



NOTTINGHAMSHIRE

Fire & Rescue Service

Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

BUDGET PROPOSALS FOR 2018/19 TO 2020/21 AND OPTIONS FOR COUNCIL TAX 2018/19

Report of the Chief Fire Officer and
Interim Treasurer to the Fire Authority

Date: 16 February 2018

Purpose of Report:

- To present the Fire Authority with proposals for Revenue and Capital budgets for 2018/19 to 2020/21 to allow Members to determine the level of Council Tax for 2018/19.
- To present a strategy for the flexible use of capital receipts and to set out fees and charges for 2018/19 for Members' approval.
- To seek Members' approval to the continued payment of Members Allowances for 2018/19 in accordance with the approved scheme.

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1. BACKGROUND

- 1.1 At its meeting on 19 January 2018 the Finance and Resources Committee considered a report from the Chief Fire Officer setting out the latest budget position based on the provisional grant settlement and the indicative position with regard to Council Taxbase.
- 1.2 The Finance and Resources Committee was asked to consider three options for Council Tax and make recommendations to the full Fire Authority. This report sets out the implications of the option selected by the Finance and Resources Committee at its January meeting.
- 1.3 The budgetary position presented to the Finance and Resources Committee has been updated for the final figures for taxbase and surplus on Collection Fund, as well as other minor adjustments, and includes a statement by the Authority's Treasurer in relation to the robustness of estimates and the adequacy of reserves and balances as required by S25 of the Local Government Act. Provisional figures for Revenue Support Grant and Business Rates Top-up Grant were received in December 2017 and these were updated early in February to provide final data.
- 1.4 The Fire Authority is required to set a precept before 1 March 2018 and notify this to the billing authorities.

2. REPORT

CAPITAL BUDGET PROPOSALS 2018/19 TO 2020/21

- 2.1 The Authority maintains a sustainable Capital Programme that reflects and supports the ICT, Property and Fleet strategies. This programme seeks to replace appliances and vehicles when they are approaching the end of their useful life, maintains a rolling programme of ICT replacements and a property programme that will ensure that property remains fit for purpose, is appropriately located and can be contained within the internal capacity of the organisation to complete.
- 2.2 The programme is set out for the next three years and reflects proposed new expenditure. Actual expenditure in each year may also be increased by slippage approved by the Fire Authority to be carried forward from the prior year.
- 2.3 The proposed Capital Programme for 2018/19 to 2020/21 is as follows:

Capital Programme Item	2018/19 Proposed	2019/20 Proposed	2020/21 Proposed
	£	£	£
Appliance Replacement	0	0	2,417,000
Special Appliances	0	0	0
Appliance Equipment	0	0	0
Light Vehicle Replacement	196,500	205,500	126,000
Transport Total:	196,500	205,500	2,543,000
BA Sets	0	0	0
Conversion of Hose Reel Equipment	200,000	0	0
Lightweight Fire Coats	0	0	0
Personal Protective Equipment	0	650,000	0
CCTV - Vehicles	200,000	0	0
Equipment Total:	400,000	650,000	0
Refurbishment and Rebuilding Fire Stations			
Hucknall Fire Station	0	15,000	0
Newark Fire Station	707,000	65,000	0
Worksop Fire Station	240,000	2,265,000	520,000
Property Total:	947,000	2,345,000	520,000
ICT Capital Programme	140,000	140,000	140,000
Mobile Computing	20,000	20,000	20,000
Business Process Automation	0	40,000	0
Sharepoint Development	150,000	0	0
ICT Total:	310,000	200,000	160,000
HQ Core Switch Upgrade	30,000	0	0
Emergency Services Mobile Communications	40,700	0	0
Agresso Upgrade	30,000		
IT Systems Total:	100,700	0	0
Total Capital Programme:	1,954,200	3,400,500	3,223,000
Funding			
Grant	40,700	0	0
Capital Receipts	275,000	300,000	0
Revenue / Reserves	0	0	0
Borrowing	1,638,500	3,100,500	3,223,000
Total	1,954,200	3,400,500	3,223,000

- 2.4 The rescue pump renewals programme has been suspended whilst a review of appliance equipment is undertaken as part of the Sustainability Strategy 2020. The decision to extend pumping appliance life has changed the replacement programme for rescue pump appliances and there will be no further appliance acquisitions before 2019/20. The outcome of this work will determine the type and number of vehicles required for part of the overall long-term vehicle capital replacement plan.
- 2.5 The light vehicle programme has been reviewed in order to match vehicles with reduced requirements. The lives of vehicles have also been extended where possible.

- 2.6 The equipment programme includes the conversion of hose reel equipment as the current branches become uneconomical to repair.
- 2.7 The lightweight fire coats have been designed to protect personal protective equipment from an element of wear and tear, thereby extending its life. In 2020/21 personal protective equipment (PPE) is due to be replaced. Previous practice has been to purchase new PPE from the revenue budget but, as experience has shown that such equipment can be successfully refurbished to extend its life, it will now be treated as capital expenditure for the new issue of equipment with the cost to the revenue budget spread over the life of the equipment.
- 2.8 The property programme covers the construction of a new fire station at Worksop and this budget sets aside the resources to continue with the Authority's sustainable capital programme which will ensure that all property assets remain fit for purpose over time.
- 2.9 The ICT programme has been pared back and now contains budget to replace items by way of a rolling programme and provision for the general expansion of ICT usage across the organisation.
- 2.10 There is provision in the capital programme for SharePoint system to be implemented during 2018/19.
- 2.11 The Capital Programme is funded from Capital Receipts, grant funding, contributions from revenue, reserves and borrowing.
- 2.12 **Capital Receipts** – these are received from the sale of assets and can be used to fund either the revenue cost of reform projects, to fund capital expenditure or to reduce borrowing. As part of the finance settlement, the government expanded the flexible use of capital receipts to enable the revenue funding of transitional projects by a further 3 years.
- 2.13 For the financial year 2018/19 it is not proposed to fund any transitional projects using capital receipts. The capital receipts strategy for 2018/19 is attached at Appendix 1 for approval.
- 2.14 **Grant Funding** – There is limited grant funding available at present to support the capital programme.
- 2.15 **Revenue and Reserves** – Given the anticipated deficit position of the revenue budget and requirement to use reserves to transition into a break-even position, it is not proposed to use any revenue or reserves to fund the capital programme between 2018/19 and 2020/21.
- 2.16 **Borrowing** – The majority of the proposed capital programme set out in 2.3 will be funded from borrowing. The related costs are tested for affordability as part of

the Prudential Code report on this agenda. Estimated costs have been built into the revenue programme considered in this report.

REVENUE BUDGETS 2018/19 TO 2020/21

- 2.17 The Medium Term Financial Strategy and Budget Guidelines report at Fire Authority on 15 December 2017 provided the economic backdrop for the budget process.
- 2.18 Since the December report, more detailed budgets have been developed and were reported to the Finance and Resources Committee on 19 January. The main changes in budgets and / or assumptions are detailed below.
- 2.19 **Firefighter Pay Increase** A pay award of 2% has been assumed for all years to 2020/21. This is in line with the current offer that has been made. If an agreement is settled at a higher rate than 2%, there will be a further pressure on firefighter pay related budgets in total of £270k per 1% increase.
- 2.20 **Wholetime Pay** - The pay budget has been budgeted on full establishment (455). This is a different to the approach to last year which reflected best estimates of likely actual expenditure to take account of surplus posts held in the establishment, which have now been removed. The ridership is currently running at under-establishment, but 10 posts are being migrated from the retained duty system in March and recruitment is due to take place during 2018/19, resulting a period of time of over-establishment until firefighters are put into vacant posts. Expenditure is therefore expected to come in on budget. Budgeting at full establishment has resulted in an increase in budget of £200k.
- 2.21 **Overtime** – This budget has been reduced by £200k to reflect the period of over establishment which should reduce the need for overtime.
- 2.22 **Retained Pay** - The retained pay budget has been calculated on staff numbers as at September 2017 adjusted for anticipated recruitment and turnover, including 10 posts migrating to whole time.
- 2.23 Each retained watch has available 3 hours of drill time each week. Historically, some watches do not undertake a full 3 hours. In order to maintain competency it is proposed to make the 3 hours drill time compulsory from April 2018. In addition, it is proposed to provide an additional half hour per week for retained staff to undertake a programme of e-learning to enhance knowledge prior to the regular job related training. The cost of this is £245k.
- 2.24 **Contingency Crews** – The level of contingency crews has fallen significantly and it is proposed to target recruitment in this area to ensure sufficient resilience. The additional cost of recruitment and training are £37k. A review of the authority's contingency arrangements is being undertaken which may result in additional measures being identified. Any additional costs will be met from the General Reserve.
- 2.25 **Administrative and Support Pay** - These budgets include a vacancy factor of 1.5%. A pay increase of 2% currently under offer has been assumed. Lower

graded Local Government employees have been offered slightly higher than 2% to bring salaries in line with the National Living Wage. If the final settlement is above 2% there will be additional budgetary pressure of £50k per 1% increase which will need to met from reserves.

- 2.26 **Pensions and National Insurance (£392k)** - The budgetary provision for both superannuation and National Insurance was insufficient in 2017/18, which has resulted in a forecast overspend in these budgets. The 2018/19 budgets similarly need adjusting. The impact is anticipated to be £245k for superannuation and £147k for National Insurance. This includes an increase relating to the pay award.
- 2.27 **Business Rates (£230k)** - Following the 2017 revaluation exercise, many business rates were significantly increased. The authority has appealed against several large increases but has been unsuccessful. Budgets will need to be increased by £230k to cover the additional costs.
- 2.28 **Ill Health** - an additional budget of £48k has been included in the budget to fund ill health retirements that have incorrectly been funded from within the pension fund in the past. Additional funding of £60k has also been provided to cover the costs of the increasing number of ill health retirements.
- 2.29 **HMI Inspection** – the authority is due to be inspected by HMICFRS (Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services) in autumn 2018 as one of the second tranche of authorities under the new inspection regime. The inspection will require a considerable amount of preparation and in order to facilitate this a contribution of £50k to an earmarked reserve has been included in the budget.
- 2.30 **Collaboration** - The Shaping Our Future Team have continued to work on ensuring that the savings identified in the Sustainability Strategy can be met. This work is now merging with the collaboration agenda and may also pick up any issues coming out of the HMI inspection process and the proposed Fire and Rescue National Framework. Work is therefore expected to continue into the future. Temporary funding of £85k has been included to fund the team until March 2020.
- 2.31 **PPE** – The cost of additional PPE kit for the wholetime and Retained recruitment is £62k. This is partially offset by a reduction in the general PPE budget of £32k due to expenditure being delayed until 2019/20 when there is a capital project to replace all kit.
- 2.32 **Savings** – The savings that have been identified and built into the budget are as detailed in the following paragraphs.
- 2.33 **Minimum Revenue Provision (MRP) (Saving of £376k)** - MRP is the amount charged to revenue for the repayment of debt required to fund prior years’ capital expenditure. The revenue impact of the capital programme included in section 2.3 has been built into the MRP.

- 2.34 The authority has worked hard to maximise the life of its assets and has significantly extended the life of specialist vehicles and fire appliances life. This has been made possible through the procurement of better quality vehicles. The MRP is therefore spread over an increased number of years, thus reducing the cost. After taking account of this and some delayed expenditure on the capital programme, savings in the region of £350k are anticipated in the MRP budget.
- 2.35 **Procurement** – The Authority’s Sustainability Strategy included target savings from procurement of £350k by 2020. To date, annual procurement savings in the region of £219k have been identified. For 2018/19, further savings totalling £91k have been included in the budget – these relate to purchasing and renewing contracts for photocopying and ICT contracts (£60k) Blue light fittings (£23k), Hire of fleet vehicles, medical and equipment contracts.
- 2.36 **Transport** Reduced fuel costs (£26k) and vehicle tax (£28k) have been identified due to the reduced number of vehicles and mileage.
- 2.37 **Budget Manager Reductions** – Miscellaneous reductions in the region of £100k have been identified by budget managers as part of the budget process.
- 2.38 Detailed budgets have been prepared for the three years 2018/19 to 2020/21, which can be found in Appendix 2.
- 2.39 The budget requirement for 2018/19 has been increased by £237k following the report to the Finance and Resources Committee in January. This is largely due to a significant reduction in collection fund surpluses of £189k.

FINANCING THE BUDGET

- 2.40 The Authority primarily receives income from Revenue Support Grant, Business Rates and Council Tax. The government announced the finance settlement on 6 February 2018 covering 2018/19 and 2019/20. The settlement had altered slightly from the provisional settlement in December 2017 due some late changes to the data on which the settlement is based.
- 2.41 The precepting authorities also submitted their estimates of 2018/19 Business Rate income on 31 January. The Fire Authority receives 1% of this income. Total business rate income is higher than originally anticipated and estimates have been updated to reflect this.
- 2.42 The budget includes £298k Section 31 grant received to compensate for indexing changes applied to Business Rates announced in the Autumn Statement. This grant has been estimated at this stage and will not be confirmed until the summer and could be subject to change. Any reduction in grant will need to be met from the general reserve.
- 2.43 The Local Government Finance Settlement only covers 2018/19 and 2019/20. A new settlement period will start in 2020/21 which may result in some significant changes. The local government share in the Business Rate Retention scheme will also increase from 50% to 75% in 2020/21 which adds further uncertainty. It is still unclear as to whether Fire will continue to be funded from business rates

as it is now, or whether this will be replaced by Home Office grant instead. In the absence of further information, 2020/21 income projections have been predicted to stay flat at this point in time but this will need to be reviewed when more information becomes available.

- 2.44 The final settlement external funding figures for 2018/19 and 2019/20 and estimated figures for 2020/21 are shown below:

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Revenue Support Grant	6,978,641	5,961,472	5,335,308	3,524,647
Business Rates	3,469,609	3,585,468	3,621,323	5,431,984
Top Up Grant	6,659,508	6,999,939	7,155,193	7,155,193
Total External Funding	17,107,758	16,546,879	16,111,824	16,111,824

The reduction in external funding between 2016/2017 and 2020/21 amounts to just over 14%.

- 2.45 The government announced, within the finance settlement, that the council tax increase threshold, above which a referendum would be triggered, would increase from 2% to 3% for 2018/19 and 2019/20. No council tax freeze grant is being offered to authorities who maintain council tax next year at current levels.
- 2.46 The following table brings together the budget requirement and the finance settlement figures and presents the position for the Authority if there was no change to the level of council tax in each of the three years:

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Total External Funding	17,107,758	16,546,879	16,111,824	16,111,824
Budget Requirement	40,804,872	42,227,350	42,748,415	43,657,338
Balance to be met locally	23,697,114	25,680,471	26,636,591	27,545,514
Strategic Use of Reserves	525,518			
Council Tax Yield*	23,171,596	23,541,910	23,859,726	24,181,832
Budget Shortfall	0	2,138,561	2,776,865	3,363,682

*Assumes a rise in tax base but no rise in Council Tax (2017/18 figures are actual)

The above figures show that a budget deficit of £2.1m will need to be eliminated in order for the Fire Authority to approve a balanced budget for 2018/19. Even when this has been achieved, there will be a requirement to find further savings of approximately £1.3m by 2020/21 as shown in the above table (savings of £3.4m in total).

- 2.47 A council tax increase of 1.95% would generate additional funding of £460k, and a 2.95% increase would realise a total of £694k in 2018/19.
- 2.48 The Finance and Resources Committee in January recommended a council tax increase of 2.95% to the Fire Authority. The two advantages of implementing this council tax increase in 2018/19 2018 are that it adds funding permanently into

the base budget and secondly it reduces the budget deficit by £694k in 2018/19. This would still leave the Authority with budget savings of £1.444m to find in order to approve a balanced budget as required by law.

- 2.49 The deficit position will be affected by outcome of the decision by Members at this meeting regarding Mixed Crewing. However, even if implemented, it is unlikely that savings will be achieved during 2018/19. It is recommended that the £1.444m deficit in 2018/19 be financed from general reserves. This would require the Chief Fire Officer to bring back to the Authority proposals to deal with both the on-going deficit forecast for future years.
- 2.50 An increase of 2.95% in both 2017/2018 and 2018/19 along with a 1.95% increase in 2019/20, this being the maximum permitted without invoking a referendum, would have the following effect.

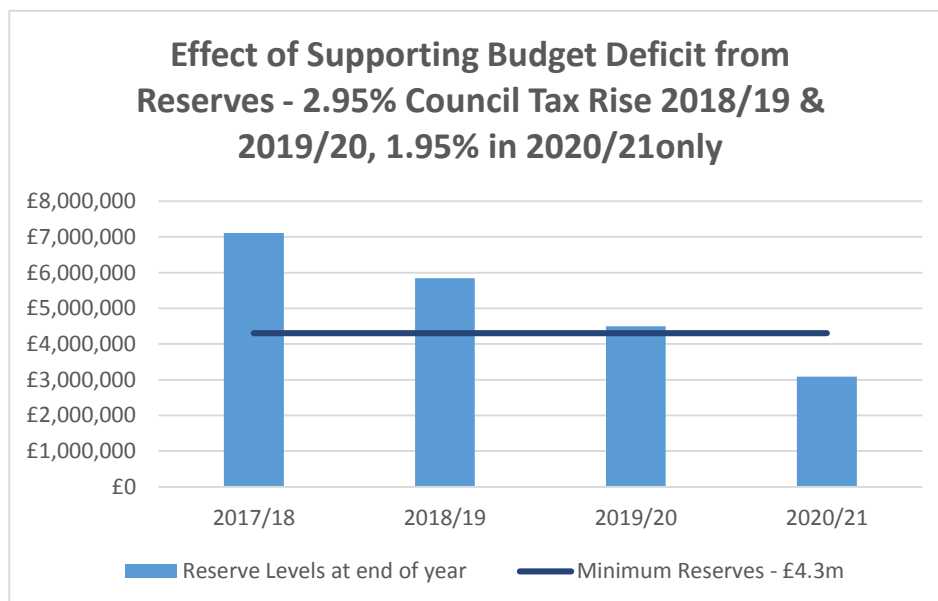
	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Total External Funding	17,107,758	16,546,879	16,111,824	16,111,824
Budget Requirement	40,804,872	42,227,350	42,748,415	43,657,338
Balance to be met locally	23,697,114	25,680,471	26,636,591	27,545,514
Strategic Use of Reserves	525,518	1,444,405	0	0
Council Tax Yield*	23,171,596	24,236,066	25,288,964	26,131,410
Budget Deficit	0	0	1,347,627	1,414,104
General Reserves at Year End if Shortfall not Addressed	7,292,422	5,848,017	4,500,390	3,086,286

- 2.51 The table shows that whilst reserves can be used during 2018/19 in order to allow the authority to transfer to a balanced budget position, if the proposed savings from Mixed Crewing and other sustainability strategy projects are not achieved, the impact on reserves will be unsustainable. If savings do not materialise, the general reserve will only be marginally above the £4.3m minimum level by the end of 2019/20 (see also 2.56). In order that the Fire Authority has a secure financial future savings in the region of £1.4m must be achieved during 2019/20.

RESERVES AND BALANCES

- 2.52 The Authority held reserves of £12.7m as at 1 April 2017, £4.9m of which was for earmarked projects or set aside grant funding. General Reserves account for the remaining £7.8m. A total of £1.3m is estimated to be required during 2017/18 to fund the shortfall in the revenue budget, specific revenue projects and the Capital Programme. Furthermore, £1.7m of the earmarked reserves have been committed for use in future years, leaving available balances of £9.4m.

- 2.53 Earmarked Reserves have been created in the past from underspends to fund areas of expenditure such as supporting the capital programme, ICT systems development and transitional work to enable change. With the Authority now in a deficit position, these reserves cannot be replenished, and once used, such projects will need to be funded from within the Revenue Budget, thus creating an additional pressure.
- 2.54 A risk assessment to determine the minimum level of general reserves to hold is undertaken each year, with a level of £4.3m being recommended for approval as part of the Review of Reserves and Working Balances report on this agenda.
- 2.55 To summarise, the continued use of reserves to fund one off project expenditure, to cover increased financial risks and the need to use reserves to meet the medium term budget deficit cannot be sustained over the long term. This needs to be taken into account when making decisions regarding Council Tax levels for 2018/19 and beyond.
- 2.56 A graph showing the impact of a 2.95% increase in 2018/19 and 2019/20 and a 1.95% increase in 2020/21 is shown below. The graph shows that reserves would fall below the £4.3m minimum level during 2020/21 if the deficit is not addressed.



PROPOSAL FOR COUNCIL TAX INCREASES 2018/2019

- 2.57 The recommendation of a 2.95% increase in Council Tax proposed by the Finance and Resources Committee is set out in tabular form in Appendix 3.
- 2.58 Council Tax for the Fire Authority is currently £75.29 at Band D and a 2.95% increase in this would raise it by £2.22 per year to £77.51. The effects of such an increase on other bands per year is as follows:

Band	Annual Council Tax Current £	Annual Council Tax 2.95% Increase £	Increase £
A	50.19	51.67	1.48
B	58.56	60.29	1.73
C	66.92	68.90	1.98
D	75.29	77.51	2.22
E	92.02	94.73	2.71
F	108.75	111.96	3.21
G	125.48	129.18	3.70
H	150.58	155.02	4.44

The majority of the homes in the City and County of Nottinghamshire fall into Bands A and B.

FEES AND CHARGES

2.59 At its meeting on 13 November 2015 the Policy and Strategy Committee approved a scale of fees and charges for Special Service Charges and for the use of Service facilities. That Committee also approved the increase of these fees and charges by annual inflation. Appendix 4 sets out the current scale of fees and charges as well as proposed fees and charges for 2017/2018, which have had an inflationary increase applied. It is recommended that the Authority approve these charges for implementation from 1 April 2018.

COMMENTS OF THE TREASURER

2.60 Under Section 25 of the Local Government Act 2003, the Treasurer is required to report to the Authority on the following two matters:

- The robustness of the estimates made for the purposes of calculations; and
- The adequacy of reserves.

2.61 The Treasurer is satisfied that, on the basis of the financial risk assessments, the working balances are adequate and plans exist for using any surplus balances.

2.62 The Treasurer has been consulted fully concerning the build up and calculation of the budget, and is content that these have been prepared in an accurate and robust manner, such that the Authority will have adequate resources to discharge its responsibilities under various statutes and regulations.

2.63 A statement by the Authority Treasurer is included as Appendix 5 to this report.

3. FINANCIAL IMPLICATIONS

The financial implications are set out in full in the body of the report.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources or learning and development implications arising directly from this report, although the achievement of budgetary savings in future years will undoubtedly have an impact.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because this report is not associated with a policy, function or service.

6. CRIME AND DISORDER IMPLICATIONS

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

7. LEGAL IMPLICATIONS

- 7.1 The Authority has a statutory duty to notify its precept to Billing Authorities by 1 March 2018 and has no power to issue a supplementary precept.
- 7.2 Section 114 of the Local Government Finance Act 1988 requires the Treasurer to report to Members and the External auditor if the Authority or one of its officers has made, or is about to make, a decision that involves unlawful expenditure. Not setting a balanced budget would be classed as being unlawful.
- 7.3 The Authority must also comply with the Accounts and Audit Regulations 2011 and ensure that the financial management of the Authority is adequate and effective, and has a duty of Best Value to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 Risks associated with budget setting are always significant. Budgets are by their very nature estimates of future activity and these estimates can sometimes be incorrect. Changes involving contraction of activities may not be made on the envisaged timescales, public consultation may vary policy and external issues such as national pay awards may not align with the assumptions.
- 8.2 Council tax base figures used for this report are only estimates at present and the grant settlement details are only provisional. It is possible that both or either of these could change.

- 8.3 There can be no control over external issues however the Authority has sufficient reserves to cope with any in year changes which alter these budget assumptions significantly.

9. COLLABORATION

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

It is recommended that Members:

- 10.1 Consider the recommendation of the Finance and Resources Committee to the Fire Authority that there be a 2.95% Council Tax increase, with balance of £1,444,104 met by funding from reserves in line with the Medium Term Financial Strategy.
- 10.2 Determine the 2018/19 precept level to be notified to the Billing Authorities based on the information set out in Section 2 and Appendix 3 as required by statute.
- 10.2 Approve the flexible use of capital receipts strategy as set out in Appendix 3, which is that capital receipts in 2018/19 will be used to either finance future capital expenditure or to repay borrowings and will not be used in this year to fund the revenue cost of reform projects.
- 10.3 Approve the fees and charges for 2018/19, as set out in Appendix 4.
- 10.4 Approve the payment of Members Allowances for 2018/19 in accordance with the approved scheme.

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

None.

John Buckley
CHIEF FIRE OFFICER

Theresa Channell
**INTERIM TREASURER TO THE FIRE
AUTHORITY**

FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY

Introduction

In the Spending Review 2015, the Chancellor of the Exchequer announced that to support local authorities to deliver more efficient and sustainable services, the government would allow local authorities to spend up to 100% of their capital receipts from the sale of fixed assets on the revenue cost of reform projects. This gives local authorities the power to treat as capital expenditure, expenditure which is incurred in generating on-going revenue savings in the delivery of public services either by way of reducing the cost of or reducing demand for services in future years. This impact of cost or demand reduction can be realised by any public sector delivery partners but must be properly incurred by authorities for the financial years that begin on 1 April 2016, 1 April 2017 and 1 April 2018. Capital receipts used in this way must have been received in these same three years. As part of the provisional funding settlement made on 19 December, this was extended to cover a further 3 years up until 2021/22.

This new power and its guidance is issued under Section 15(1) of the Local Government Act 2003, which requires local authorities to have regard to guidance that the Secretary of State may specify.

Application

The guidance specifies that authorities may not borrow to finance the revenue costs of service reform, nor may they use capital receipts accumulated from prior years. The key criteria to be used when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate on-going savings to an authority's or several authorities' and / or to another public sector body's net service expenditure.

Accountability and Transparency

The guidance specifies that authorities must disclose the individual projects that will be funded or part funded through capital receipts flexibility to the full Fire Authority. This requirement can be satisfied as part of the annual budget setting process or through the Medium Term Financial Strategy. It is recommended that the disclosure of projects to be funded in this way should be made prior to the start of each financial year, however if the strategy is updated part way through the year it must be approved by the Fire Authority and notified to central government. A revised strategy must also include the impact on Prudential Indicators. Both the initial strategy and any revised strategy must be made available online to the public.

The strategy must list each project to be funded through capital receipts flexibility, with details of the expected savings and service transformation. With effect from the 2017/18 strategy details must be included of projects approved in previous years and progress against achievement of the benefits outlines in the original strategy.

To date there have been no such projects funded through the use of capital receipts.

Capital Receipts Strategy for 2018/19

For the financial year 2018/19 it is not proposed to fund any reform projects through the capital receipts flexibility. There are currently sufficient funds held in reserves for this purpose and it is felt that capital receipts would be better used to finance capital expenditure. This will enable the Authority to minimise the use of borrowing which needs to be kept within the affordable limits as set out in the Prudential Code for Capital Finance.

If it is felt in the future that the use of capital receipts flexibility would be beneficial to the Authority then a revised strategy will be reported to the Fire Authority for approval.

CASH LIMIT				
	Revised Budget 2017/2018	Budget Requirement 2018/2019 £000's	Budget Requirement 2019/2020 £000's	Budget Requirement 2020/21 £000's
<u>Employees</u>				
Direct Employee Expenses	31178	32141	32484	33157
Indirect Employee Expenses	482	462	462	462
Pension	839	973	983	1032
	32499	33576	33929	34651
<u>Premises-Related Expenditure</u>				
Repairs Alterations and Maintenance of Bdgs	572	572	572	572
Energy Costs	312	344	344	344
Rents	36	4	4	4
Rates	710	942	937	937
Water	81	81	81	81
Fixture and Fittings	1	1	2	2
Cleaning and Domestic Supplies	316	316	324	324
Grounds Maintenance Costs	30	30	31	31
Premises Insurance	36	36	38	38
Refuse Collection	39	39	41	41
	2133	2365	2374	2374
<u>Transport-Related Expenditure</u>				
Direct Transport Cost	1025	1032	994	1011
Recharges	123	122	122	122
Public Transport	23	43	43	43
Transport Insurance	176	176	185	185
Car Allowances	350	374	357	357
	1697	1747	1701	1718
<u>Supplies & Services</u>				
Equipment Furniture and Materials	678	626	626	606
Catering	69	71	71	71
Clothes Uniforms and Laundry	272	304	284	242
Printing Stationery and General Office Exp	41	41	41	41
Services	551	545	560	561
Communications and Computing	1480	1506	1426	1426
Expenses	51	47	47	47
Grants and Subscriptions	40	35	35	35
Miscellaneous Expenses	230	232	233	234
	3412	3407	3323	3263
<u>Third Party Payments</u>				
Other Local Authorities	58	58	58	58
Private Contractors	0	0	0	0
	58	58	58	58

	Revised Budget 2017/2018	Budget Requirement 2018/2019 £000's	Budget Requirement 2019/2020 £000's	Budget Requirement 2020/21 £000's
<u>Support Services</u>				
Finance	124	126	124	124
Corporate Services	41	43	43	43
	165	169	167	167
<u>Depreciation and Impairment Losses</u>				
Depreciation	0	0	0	0
Amortisation of Intangible Fixed Assets	0	0	0	0
	0	0	0	0
<u>Sales Fees & Charges</u>				
Customer and Client Receipts	-147	-210	-210	-210
	-147	-210	-210	-210
<u>Other Income</u>				
Government Grants	-707	-739	-839	-839
Other Grants/Reimbursements and Contribns	-745	-511	-511	-511
Interest	-66	-66	-66	-66
	-1518	-1316	-1416	-1416
<u>Capital Financing Costs</u>				
Interest Payments	924	924	1013	1013
Debt Management Expenses	1581	1506	1808	2037
	2505	2430	2821	3050
Total Budget	40,804	42,227	42,747	43,656

APPENDIX 3

Proposal for Council Tax Increase of 2.95%

An increase in Council Tax of 2.95% would require the Authority to set a Band D Council Tax of £77.51 per annum in 2018/19.

Specifically in 2018/19 Council Tax would be set at the following levels:

Band A	51.67
Band B	60.29
Band C	68.90
Band D	77.51
Band E	94.73
Band F	111.96
Band G	129.18
Band H	155.02

The level of Council Tax at Band D is then multiplied by the taxbase to calculate the precept to be set for each of the District Councils and the City Council as follows:

	Taxbase	Percentage	Precept £
Ashfield	33,140.50	10.6%	2,568,720.12
Bassetlaw	34,231.95	10.9%	2,653,318.41
Broxtowe	33,448.29	10.7%	2,592,576.93
Gedling	36,637.56	11.7%	2,839,777.24
Mansfield	28,905.50	9.2%	2,240,465.27
Newark and Sherwood	38,320.19	12.3%	2,970,197.89
Rushcliffe	42,610.10	13.6%	3,302,708.81
Nottingham City	65,389.00	21.0%	5,068,301.33
Total	312,683.09	100.0%	24,236,066.00

The above figures are calculated after taking account of the declared surplus/deficit on collection for each of the billing authorities.

FEES AND CHARGES – SPECIAL SERVICES AND USE OF FACILITIES 2018/19

	2017/18 Charges	2018/19 Proposed Charges
Personnel: per hour, or part of an hour:		
Full Crew	£271.50	276.90
Station Manager and above	£60.60	61.80
Watch Manager	£49.70	50.70
Crew Manager	£47.30	48.20
Firefighter	£44.80	45.70
Appliances and Vehicles: per hour, or part of an hour:		
	£40.50	42.20
Loan of Salvage Sheet:		
Charge for fitting	£271.50	276.90
Charge for removing	£271.50	276.90
Charge for salvage sheet	£88.30	91.90
Copy of a Fire Report	£66.70	68.00
Hire of Meeting Room:		
Full day	£230.60	240.10
Half day	£119.00	123.90

NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY

STATEMENT BY AUTHORITY TREASURER

Under Section 25 of the Local Government Act 2003, the Treasurer is specifically required to report to the Authority on the following two matters:

- The robustness of the estimates made for the purposes of calculations ; and
- The adequacy of reserves and working balances.

I have consulted with the Head of Finance and note that the required level of working balances is calculated using a risk assessment methodology. I am satisfied that, on the basis of those risk assessments, the proposed level of balances is adequate.

I note however that the current level of balances exceeds this recommended level but note the projected budget requirements for 2018/19, 2019/20 and 2020/21 exceed the possible grant and council tax yields for those years.

Earmarked Reserves are held for specific purposes, and include amounts for Unapplied LPSA Reward Grant, The Community Safety Fund, Organisation Transition and Communications Development.

I have also been consulted fully concerning the build up and calculation of both the Revenue and Capital budgets and am content that these have been prepared in an accurate and robust manner such that the Authority will have adequate resources to discharge its responsibilities under various statutes and regulations.

Theresa Channell CPFA
FIRE AND RESCUE AUTHORITY TREASURER