



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

BUDGET GUIDELINES 2015/16

Joint Report of the Chief Fire Officer and the Treasurer

Date: 19 December 2014

Purpose of Report:

To inform Members of the likely budget position for 2015/16 and to request that the Fire Authority set general guidelines within which the Finance and Resources Committee will develop a detailed budget proposal for 2015/16 to 2017/18.

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1. BACKGROUND

- 1.1 At its meeting on 28 February 2014 the Fire and Rescue Authority set the capital and revenue budgets of the Authority for the years 2014/2015 to 2016/17 the precept for 2014/2015 and the anticipated levels of Council Tax for the period 2014/2015 to 2016/2017. These are:

	Budget £ms	Band D £s
2014/2015	42,892	71.05
2015/2016	43,209	72.44
2016/2017	43,814	73.85

- 1.2 Members will be aware that the budget figures for 2015/2016 and beyond were estimates prepared at the time and in the light of expectations in relation to allowable levels of Council Tax and estimates of Central Government Grant.
- 1.3 Members will be aware that the Minister for Local Government did not make his announcements in respect of grant funding, referendum limits and Council Tax Freeze grants until the afternoon of 18th December and the detail for individual authorities was not released until some time after this. It is regrettable therefore that this paper has been prepared at very short notice and Members would therefore not have had time to consider this fully before the Fire Authority meeting.
- 1.4 Nevertheless it is important that the Authority considers its budgetary position going forward and provides the Finance and Resources Committee with guidance as to the parameters within which to develop a budget proposal for 2015/2016 and beyond before final budget proposals are considered by the Fire Authority in February 2015.

2. REPORT

FINANCIAL POSITION

- 2.1 The financial position of the Authority remains stable, despite having had several periods of financial restraint. Wherever possible, budget reductions identified for future years have been implemented as soon as possible and this has contributed towards some underspends in prior years which have enabled balances to be maintained at a healthy level. This in turn has allowed a measured approach to be taken to budget reductions over the past few years.
- 2.2 A gradual process of reduction in balances and reserves, using them judiciously to reduce the revenue costs of capital going forward have enabled the capital programme to be maintained whilst still being able to meet budget reduction targets.

- 2.3 Nevertheless in the 2014/2015 budget process it was still identified that further budget reductions of £2.4m would be required up to 2016/2017 if other assumptions remained good.

GRANT REDUCTIONS

- 2.4 The grant received by the Authority (including the estimate of NNDR) in 2014/2015 was £22,163,002 and was anticipated to reduce by £1,849,286 to £20,313,716. This figure was therefore used in all the calculations relating to 2015/2016 budgets.
- 2.5 The announcement made by the Minister and subsequent details show that this figure is £126,998 lower than that which was anticipated for three reasons:

£44,961 has been removed to take account of prospective reductions in employer pension contributions following the actuarial revaluation of 2012.

NNDR has been assumed to rise by £28,061

Top up grant has been reduced by £53,975

What will actually happen is that the assumed level of NNDR of £3,395,405 will be replaced by the District Councils' actual assessment of NNDR when these figures are declared in late January 2015.

- 2.6 As a consequence therefore it is fair to say that the figures announced on 18th December 2015 are not significantly different to those previously announced in February.
- 2.7 There have been no announcements for any future years and therefore the previously assumed figures are to be used.

COUNCIL TAX FREEZE GRANT

- 2.8 The Minister announced that the Government will be again seeking to encourage Local Authorities to freeze council tax rises by making a grant to those authorities that do not increase council tax. This grant will be the equivalent of a 1% rise in Council Tax and importantly will be consolidated into the base for future years.
- 2.9 In tandem with this government have also announced that any authority that increases council tax by 2% or more will be required to hold a referendum to seek the approval of the electorate to this increase.

REVENUE BUDGETS

- 2.10 Members will be aware that a significant amount of work has been carried out across the service during the current year to seek out the necessary budget reductions that had already been predicted and this work continues. The

Chair of the Finance and Resources Committee has again worked closely with officers to gain assurances as to the robustness of budget estimates. This year, the Chair of Finance and Resources and the Director of Finance and Resources worked together with budget holders to carry out a base budget review of some of the largest budgets with a view to discussing proposed reductions with senior managers.

- 2.11 Managers remain confident that the work that has been carried out across the service will be sufficient to achieve a balanced budget for 2015/2016 but there are still a number of variables that may affect this position. Briefly these unknown elements are:

- The actual level of NNDR to be included in budgets
- The level of the council tax base
- Surpluses and/or deficits from prior years

These figures will become clearer in the new year.

PROPOSED GUIDELINES

- 2.12 There are clearly a significant number of unknown variables influencing the 2015/2016 budget process and levels of Council Tax which flow from that and it is suggested that the most appropriate strategy to adopt is to press on with the Authority's plans to meet budget reductions as already set out in previous reports.

- 2.13 This is also a way of isolating the problem to be solved to one of financing where there will be, as usual three major sources:

- i) Revenue Support Grant
- ii) Business Rates
- iii) Council Tax

Arguably only Council Tax is in the direct control of the Authority but in reality this is also be limited by ministers.

- 2.14 In simple terms the Authority has a number of options:

- i) Set Council Tax at zero and take the Council Tax Freeze grant offered by the government
- ii) Reduce Council tax and take the Council Tax Freeze grant offered by the government
- iii) Increase Council Tax by an amount lower than the 2% referendum limit.
- iv) Set a budget which would require a referendum

3. FINANCIAL IMPLICATIONS

Financial implications are set out in full within the body of the report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources or learning and development implications arising from this report.

5. EQUALITY IMPACT ASSESSMENT

An initial equality impact assessment has not been prepared in relation to this matter.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

The primary corporate risk is that sufficient financial resources are not available to the Authority. An early guide for the Finance and Resources Committee in terms of the development of the budget will help to manage this risk.

9. RECOMMENDATIONS

Members are requested to approve guidelines set out in Paragraph 2.14 as a framework for the Finance and Resources Committee to develop the Authority's draft budgets for 2015/16 to 2017/18, and to make recommendations to the Fire Authority.

10. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

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