenue costs in future years of the new arrangements instead). There are other adjustments in the Reserves Policy that came to light during the review so the Policy document covering the period 2024/25 to 2027/28 is now the most up to date reserves position, at the time of writing this report.

3. REVIEW OF EARMARKED RESERVES

- 3.1 Each reserve has been reviewed individually line by line in order to justify the reserve and then reconsider how adequate the level of the reserve is in respect of the known financial risks faced by the Authority and any other evidence available to help quantify any changes to the current number and/or level of reserves.
- 3.2 The Reserves Policy document therefore sets out the proposed revised level of reserves to ensure they reflect the risks they cover and an explanation as to the rationale behind their proposed use over the short to medium term.
- 3.3 This report and the refreshed Policy document will also help to address the specific National Fire Framework requirements to provide greater transparency on the level of our reserves and their planned use which is annual requirement by the Home Office, which all Fire and Rescue Authorities must observe.

4. GENERAL FUND BALANCE

- 4.1 The Review also included the level of the General Fund Balance which is currently £4.072m, and was considered as being set at an appropriate amount bearing in mind the financial risks faced by the Authority, which is a standalone Fire and Rescue Authority. The financial cover provided by the reserve covers 6.4% of the Authority's Net Budget Requirement (excluding use of reserves), and is therefore considered reasonable and justifiable.

5. CAPITAL RECEIPTS UNAPPLIED

- 5.1 The Authority held Capital Receipts of £1.403m as at 31 March 2023 and must use this funding according to financial regulations to fund its Capital Programme and is planned to be used to help fund the Capital Programme in compliance with these regulations. This means, therefore, that this source of funding will be totally exhausted by 2027/28 unless new Capital Receipts can be generated by the Authority. Any such receipts however can only be used to help fund the Capital Programme in the future.
- 5.2 The Authority also has very little in the way of surplus assets now, as it has been very active over the last 5 years disposing of all available surplus land identified by a detailed review of its asset base carried out between the Head of Estates and Facilities and the Finance Director in 2018/19. All of the proposed disposals have now been completed.

6. RISK MANAGEMENT

- 6.1 There are no risk management implications in respect of this report.

7. FINANCIAL IMPLICATIONS

- 7.1 The financial implications are set out in the report.

8. EQUALITY AND FAIRNESS IMPLICATIONS

8.1 There are no equality and fairness implications in respect of this report.

9. HEALTH AND SAFETY IMPLICATIONS

9.1 There are no health and safety implications in respect of this report.

10. RECOMMENDATIONS

10.1 The Authority is recommended to:

- a) Note and approve the proposed Earmarked Reserves Policy covering the period 2024/25 to 2027/28.

