



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

BUDGET PROPOSALS FOR 2020/21 TO 2023/24 AND OPTIONS FOR COUNCIL TAX 2020/21

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

Date: 28 February 2020

Purpose of Report:

- To present Fire Authority with proposals for Revenue and Capital budgets for 2020/21 to 2023/24 to allow Members to determine the level of Council Tax for 2020/21.
- To set out fees and charges for 2020/21 for Members' approval.
- To seek Members' approval to the continued payment of Members Allowances for 2020/21 in accordance with the approved scheme.

Recommendations:

It is recommended that Members:

- Agree the recommendation of the Finance and Resources Committee to the Fire Authority that there be a 1.95% Council Tax increase.
- Approve the 2020/21 precept level to be notified to the Billing Authorities based on the information set out in Section 2 and Appendix D as required by statute.
- Approve the fees and charges for 2020/21, as set out in Appendix E.
- Approve the payment of Members Allowances for 2020/21 in accordance with the approved scheme.

CONTACT OFFICER

Name : Becky Smeathers
Head of Finance

Tel : (0115) 967 0880

Email : becky.smeathers@notts-fire.gov.uk

**Media Enquiries
Contact :** Therese Easom
(0115) 967 0880 therese.easom@notts-fire.gov.uk

1. BACKGROUND

- 1.1 At its meeting on 17 January 2020 the Finance and Resources Committee considered a report setting out the latest budget position based on the provisional grant settlement and the indicative position with regard to the Council Tax base.
- 1.2 The Finance and Resources Committee was asked to consider options for Council Tax between a Council Tax freeze and an increase in Council Tax, up to the maximum of 1.95% 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 to reflect the final announcements regarding Government grant, Business Rates, Council Tax base and surplus on Collection Fund, as well as other minor adjustments. It 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.
- 1.4 The Fire Authority is required to set a precept before 1 March 2020 and notify this to the billing authorities.

2. REPORT

CAPITAL BUDGET PROPOSALS 2020/21 TO 2023/24

- 2.1 The Authority maintains a sustainable Capital Programme that reflects and supports the Strategic Plan and associated annual Action Plans.
- 2.2 The property programme flows directly out of the Property Strategy. The programme covers the construction of a new fire station at Worksop which is due to be replaced. Planning permission for the new building at Joint Headquarters was approved early in December 2019. Much of the building work on this project will be undertaken during the 2020/21 financial year and early 2021/22.
- 2.3 The ICT programme has been developed from the Digital Strategy. It includes replacement equipment and software and supports the specific schemes which underpin the strategy.
- 2.4 The fleet replacement programme is derived from the Fleet Strategy and reflects current and future expected demand. Where possible, alternative fuel vehicles will form a major part of future light vehicle replacement strategy.
- 2.5 The proposed Capital Programme for 2020/21 to 2023/24 is detailed in Appendix A. The 2020/21 programme totals £3.988m prior to any slippage

from 2019/20 yet to be approved by Fire Authority. It is summarised in Table 1 below.

Table 1 – Capital Programme 2020/21 to 2023/24

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Transport	321	999	2,163	1,653
Equipment	110	100	250	50
Estates	3,011	4,888	775	551
ICT & Communications	546	380	230	220
Total	3,988	6,367	3,418	2,474
Funded by:				
Capital Receipts	0	0	300	1,750
Reserves	1,037	0	0	0
Borrowing	2,951	6,367	3,118	724
Total	3,988	6,367	3,418	2,474

- 2.6 Sources of funding for the capital programme include grant, revenue contributions, reserves, capital receipts and borrowing.
- 2.7 **CAPITAL RECEIPTS** – these are received from the sale of assets and can be used to fund either the revenue cost of transformational projects, to fund capital expenditure or to reduce borrowing. No capital receipts are expected to be available for investment in the 2020/21 capital programme.
- 2.8 **GRANT FUNDING** – there is no anticipated grant funding available at present to support the capital programme.
- 2.9 **REVENUE AND RESERVES** – The reserves strategy approved by Fire Authority on 20 December 2019 included the allocation of the Capital Earmarked Reserve (£1.037m) to be used to fund the 2020/21 capital programme.
- 2.10 **BORROWING** – the proposed 2020/21 to 2023/24 capital programme set out in Appendix A is largely funded from borrowing. The related costs will be tested for affordability as part of the prudential code report elsewhere on this agenda. Estimated costs have been built into the revenue programme considered in this report.

REVENUE BUDGETS 2020/21 TO 2023/24

2.11 The Medium Term Financial Strategy and Budget Guidelines report considered by Fire Authority on 20 December 2019 provided the economic backdrop for the budget process.

2.12 Since the December report, budgets were updated and reported to the Finance and Resources Committee on 17 January 2020. These have now been finalised and detailed budgets can be found in Appendix B. These are summarised in Table 2 below.

Table 2 – Budget Requirement 2019/20 to 2022/23

	Revised Budget 2019/20 £'000	Budget 2020/21 £'000	Budget 2021/22 £'000	Budget 2022/23 £'000	Budget 2023/24 £'000
Employees	35,469	35,905	36,929	37,748	28,692
Premises	2,462	2,562	2,645	2,741	2,810
Transport	1,864	1,636	1,598	1,560	1,599
Supplies & Services	3,580	3,547	3,586	3,587	3,677
Payments to other Local Authorities	703	783	723	723	741
Support Services	192	192	197	197	202
Capital Financing Costs	2,488	2,537	2,602	2,767	2,836
Income	(4,062)	(1,997)	(2,147)	(2,147)	(2,201)
Total	42,696	45,165	46,133	47,176	48,356

2.13 The main pressures on budgets are detailed in the paragraphs below.

PENSIONS

2.14 The Service has received draft revised Local Government Pension Scheme (LGPS) superannuation rates following the triannual revaluation of the fund. These have increased from 14.8% to 18.4%. This will increase costs by approximately £200k per year from 2020/21.

2.15 On 14 December 2018, the Court of Appeal found that the transitional protections in the 2015 Fire Pension Scheme (FPS) (which provide protections based on age allowing older members to remain in their former final salary scheme) are unlawfully discriminatory on the grounds of age. The case was therefore returned to the Employment Tribunal to determine remedy.

- 2.16 The Employment Tribunal held a preliminary hearing on 18 December 2019 and has released a draft interim order. This, in effect, provides that members who transferred into the new scheme are entitled to be treated as if they remained in the 1992 and 2006 FPS. However, this remains a draft agreement at present and the final determination is not expected to be resolved until around mid-July 2020. The remedy may require further legislation which will further delay implementation.
- 2.17 There is likely to be a significant increase in the cost of the firefighters' pension scheme resulting from the case. These are expected to be largely funded by Central Government, but additional costs falling to the Fire Authority cannot be ruled out. This has been added to the general fund reserves risk register.
- 2.18 **FIREFIGHTER PAY INCREASE** – a pay award of 2% has been assumed for all years to 2023/24. 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.
- 2.19 **WHOLETIME PAY** – the pay budget has been budgeted on full establishment. As fire fighters are recruited, there will be periods where the ridership will be over-established as courses finish and newly trained firefighters gain competency. These additional costs have been built into the budget for 2020/21.
- 2.20 **OVERTIME** – this budget has been under significant pressure during 2019/20 and has consistently overspent due to some under-establishment of wholetime crews and high sickness levels. The overtime budget has been increased from £300k to £500k.
- 2.21 **ON CALL PAY** – following significant underspends in 2019/20, the on-call budgets have been reduced to reflect the planned three recruitment courses and a reduction in the drills and training budget, which has also consistently underspent in recent years. Budgets have been increased to allow an increase in community fire safety work in line with the Safer Communities Strategy and HMICFRS (Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services) inspection action plan (see Paragraph 2.23).
- 2.22 **ADMINISTRATIVE AND SUPPORT PAY** – these budgets include a vacancy factor of 3% and a pay increase of 2%. The vacancy factor has increased from 1.5% used for 2019/20 budgets to reflect vacancy levels in previous years more accurately. This has reduced administrative and support pay by approximately £100k.
- 2.23 **HMI INSPECTION** – the Authority was inspected by HMICFRS in January 2019. The Service received an overall grading of 'Requires Improvement'.

An action plan was endorsed by Fire Authority in September 2019 to address the specific areas requiring improvement. Much of this work was already included in the Service's Strategic Plan and associated annual action plans. Costs associated with this work have been included in the budgets, with specific one-off projects being funded from the transformation and collaboration reserve created as part of the reserves strategy approved by Fire Authority on 20 December 2020.

- 2.24 **ICT LICENCING COSTS** – the increasing reliance on technology and the advancement in ICT capability have enabled the Service to work in an increasingly more efficient way. Systems have become more integrated, reducing the need for paperwork and dual input. However, the increasing use of technology has resulted in an increase in software licencing costs. These have been increased in the 2020/21 budget by £100k.
- 2.25 **JOINT CONTROL ROOM** – the Nottinghamshire and Derbyshire Fire Services joint control room project was opened in June 2020. This was expected to result in savings in the region of £350k per year once implementation is complete. However, due to high levels of sickness and staff absence, additional temporary staff have been employed, resulting in additional one-off costs in the region of £80k for 2020/21. These are being funded from earmarked reserves. There are expected ongoing additional costs in the region of £30k to cover other recharged costs from Derbyshire Fire and Rescue Service. These are built into revenue budgets for 2020/21 and future years.
- 2.26 **MINIMUM REVENUE PROVISION (MRP)** – 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 detailed in Appendix A has been built into the MRP. The MRP is £181k less than originally anticipated due to slippage in the 2019/20 capital programme.
- 2.27 **BUDGET MANAGER REDUCTIONS** – miscellaneous reductions in excess of £200k have been identified by careful scrutiny of existing budgets by finance staff and budget managers as part of the budget process.

RESERVES AND BALANCES

- 2.28 Taking account of the expected 2019/20 outturn position reported to Finance and Resources Committee in January 2020, total reserve levels held at 1 April 2020 are expected to be £9.8m. This consists of £5.2m general fund reserves and £4.6m earmarked reserves.
- 2.29 The General Fund Reserve is expected to be in the region of £5.2m by 31 March 2020. This is £1.3m above the minimum level agreed by Fire Authority in December 2020. This represents the maximum level of available reserves to support any shortfalls in future years' budgets.

- 2.30 The general fund reserve is adequate to support the Authority's budgets going forward providing that the Authority sets a balanced budget.
- 2.31 The earmarked reserves are expected to be in the region of £4.6m by 31 March 2020. These reserves are earmarked for known projects or items of one-off expenditure. They include a £1.4m transformation and collaboration reserve which was created as part of the Reserves Strategy approved by Fire Authority on 20 December 2019. This reserve has been created to fund projects related to the Strategic Plan, HMICFRS inspection action plan and the outcomes of the Grenfell Tower and Hackitt inquiries. More details on the allocation of this reserve can be found in the Transformation and Efficiency Strategy report elsewhere on this agenda. £173k allocation of the reserve has already been included in the budgets (see also section 2.23). This includes:
- Temporary Organisation, Development and Inclusion officer to support the HMICFRS team on the Human Resources strand - £30k;
 - Improvement and development work to the Community Fire Risk Management Information System (CFRMIS), to address issues in the HMICFRS inspection - £24k;
 - One off remedial work across the estate resulting from the Fire Risk Assessment recently undertaken - £30k;
 - Funding to cover NHS Occupational Therapist Secondment into Prevention team - £54k;
 - Additional one off staffing costs for Joint Control which formed part of the Sustainability Strategy 2020 - £80k (see section 2.25).

FINANCING THE BUDGET

- 2.32 The Authority primarily receives income from Revenue Support Grant, Business Rates and Council Tax. The government announced the final Local Government finance settlement on 06 February 2020 covering 2020/21.
- 2.33 The council tax increase threshold, above which a referendum would be triggered has remained at 2% for 2020/21 and 2023/24.
- 2.34 The precepting authorities also submitted their estimates for 2020/21 Business Rate income on 31 January. The Fire Authority receives 1% of this income.
- 2.35 The budget includes £721k Section 31 grant received to compensate for changes to various changes made to Business Rates announced in the Autumn Statement. This grant has been partly estimated by the precepting authorities and will not be confirmed until the summer.

- 2.36 For 2020/21 the Authority received Section 31 grant to cover the increased costs of fire fighter pension employer contributions introduced in 2019/20. The level of grant received has been maintained at £2.34m which is the same in cash terms as 2019/20. Actual costs are in the region of £280k higher than this and the shortfall has been built into the budgets. In future years, it is expected that this will form part of the 2021/22 Comprehensive Spending Review (CSR). For the purposes of forecasting, it has been assumed that the grant will be maintained at the same cash level. There is a risk that this may not be the case and any decrease will need to be addressed as part of the 2021/22 budget process.
- 2.37 A reformed business rates retention scheme has been delayed for several years. It is now expected to be implemented in April 2021 to coincide with the CSR. The final details of the scheme are still to be determined but it is anticipated that the level of business rates being retained by local government will increase from the current 50% to 75%. The Business Rates top up grant will be adjusted accordingly. It is still to be determined whether Fire will continue to receive funding from business rates or whether this will be replaced with a fire grant in a similar way to the police.
- 2.38 Funding for 2021/22 to 2023/24 will be determined as part of the CSR which will not be announced until mid 2020. The revision of the fire funding formula will not be implemented in time to feed into the CSR as more time is required to collect data and undertake work to determine suitable cost drivers. For the purposes of budgeting, a 2% inflationary increase in government funding has been assumed for the three years 2021/22 to 2023/24.
- 2.39 Table 3 shows the likely budget provision assuming that:
- There is a 2% increase in government funding between 2021/22 and 2023/24;
 - Pension grant remains at £2.34m (regardless of whether it is consumed within the Spending Review or kept as a separate Section 31 grant);
 - The revised Business Rates retention scheme is implemented and the level of business rates retained by the authority is increased from 50% to 75%. Business Rates top up grant will be reduced accordingly;
 - There is no increase in Council Tax in each of the four years.

Table 3 – Projected Budget Position with Nil Council Tax Rise

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Government Funding	12,496	12,699	10,969	11,188	11,412
Business Rates	3,668	3,778	5,723	5,780	5,838
Pension Grant	2,340	2,340	2,340	2,340	2,340
External Funding	18,504	18,817	19,032	19,308	19,590
Budget Requirement	(45,037)	(45,165)	(46,133)	(47,176)	(48,355)
Balance to be met locally	26,533	26,348	27,101	27,868	28,765
Projects funded from Earmarked Reserve	0	274	0	0	0
General Fund Reserve	1,240	0	0	0	0
Council Tax Yield 0% increase per year*	25,293	25,574	25,920	26,269	28,766
Budget Surplus / (Deficit)	0	(500)	(1,181)	(1,599)	(2,141)

*Assumes a rise in tax base but no rise in Council Tax (2019/20 figures are actual).

Table 3 shows that a budget deficit of £0.5m will need to be eliminated to create a balanced budget for 2020/21 if there is no increase in Council Tax. The deficit figure would rise to £2.1m by 2023/24.

2.40 In January, the Finance and Resources Committee recommended a 2020/21 Council Tax increase of 1.95% to Fire Authority, which is the maximum increase permitted without invoking a referendum. Table 4 demonstrates that this would enable the Authority to deliver a balanced budget for 2020/21. This assumes that:

- There is a 2% increase in government funding between 2021/22 and 2023/24;
- Pension grant remains at £2.34m in future years (regardless of whether it is consumed within the Spending Review or kept as a separate Section 31 grant);

- The revised Business Rates retention scheme is implemented and the level of business rates retained by the authority is increased from 50% to 75%. Business Rates top up grant will be reduced accordingly;
- There is an increase in Council Tax of 1.95% in each of the four years.

Table 4 – Projected Budget Position with 1.95% Council Tax Increase

	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Government Funding	12,496	12,699	10,969	11,188	11,412
Business Rates	3,668	3,778	5,723	5,780	5,838
Pension Grant	2,340	2,340	2,340	2,340	2,340
External Funding	18,504	18,817	19,032	19,308	19,590
Budget Requirement	(45,037)	(45,165)	(46,133)	(47,176)	(48,355)
Balance to be met locally	26,533	26,348	27,101	27,868	28,765
Projects funded from Earmarked Reserve	0	274	0	0	0
General Fund Reserve	1,240	0	0	0	0
Council Tax Yield 0% increase per year*	25,293	26,074	26,943	27,840	28,766
Budget Surplus / (Deficit)	0	0	(158)	(28)	1

2.41 The table demonstrates that a balanced budget can be set with a 1.95% increase in Council Tax. Assuming a further 1.95% Council Tax increase in 2021/22, there is an anticipated shortfall of £158k. This represents 0.3% of the total budget. Some savings are expected out of the Transformation and Efficiency Strategy (elsewhere on this agenda) and the revenue savings resulting from the joint Head Quarters are also still to be quantified. The situation will be addressed as part of the 2021/22 budget process when this information is available and the outcome of the CSR, business rates review and pension grant become more certain. It is anticipated at this stage that the deficit can be addressed to enable a balanced budget to be delivered. The shortfall reduces in future years to the point that a balanced budget is expected in 2023/24.

2.42 The figures in Tables 3 and 4 assume a 2% year on year increase in government grant from 2021/22 onwards. Given the level of uncertainty

around future funding levels, the impact of a nil increase in government funding and a 2% cut is considered in Appendix C.

- 2.43 Under the scenario of no increase in government funding, there would be a deficit position for 2021/22 of £373k. A 2% cut would leave a deficit position of £636k. Both of these scenarios assume a 1.95% increase in Council Tax. The ongoing budget position will be monitored as more information becomes available regarding the potential savings identified in section 2.41 and regarding the CSR. Any deficit will be addressed as part of the 2021/22 budget process.

RESERVES

- 2.44 Taking account of anticipated use of reserves in the current financial year, total reserve levels held at 1 April 2020 are expected to be £9.8m. This consists of £5.2m general fund reserves and £4.6m earmarked reserves.
- 2.45 The general fund reserve level of £5.2m is £1.3m above the minimum level agreed by Fire Authority in December 2020. This represents the maximum level of available reserves to support future years' budget deficits.
- 2.46 The general fund reserve is adequate to support the Authority's budgets going forward providing that the Authority is able to set a balanced budget. If Council Tax is not increased, the General Fund Reserve would reduce to £4.7m by the end of 2020/21 and fall below the £3.9m minimum level during 2021/22.

PROPOSAL FOR COUNCIL TAX INCREASES 2020/21

- 2.47 The recommendation of a 1.95% increase in Council Tax proposed by the Finance and Resources Committee is set out in tabular form in Appendix D.
- 2.48 Council Tax for the Fire Authority is currently £79.80 at Band D. A 1.95% increase in this would raise it by £1.56 per year to £81.36. The effects of such an increase on other bands per year is as follows:

Table 5 – Impact of 1.95% increase on Council Tax

Band	Annual Council Tax Current £	Annual Council Tax 1.95% Increase £	Increase £
A	53.20	54.24	1.04
B	62.07	63.28	1.21
C	70.93	72.32	1.39
D	79.80	81.36	1.56
E	97.53	99.44	1.91
F	115.27	117.52	2.25
G	133.00	135.60	2.60
H	159.60	162.72	3.12

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

FEES AND CHARGES

2.49 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 E sets out the current scale of fees and charges as well as proposed fees and charges for 2020/21, which have had an inflationary increase applied. It is recommended that the Authority approve these charges for implementation from 1 April 2020.

APPROVAL OF MEMBERS ALLOWANCES

2.50 The allowances that Members can claim are set out in the Members' Allowance Scheme. At its meeting on 22 September 2017 Fire Authority approved that Member's basic allowance and special responsibility allowances would increase on an annual basis linked to increases set by the National Joint Council for Local Government Service.

2.51 It is recommended that members allowances continue to be paid in line with the approved scheme.

COMMENTS OF THE TREASURER

2.52 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.

2.53 The Treasurer is satisfied that, on the basis of the financial risk assessments, the working balances are adequate to support the budget in 2020/21.

2.54 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.

2.55 A statement by the Authority Treasurer is included as Appendix F 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 2020 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 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 IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

It is recommended that Members:

- 10.1 Agree the recommendation of the Finance and Resources Committee to the Fire Authority that there be a 1.95% Council Tax increase.
- 10.2 Approve the 2020/21 precept level to be notified to the Billing Authorities based on the information set out in Section 2 and Appendix D as required by statute.
- 10.3 Approve the fees and charges for 2020/21, as set out in Appendix E.
- 10.4 Approve the payment of Members Allowances for 2020/21 in accordance with the approved scheme.

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

None.

John Buckley
CHIEF FIRE OFFICER

Charlotte Radford
TREASURER TO THE FIRE AUTHORITY

APPENDIX A

PROPOSED CAPITAL PROGRAMME 2020/21 TO 2023/24

Capital Programme Item	2020/21 Proposed* £'000	2021/22 Proposed £'000	2022/23 Proposed £'000	2023/24 Proposed £'000
Special Appliances	0	115	625	100
Pumping Appliance	95	700	1,060	1,325
Light Vehicle Replacement	226	184	478	228
Transport Total:	321	999	2,163	1,653
Breathing Apparatus sets	0	0	250	0
CCTV - Vehicles	40	0	0	0
Gas Tight Suits	0	0	0	50
Air bag replacements	70	0	0	0
Water Rescue Kit	0	100	0	0
Equipment Total:	110	100	250	50
Hucknall Fire Station	11	0	0	0
Worksop Fire Station	500	2,638	62	0
New Headquarters (HQ)	2,500	1,500	0	0
Eastwood Fire Station	0	750	713	38
Ashford Fire Station	0	0	0	488
Arnold Fire Station	0	0	0	25
Estates Total:	3,011	4,888	775	551
ICT Capital Programme	250	150	100	110
Mobile Computing	75	50	30	30
HQ Link ICT replacement	100	100	0	0
Business Process Automation	50	30	30	30
Cyber Security	20	20	20	20
One Off Projects			50	
ICT & Communications Total:	495	350	230	190
Agresso Upgrade (Finance)	0	30	0	30
HR System Upgrade	51	0	0	0
IT Systems Total:	51	30	0	30
Total Capital Programme:	3,988	6,367	3,418	2,474
Funding				
Grant	0	0	0	0
Capital Receipts	0	0	300	1,750
Revenue / Reserves	1,037	0	0	0
Borrowing	2,951	6,367	3,118	724
Total	3,988	6,367	3,418	2,474

* 2020/21 relates to new projects only and excludes slippage from 2019/20.

APPENDIX B

CASH LIMIT

	Revised Budget 2019/20	Budget Requirement 2020/21 £000's	Budget Requirement 2021/22 £000's	Budget Requirement 2022/23 £000's	Budget Requirement 2023/24 £000's
<u>Employees</u>					
Direct Employee Expenses	34,019	34,486	35,438	36,265	37,172
Indirect Employee Expenses	493	501	501	501	514
Pension	957	918	990	982	1,007
	35,469	35,905	36,929	37,748	38,692
<u>Premises-Related Expenditure</u>					
					-
Repairs and Maintenance	572	609	590	601	616
Energy Costs	410	458	512	574	588
Rents	1	1	27	27	28
Rates	996	1,009	1,029	1,050	1,076
Water	81	83	85	87	89
Fixture and Fittings	1	1	1	1	1
Cleaning and Domestic Supplies	316	316	316	316	324
Grounds Maintenance Costs	30	30	30	30	31
Premises Insurance	16	16	16	16	16
Refuse Collection	39	39	39	39	40
	2,462	2,562	2,645	2,741	2,810
<u>Transport-Related Expenditure</u>					
					-
Direct Transport Cost	1,224	1,045	1,007	969	993
Recharges	47	45	45	45	46
Public Transport	44	37	37	37	38
Transport Insurance	188	188	188	188	193
Car Allowances	361	321	321	321	329
	1,864	1,636	1,598	1,560	1,599
<u>Supplies & Services</u>					
					-
Equipment Furniture and Materials	616	570	606	596	611
Catering	72	68	68	68	70
Clothes Uniforms and Laundry	303	289	289	289	296
Printing Stationery & Office Expenses	41	45	45	45	46
Services	536	588	589	589	604
Communications and Computing Expenses	1,557	1,653	1,653	1,664	1,706
Grants and Subscriptions	45	44	44	44	45
Grants and Subscriptions	52	54	54	54	55
Miscellaneous Expenses	358	236	238	238	244
	3,580	3,547	3,586	3,587	3,677
<u>Third Party Payments</u>					
					-
Other Local Authorities	703	783	723	723	741
Private Contractors	-	-	-	-	-
	703	783	723	723	741

	Revised Budget 2019/20	Budget Requirement 2020/21 £000's	Budget Requirement 2021/22 £000's	Budget Requirement 2022/23 £000's	Budget Requirement 2023/24 £000's
<u>Support Services</u>					
Finance	147	147	151	151	155
Corporate Services	45	45	46	46	47
	192	192	197	197	202
<u>Depreciation and Impairment Losses</u>					
Depreciation	-	-	-	-	-
Amortisation of Intangible Fixed Assets	-	-	-	-	-
	-	-	-	-	-
<u>Sales Fees & Charges</u>					
Customer and Client Receipts	448	405	405	405	415
	448	405	405	405	415
<u>Other Income</u>					
Government Grants	3,219	1,161	1,161	1,161	1,190
Grants/Reimbursements	329	331	481	481	493
Interest	66	100	100	100	103
	3,614	1,592	1,742	1,742	1,786
<u>Capital Financing Costs</u>					
Interest Payments	875	785	900	922	945
Debt Management Expenses	1,613	1,752	1,702	1,845	1,891
	2,488	2,537	2,602	2,767	2,836
	42,696	45,165	46,133	47,176	48,355

VARIATION ANALYSIS – NO INCREASE / 2% CUT IN GOVERNMENT FUNDING

Table 1 below shows the impact of no increase in government funding on the budget for 2021/22 onwards.

Table 1 – Impact of no increase in government funding 2021/22 onwards

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24
Government Funding	12,496	12,699	10,754	10,754	10,754
Business Rates	3,668	3,778	5,723	5,780	5,838
Pension Grant	2,340	2,340	2,340	2,340	2,340
External Funding	18,504	18,817	18,817	18,874	18,932
Budget Requirement	(45,037)	(45,165)	(46,133)	(47,176)	(48,355)
Balance to be met locally	26,533	26,348	27,316	28,302	29,423
Projects funded from Earmarked Reserve	0	274	0	0	0
General Fund Reserve	1,240	0	0	0	0
Council Tax Yield 0% increase per year*	25,293	26,074	26,943	27,840	28,766
Budget Surplus / (Deficit)	0	0	(373)	(462)	(657)

Table 2 on the following page shows the impact of a 2% drop in government funding on the budget position.

Table 2 – Impact of 2% cut in Government Funding 2021/22 onwards

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24
Government Funding	12,496	12,699	10,538	10,328	10,124
Business Rates	3,668	3,778	5,723	5,780	5,838
Pension Grant	2,340	2,340	2,293	2,247	2,202
External Funding	18,504	18,817	18,554	18,355	18,164
Budget Requirement	(45,037)	(45,165)	(46,133)	(47,176)	(48,355)
Balance to be met locally	26,533	26,348	27,579	28,821	30,191
Projects funded from Earmarked Reserve	0	274	0	0	0
General Fund Reserve	1,240	0	0	0	0
Council Tax Yield 0% increase per year*	25,293	26,074	26,943	27,840	28,766
Budget Surplus / (Deficit)	0	0	(636)	(981)	(1,425)

PROPOSAL FOR COUNCIL TAX INCREASE OF 1.95%

An increase in Council Tax of 1.95% would require the Authority to set a Band D Council Tax of £81.36 per annum in 2020/21.

Specifically, in 2020/21 Council Tax would be set at the following levels:

Band A	54.24
Band B	63.28
Band C	72.32
Band D	81.36
Band E	99.44
Band F	117.52
Band G	135.60
Band H	162.72

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	33,695.30	10.6%	2,741,449.61
Bassetlaw	35,373.06	10.9%	2,877,952.17
Broxtowe	34,039.14	10.7%	2,769,424.44
Gedling	37,387.44	11.7%	3,041,842.13
Mansfield	29,407.70	9.2%	2,392,610.48
Newark and Sherwood	39,229.76	12.3%	3,191,733.28
Rushcliffe	43,987.70	13.6%	3,578,839.28
Nottingham City	67,360.00	21.0%	5,480,409.61
Total	320,480.10	100.0%	26,074,261.00

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 2020/21**

	2019/20 Charges £	2020/21 Proposed Charges £
Personnel: per hour, or part of an hour:		
Full Crew	282.40	288.00
Station Manager and above	63.00	64.30
Watch Manager	51.70	52.70
Crew Manager	49.20	50.20
Firefighter	46.60	47.50
Appliances and Vehicles: per hour, or part of an hour:		
	43.30	44.30
Loan of Salvage Sheet:		
Charge for fitting	282.40	288.00
Charge for removing	282.40	288.00
Charge for salvage sheet	94.40	96.50
Copy of a Fire Report		
	69.40	70.80
Hire of Meeting Room:		
Full day	246.60	252.00
Half day	127.20	130.00

**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.

Earmarked Reserves are held for specific purposes, and include amounts for the Emergency Services Mobile Communications Programme, Transformation and Collaboration.

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.

Charlotte Radford CPFA
FIRE AND RESCUE AUTHORITY TREASURER