



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

BUDGET PROPOSALS FOR 2023/24 TO 2026/27 AND OPTIONS FOR COUNCIL TAX 2023/24

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

Date: 24 February 2023

Purpose of Report:

- To present Fire Authority with proposals for Revenue and Capital budgets for 2023/24 to 2026/27 to allow Members to determine the level of Council Tax for 2023/24.
- To set out fees and charges for 2023/24 for Members' approval.
- To seek Members' approval to the continued payment of Members Allowances for 2023/24 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 £5.00 Council Tax increase.
- Approve the 2023/24 precept level to be notified to the Billing Authorities based on the information set out in Section 2 and Appendix C as required by statute.
- Approve the fees and charges for 2023/24, as set out in Appendix D.
- Approve the payment of Members Allowances for 2023/24 in accordance with the approved scheme.

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1. BACKGROUND

- 1.1 It is a statutory requirement under the Local Government Finance Act for the Authority to produce a balanced budget.
- 1.2 At its meeting on 20 January 2023 the Finance and Resources Committee considered a report setting out the latest budget position based on the provisional grant settlement and the indicative position regarding the Council Tax base.
- 1.3 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 £5 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.
- 1.4 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.
- 1.5 The Fire Authority is required to set a precept before 1 March 2022 and notify this to the billing authorities.

2. REPORT

CAPITAL BUDGET PROPOSALS 2023/24 TO 2026/27

- 2.1 The Authority maintains a sustainable capital programme which reflects and supports the Community Risk Management Plan (CRMP). 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 which will ensure that property remains fit for purpose and is appropriately located.
- 2.2 A summary of the proposed capital programme for 2023/24 to 2026/27 is shown in Table 1 and further detail is attached at Appendix A. The 2023/24 programme totals £6.336m. This includes slippage from 2022/23 already approved by Finance and Resources Committee which predominantly relates to the Aerial Ladder Platform (ALP) replacements (£755k) and fire appliances (£2.006m) which have been affected by extended delivery times following Covid-19.
- 2.3 The Finance and Resources Committee also approved the pre-ordering of the Command Support Unit (included in the Special Appliances budget) and fire

appliances to ensure delivery in 2023/24. Any further slippage from the 2022/23 programme will increase the 2023/24 programme accordingly.

Table 1 – Capital Programme 2023/24 to 2026/27

	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000
Transport	4,621	4,533	520	526
Equipment	150	550	950	285
Estates	1,075	600	0	0
ICT & Communications	490	2,371	210	550
Total	6,336	8,054	1,680	1,361
Funded by:				
Capital Receipts	3,310	10	10	10
Borrowing	3,026	8,044	1,670	1,351
Total	6,336	8,054	1,680	1,361

- 2.4 The £2.5m transport capital programme includes significant investment in the Service's appliances and special appliances in line with the renewal programme. The programme includes slippage identified in section 2.2.
- 2.5 There has been a purposeful 2 year delay in the estates programme to manage Minimum Revenue Provision (MRP) which is the service's debt costs. This will be reviewed once the Futures 25 efficiency strategy is further developed and the impact on services is known.
- 2.6 The ICT programme has been developed in line with the CRMP commitments. Alongside the ongoing replacement and updating of equipment and software, the programme includes plans to replace the Tri Service Control and Mobilising system. This is a joint procurement exercise with Derbyshire Fire and Rescue Service. The £2m budget for the replacement system is indicative only at this stage and may require revising once the procurement exercise is finalised.
- 2.7 The capital programme can be funded from capital receipts, grant funding, contributions from revenue, reserves and borrowing.
- 2.8 **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. The flexible use of capital receipts strategy was approved at Fire Authority on 16 December 2022. It is not proposed to fund any transformational projects using capital receipts during 2023/24.

- 2.9 **GRANT FUNDING** – there is no anticipated capital grant funding available at present to support the 2023/24 capital programme, although the Service does sometimes use revenue grants to help fund capital projects.
- 2.10 **REVENUE AND RESERVES** – the 2023/24 to 2026/27 programme does not propose the use of funding from revenue or reserves.
- 2.11 **BORROWING** – the proposed 2023/24 capital programme set out in Appendix A will be largely funded from borrowing. The related costs have been tested for affordability as part of the Prudential Code for Capital Finance report presented elsewhere on this agenda. Estimated costs have been built into the revenue programme considered in this report.

REVENUE BUDGETS 2023/24 TO 2026/27

- 2.12 Detailed expenditure budgets can be found in Appendix B. These are summarised in Table 2 below.

Table 2 – Budget Requirement 2022/23 to 2025/26

	Revised Budget 2022/23 £'000	Budget 2023/24 £'000	Budget 2024/25 £'000	Budget 2025/26 £'000	Budget 2026/27 £'000
Employees	37,145	39,939	41,448	42,213	43,057
Premises	3,345	4,111	4,468	4,912	5,010
Transport	1,778	2,219	2,247	2,272	2,317
Supplies & Services	3,938	4,394	4,514	4,689	4,783
Payments to other Local Authorities	908	950	1,086	1,105	1,127
Support Services	167	172	172	172	175
Capital Financing Costs	2,761	2,692	3,149	3,960	4,039
Income	(4,036)	(4,512)	(4,359)	(4,268)	(4,353)
Total	46,006	49,965	52,725	55,055	56,156

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

ECONOMIC CLIMATE

- 2.14 The current economic climate remains very uncertain with many external influences. The war in Ukraine has impacted fuel and food supplies across the world. The emergence of new variants of Covid has impacted on supply chains, particularly in China. Collectively, these has caused inflationary pressures across the world.

- 2.15 In December 22, CPI (Consumer Price Index) inflation fell back to 10.5% after reaching a peak of 11.1% in October 22. The Bank of England are expecting inflation to fall gradually over the first quarter of 2023 as earlier increases in energy and other goods prices drop out of the annual comparison. Inflationary pressures have had a significant impact on expected pay awards in 2022/23 and 2023/24.
- 2.16 The Bank of England interest rate has increased from 0.75% in April 2022 to 4.00% on 2 February 2023. There are further increases to come, and markets are currently expecting rates to peak around 4.5%.
- 2.17 The quarterly estimate of Gross Domestic Product (GDP) fell by 0.2% in Quarter 3 (July to September) 2022. With the drag on economic activity from high inflation having grown in recent months, GDP is at risk of contracting further through the winter. There are already signs that economic activity is losing momentum as production fell due to rising energy prices. The Bank of England has warned that the UK could be in recession from Q4 2022 until the first half of 2024.

COMMUNITY RISK MANAGEMENT PLAN (CRMP)

- 2.18 The 2022-2025 CRMP was approved by Fire Authority on 25 February 2022. The delivery of the CRMP is linked closely to the Medium Term Financial Strategy (MTFS) to ensure that resources are matched to key workstreams. The annual delivery plan, which sits behind the CRMP identifies priority areas where investment is needed. An additional £150k has been included in the 2023/24 proposed budget to support areas such as additional investment in operational training (£72k), and investment in ICT (£41k).

FUTURES 25 EFFICIENCY STRATEGY

- 2.19 The service made £1.6m of temporary savings in order to set a balanced budget for 2022/23. This included carrying vacant posts, and temporary reductions in repairs and maintenance. These savings were not sustainable in the long term and were built back into 2023/24 budgets. After one off grant was also removed it was anticipated that there would be a shortfall of £2m in 2023/24, rising to over £3m in 2024/25. On the back of these projected shortfalls, work commenced on developing an efficiency strategy.
- 2.20 In the months following the 2022/23 budget approval, revised inflation and pay award assumptions during the autumn increased amount of required savings from the efficiency strategy.
- 2.21 The Futures 25 efficiency strategy was initially presented to Policy and Strategy Committee in May 2022 with a further report being considered by Fire Authority in September 22. In its initial phase the Workforce Review has identified £250k of savings through the disestablishment of support staff posts across several departments through the consolidation of primary management grade posts. This has been built into budget projections.

- 2.22 The Workforce Review has identified that a wider change and improvement programme is required. This will include structural redesign and business process improvement to maximise the efficiency and effectiveness of the Service. This is a significant piece of work and is expected to be completed during 2023/24.
- 2.23 The third strand of Futures 25 was a Fire Cover Review which has looked at the structure and budget associated with the operational wholetime establishment. This work resulted in a proposal to save £2m from operational budgets by reducing the number of appliances in the Service from 30 to 28 and reducing the ridership by 44 posts. This proposal was in a period of public consultation until 23 December 2022.
- 2.24 Given the improving financial position, the option to remove appliances is not recommended to balance the budget in 2023/24 although there remains a significant deficit in future years which still needs to be addressed. The Service has been holding vacant firefighter posts during 2022/23 pending decisions around the wholetime establishment. Recruitment has now been planned for 2023/24 but the Service will remain below establishment until recruits begin training. A temporary saving of £450k has been built into the 2023/24 budget to reflect this.
- 2.25 The Home Office have requested that Authorities who seek to raise council tax up to the £5 limit set out a productivity and efficiency plan. Phase 2 of the Futures 2025 programme is the vehicle through which the Service intends to deliver this plan and further information relating to Phase 2 of the programme is set out in the report.

CORPORATE RISK REGISTER

- 2.26 The corporate risk register is regularly reported to the Finance and Resources Committee. The five highest risks facing the Authority at present are:
- Employee Engagement – due to pay dispute, equality and diversity engagement and pension disputes;
 - Mobilising – procurement of new mobilising system;
 - Inability to set a balanced budget in current economic climate;
 - Firefighters Pension Scheme – impact of and uncertainty around ongoing national legal cases;
 - Workforce Sustainability.
- 2.27 The financial implications of these risks have been addressed in both the capital and revenue proposed budgets and in the Reserves Strategy approved by Fire Authority in December 2022.

PAY AWARD

- 2.28 A national strike ballot of the Fire Brigades Union (FBU) resulted in an overwhelming support for industrial action following a 5% offer made by the National Joint Council representing employers. A revised offer was made on

8 February of 7% for 2022/23 and 5% in 2023/24. The FBU have recommended that firefighters accept this offer in a ballot that ends on 6 March 2023. The budgets have been updated to reflect the revised offer.

- 2.29 Support staff received a flat rate increase of £1,925 for 2022/23 which averages around a 4% increase. This is reflected in the budget figures included in this report. A 5% pay award has been assumed for 2024/25 in line with the recent offer to firefighters.

ENERGY COSTS

- 2.30 The Service procures both gas and electric from a not-for-profit public sector framework which purchases energy in bulk, and usually outperform market averages on our behalf. Gas costs are expected to increase by 70% in 2023/24 and electricity by 48%. Work is ongoing to improve the efficiency of buildings and minimise usage of energy.
- 2.31 Fuel inflation was 22% in October 22 but has dipped down to 11% in December 22. The Service's fuel budget for 2022/23 was 470k per year but expenditure is set to be nearer £700k (excluding that recharged to the Police). The 2023/24 budget has been increased accordingly.

PENSIONS

- 3.32 The remedying legislation for the McCloud case is expected to be passed in October 2023. This will address the transition arrangements into the 2015 firefighters' pension scheme were found to be discriminatory. As an interim measure, the Service has implemented a Memorandum of Understanding (MoU) between the Local Government Association (LGA) and the Fire Brigades Union (FBU), although the original endorsement of this by the government has since been withdrawn. There is a risk that additional costs could be incurred as a result of implementing the MoU but this was felt to be justified given the risk and associated costs, of further court cases against the Authority. The Service has a £200k earmarked reserve to mitigate against these costs. Further information on this can be found in the Firefighter Pension Scheme Immediate Detriment Review report considered by Policy and Strategy Committee on 1 April 2022.
- 3.33 The remedying legislation is expected to increase the overall costs of the firefighters' pension scheme. These are expected to be largely funded by Central Government but additional costs falling to the Fire Authority cannot be ruled out. This is included in the General Fund reserves risk register.
- 3.34 Another pensions case, Matthews and O'Brien, has identified discriminatory conditions against part time workers. Once rectifying legislation has been passed through Parliament, this is expected to lead to further backdating of the Modified pension scheme from 2006 to when on-call firefighters first joined the fire service. When the Modified scheme was created, backdated costs were met by the Government, but as of yet there is no certainty that this will happen if the scheme is backdated further.

- 3.35 Both of these remedies are having a large impact on the workload of staff dealing with the cases and additional resources were allocated in 2022/23 in order that this work can be undertaken.
- 3.36 There will also be a significant impact on the pension administration team who will be implementing the changes required. This will require a very significant amount of additional work and costly amendments to the software used to support the pension administration function. These costs will be re-charged to the Service. The Service received a £125k grant to help fund these costs which is currently being held in Earmarked Reserves.
- 3.37 The 2016 Government Actuaries Department (GAD) revaluation of the firefighter's pension fund resulted in a headline rate increase of 12.4% of employer pension costs, which equated to £2.5m for the Service. The Home Office agreed to fund £2.3m of this pressure in 2019/20 but has been kept at the same cash value, leaving increases in costs due to pay inflation to be met by the Service. The £2.3m grant is expected to continue into 2023/24, and discussions are ongoing for this now to be added to the baseline funding for the authority rather than being paid as a Section 31 grant. The results of the 2020 valuation are expected over the coming months and could potentially result in a similar increase in employer pension costs which would need to be built into future years budgets.

MINIMUM REVENUE PROVISION (MRP)

- 2.38 Minimum Revenue Provision (MRP) is the amount required to pay debt costs relating to prior year capital programmes. MRP levels in 2023/24 slightly reduce from 2022/24 due to some older capital projects now being fully accounted for and no longer attracting MRP. These exceed the new projects for which MRP now needs to be paid. However, there are increases of £328k and £552k in 2024/25 and 2025/26 respectively to reflect the new additions as the vehicle programme catches up.

COUNCIL TAX

- 2.39 The Council Tax base is calculated on the estimated full year equivalent number of chargeable dwellings expressed as the equivalent number of Band D dwellings in the Council's area after allowing for dwelling demolitions and completions during the year, Council Tax exemptions, discounts, disabled reliefs and premiums, and the estimated collection rate. The Council Tax base has increased in line with that expected in the MTFS.
- 2.40 There remains a £97k deficit charged to the Council Tax Collection Fund in 2023/24 due to the £291k 2020/21 deficit caused by the impact of Covid-19 which is being charged over a three-year period. There is a corresponding additional government grant of £48k to help cover these losses.
- 2.41 It was announced in the Autumn Statement that the government would give local authorities in England additional flexibility in setting council tax by increasing the referendum limit for increases in council tax to 3% (from 2%)

per year from April 23. The Local Government Finance Settlement released in December 22 gave the fire sector the flexibility to increase this up to £5.

- 2.42 A 2.95% additional increase in Council Tax will create additional funding of £980k, and £5 in the region of £1,660k (compared to a nil increase).

BUSINESS RATES

- 2.43 From 1 April 2023, the rateable values of all non-domestic properties in England will be updated to reflect the property market as at 1 April 2021. Under the current system, precepting authorities retain any growth above their Baseline. NFRS has benefited from this retained growth since the last revaluation. It was initially thought that the revaluation would result in a loss of this growth, but there has been a significant amount of new industrial buildings along the county's transport networks which has resulted in an increase in rateable income.

- 2.44 As part of the Autumn Statement on 17 November, the Chancellor announced:

- A transitional relief scheme to limit bill increases caused by changes in rateable values
- A 2023/24 Retail, Hospitality and Leisure 75% rate relief scheme
- A freezing of business rates multipliers, meaning that there will be no inflationary increases in charges to businesses.
- A new Supporting Small Business relief scheme.

- 2.45 The Authority has been compensated for lost income from these measures by way of additional Section 31 Grant. Further details regarding the top up grant element of this compensation were released in the Local Government Finance Settlement on 19 December 2022 and this has been built into the Business Rate income estimates.

- 2.46 The Service has now received business rates collection figures and related section 31 grants from billing authorities. Business rate collection has increased by £432k compared to that assumed in the estimate reported to Finance and Resources Committee in January 2022. The increase is down to the impact of the revaluation and positive growth within the region which were difficult to predict prior to the information being received from billing authorities.

- 2.47 The business rates reset was due to take place in 2025/26 but is expected to be delayed until the next parliament and has not been reflected in the figures included in this report.

RESERVES

- 2.48 The Budget Monitoring report presented to Finance and Resources Committee in January 2023 estimated that the General Fund Reserve would be 5.2m at 1 April 2023. Taking account of the increased pay award offer this is likely to reduce to £4.7m. This is only £200k above the minimum level set

by Fire Authority in December 2022 of £4.5m leaving little scope for relying on the use of General Fund Reserves for balancing the budget in 2023/24 and beyond.

- 2.49 Earmarked reserves are expected to be in the region of £4.5m by 31 March 2023. These reserves are earmarked for known projects or items of one-off expenditure. They include a budget pressure support reserve of £1.126m which is available to support the budget in 2023/24 and future years. Earmarked Reserves are reviewed annually as part of the MTFS.

FINANCING THE BUDGET

- 2.50 The final settlement figures were released by the Government on 7 February and were the same as the provisional settlement apart from a £17k increase in Services Grant. The £432k increase in business rates income (section 2.46) has improved the budget position compared to that presented to Finance and Resources Committee in January.
- 2.51 Funding for 2024/25 and beyond will be determined in the Autumn of 2023. A 5% inflationary increase has been assumed for 2023/24 and 2% for 2024/25 to 2026/27. Pay awards have been built in at 5% and 2% over the same period. There is a risk that funding will be increased at a lower rate than inflation and pay awards which would then create an additional budget pressure in these years.
- 2.52 The Authority will continue to receive the £2.3m grant in 2023/24 to cover the increased costs of firefighter pension employer contribution. It has been assumed that this grant will be paid at the same level with no inflationary increase for 2024/25 to 2026/27.
- 2.53 The Council Tax base and collection fund surpluses have been received from the billing authorities and built into the budget.
- 2.54 Business Rate Section 31 grants have been confirmed and are built into the budget.
- 2.55 The Government has confirmed within the finance settlement, that the Council Tax increase threshold, above which a referendum would be triggered, would be 5% for 2023/24.

OUTLOOK FOR 2023/24 TO 2026/27

- 2.56 Detailed budgets have been prepared for the four years 2023/24 to 2026/27, which can be found in Appendix A. In making predictions about budget financing some other assumptions have been made. These are:
- That the firefighter pay award for 2022/23 will be settled at 7%. A 1% additional increase in pay would result in an increase in budget requirement of approximately £290k.

- The 2023/24 pay award for all staff will be agreed at 5%. The effect of a 1% additional increase in pay for all staff would be approximately £260k in 2023/24 with a full year effect of £350k in future years.
- Inflation will reduce to around 5% during 2023/24 and down to 2% from 2024/25 onwards.
- Pension Grant (£2.34m) remains flat cash. However, if this is built into RSG in future years it will attract an inflationary increase.
- The 2023/24 tax base will increase annually by 1.35%.
- Revenue Support Grant will rise in line with predicted inflation in 2024/25 and future years (5% assumed for 2024/25 and 2% thereafter).

2.57 Clearly there remain uncertainties around inflation and future pay awards from 2024/25. The 1 year funding settlement also leaves funding uncertainties for 2024/25 onwards. Taking account of the above assumptions the impact of a nil increase in Council Tax in each of the four years 2023/24 to 2026/27 is set out in Table 3 below.

Table 3 – Budget Deficit with Nil Council Tax Rise

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Budget Requirement	46,006	49,965	52,725	55,055	56,156
Revenue Support Grant (RSG)	(5,619)	(6,189)	(6,498)	(6,628)	(6,761)
Business Rate (BR) Income	(2,925)	(3,649)	(3,685)	(3,722)	(3,759)
Pension Grant	(2,340)	(2,340)	(2,340)	(2,340)	(2,340)
BR Top up Grant	(7,277)	(7,638)	(8,020)	(8,181)	(8,344)
Council Tax (0%)	(27,692)	(28,085)	(28,464)	(28,849)	(29,238)
Budget Deficit	153	2,064	3,717	5,336	5,714

2.58 Table 3 shows that with no increases in Council Tax levels there will be a deficit of £2.064m in 2023/24. This will rise to £3.717m in 2024/25. It increases further to £5.7m by 2026/27.

2.59 The impact of a 2.95% Council Tax increase in 2023/24 followed by 2.95% in 2024/25 and 2025/26 and 1.95% in 2026/27 when inflationary pressures are expected to have fallen back to 2% is shown in Table 4 below.

Table 4 – Budget Deficit with 2.95% Council Tax Increase

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Budget Requirement	46,006	49,965	52,725	55,055	56,156
Revenue Support Grant (RSG)	(5,619)	(6,189)	(6,498)	(6,628)	(6,761)
Business Rate (BR) Income	(2,925)	(3,649)	(3,685)	(3,722)	(3,759)
Pension Grant	(2,340)	(2,340)	(2,340)	(2,340)	(2,340)
BR Top up Grant	(7,277)	(7,638)	(8,020)	(8,181)	(8,344)
Council Tax (2.95% 2022/23-2025/26, 1.95% 2026/27)	(27,692)	(28,912)	(30,168)	(31,475)	(32,523)
Budget Deficit	153	1,237	2,014	2,709	2,430

- 2.60 Table 4 shows that even with a 2.95% increase in Council Tax there would be a significant deficit of £1.237m in 2023/24 rising to £2.014m in 2024/25 and to £2.4m in 2026/27.
- 2.61 The amount of available reserves available (section 2.48 – 2.49) to support the budget would be insufficient to cover the 2023/24 deficit. A significant level of savings would need to be implemented in order to balance the budget over the coming years with a 2.95% increase in Council Tax.
- 2.62 Finally, Table 5 brings together the budget requirement if Council Tax is increased by £5 in 2023/24, 2.95% for 2024/25 to 2025/26 and 1.95% for 2026/27.

Table 5 – £5 Council Tax Increase

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Budget Requirement	46,006	49,965	52,725	55,055	56,156
Revenue Support Grant (RSG)	(5,619)	(6,189)	(6,498)	(6,628)	(6,761)
Business Rate (BR) Income	(2,925)	(3,649)	(3,685)	(3,722)	(3,759)
Pension Grant	(2,340)	(2,340)	(2,340)	(2,340)	(2,340)
BR Top up Grant	(7,277)	(7,638)	(8,020)	(8,181)	(8,344)
Council Tax (£5 2023/24, 2.95% 24/25 – 25/26 1.95% 26/27)	(27,692)	(29,746)	(31,036)	(32,383)	(33,460)
Budget Deficit	153	404	1,146	1,802	1,493

2.63 The above table shows that the estimated deficit position for 2023/24 would reduce to £404k should a £5 increase in Council Tax be approved. This increases to £1.1m in 2024/25 and £1.5m by 2026/27.

2.64 The 2023/24 deficit can be met from the Budget Pressure Support Earmarked Reserve of £1.126m (section 2.49). Efforts will be made during the year to identify savings where possible through robust budget monitoring or via the workforce review to minimise the use of reserves.

SUMMARY

2.65 A comparison of the deficit if Council Tax is increased by 0%, 2.95% and £5 in each of the four years 2023/24 to 2026/27 is shown in table 6 below. The deficit positions should be considered alongside the assumptions outlined in section 2.56. Future year estimates remain uncertain at this point in time due to the one year funding settlement and the uncertain economic climate.

Table 6 – Comparison of different Council Tax Precepts

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Budget Requirement	49,965	52,725	55,055	56,156
Total External Funding	(19,815)	(20,543)	(20,870)	(21,204)
Balance to be met locally	30,150	32,182	34,185	34,952
Council Tax Yield (0%)	(28,086)	(28,464)	(28,849)	(29,238)
Council Tax Yield (2.95%)	(28,912)	(30,168)	(31,475)	(32,523)
Council Tax Yield (£5)	(29,746)	(31,036)	(32,383)	(33,460)
Budget Shortfall (0%)	2,064	3,717	5,336	5,714
Budget Shortfall (2.95%)	1,237	2,014	2,709	2,430
Budget Shortfall (£5)	404	1,146	1,802	1,493

- 2.66 Fire Authority has a legal obligation to set a balanced budget for 2023/24.
- 2.67 A Council Tax increase of £5 raises £1.6m additional funding compared to a Council Tax Freeze and £826k compared to 2.95% increase. Furthermore, if this increase were to be approved for 2023/24 it remains in the base and provides security of funding for future years.
- 2.68 The Authority holds £1.126m of earmarked reserves set aside for budget pressure support. This is not sufficient to cover the projected deficit should Council Tax be frozen or increased by 2.95%. Both options would require significant savings still to be made from the Futures 25 Efficiency Strategy.
- 2.69 A £5 increase would still require £404k to be met from the Budget Pressure Support Earmarked Reserve (£1.126m) which would leave £722k in the reserve to assist in balancing the budget in future years.
- 2.70 Efforts will be made during the year to identify savings where possible through robust budget monitoring to minimise the use of reserves.
- 2.71 The Workforce Review (section 2.22) will continue to review working practices and any savings achieved during 2023/24 will reduce the draw on reserves.
- 2.72 The level of savings required in 2024/25 onwards will require further savings to be identified and options will need to be considered by Fire Authority when the funding position becomes clearer towards the end of 2023.

- 2.73 It is recommended that Members agree the recommendation of the Finance and Resources Committee to the Fire Authority that there be a £5.00 Council Tax increase.

PROPOSAL FOR COUNCIL TAX INCREASES 2023/24

- 2.74 The recommendation of a £5 increase in Council Tax proposed by the Finance and Resources Committee is set out in tabular form in Appendix C.
- 2.75 A Council Tax increase of £5 would generate additional funding of £1.66m in 2023/24. For a Band D household, a £5 increase would see rises in Council Tax to £89.57 per annum, which is approximately 10p per week additional cost. The impact of increases on other bands is given in the table below:

Table 6 – Impact of £5.00 increase in Council Tax

Band	Annual Council Tax 2022/23 £	£5 Increase 2023/24 £	Increase £
A	56.38	59.71	3.33
B	65.78	69.67	3.89
C	75.17	79.62	4.45
D	84.57	89.57	5.00
E	103.36	109.47	6.11
F	122.16	129.38	7.22
G	140.95	149.28	8.33
H	169.14	179.14	10.00

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

FEES AND CHARGES

- 2.77 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 D sets out the current scale of fees and charges as well as proposed fees and charges for 2023/24, which have had an inflationary increase applied. It is recommended that the Authority approve these charges for implementation from 1 April 2023.

APPROVAL OF MEMBERS ALLOWANCES

- 2.78 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.

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

COMMENTS OF THE TREASURER

2.80 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.

2.81 The Treasurer is satisfied that, on the basis of the financial risk assessments, the reserves are adequate to support the budget in 2023/24.

2.82 The Treasurer is satisfied that the revenue and capital budgets 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.

2.83 A statement by the Authority Treasurer is included as Appendix E 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 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 £5 Council Tax increase.
- 10.2 Approve the 2023/24 precept level to be notified to the Billing Authorities based on the information set out in Section 2 and Appendix C as required by statute.
- 10.3 Approve the fees and charges for 2023/24, as set out in Appendix D.

10.4 Approve the payment of Members Allowances for 2023/24 in accordance with the approved scheme.

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

None.

Craig Parkin
CHIEF FIRE OFFICER

Becky Smeathers
TREASURER TO THE FIRE AUTHORITY

Capital Programme 2023/24 to 2026/27

10 YEAR CAPITAL PROGRAMME	Budget 2023-24	Budget 2024-25	Budget 2025-26	Budget 2026-27
	£'000	£'000	£'000	£'000
TRANSPORT				
Pumping Appliances	2,840	2,820		
Special Appliances	1,355	1,665	400	150
Light Vehicle Replacement	326	48	120	376
Rural Unit	100			
Sub Total	4,621	4,533	520	526
EQUIPMENT				
Replacement Duty Rig	100	100	50	
Fire Hood - Contaminants		150		
BA Sets				250
Gas Tight Suits	50			
Radios		300		
Holmatro RTC Equipment			900	
Gas Monitoring				35
Sub Total	150	550	950	285
ESTATES				
Access and Inclusion	500	250		
Training Development Centre	500			
Electric Vehicle charging points	25	100		
Estate energy reduction and Decarbonisation	50	250		
Sub Total	1,075	600		
I.T. & COMMUNICATIONS				
ICT Capital Programme - Replacement Equipment	220	230	180	200
Community Fire Risk Management Info System	150			
Cyber Security	45			
Mobile Computing	-	90		
HQ Core Switch Upgrade				50
Appliance hand held Airwave Radios	30			
HR Upgrade		51		
Payroll, Finance and Occy health Upgrade	30		30	
Sub Total	475	371	210	250
Emergency Services Mobile Communications				
MDT Replacement Project	15			
Tri-Service Control & Mobilising System		2,000		300
Sub Total	15	2,000		300
TOTAL	6,336	8,054	1,680	1,361

TO BE FINANCE BY	Budget 2023-24	Budget 2024-25	Budget 2025-26	Budget 2026-27
	£'000	£'000	£'000	£'000
Borrowing	685	8,044	1,670	1,351
Capital Receipts	3,310	10	10	10
Revenue / Earmarked Reserves				
TOTAL	3,995	8,054	1,680	1,361

APPENDIX B

CASH LIMIT					
	Revised Budget 2022/23	Budget 2023/24 £000's	Budget 2024/25 £000's	Budget 2025/26 £000's	Budget 2025/26 £000's
<u>EMPLOYEES</u>					
Direct Employee Expenses	35,844	38,411	39,891	40,762	41,577
Indirect Employee Expenses	382	464	460	456	465
Pension	918	1,064	1,097	995	1,015
	37,144	39,939	41,448	42,213	43,057
<u>PREMISES</u>					
Repairs and Maintenance	772	868	911	1,007	1,027
Energy Costs	751	1,160	1,299	1,455	1,484
Rents	365	421	484	556	567
Rates	897	1,043	1,101	1,163	1,186
Water	75	85	89	93	95
Fixture and Fittings	1	1	1	1	1
Cleaning and Domestic Supplies	407	448	493	542	553
Grounds Maintenance Costs	24	26	29	32	33
Premises Insurance	16	22	24	26	27
Refuse Collection	37	37	37	37	38
	3,345	4,111	4,468	4,912	5,010
<u>TRANSPORT</u>					
Recharges	1,341	1,818	1,830	1,838	1,875
Public Transport	3	3	3	3	3
Transport Insurance	8	7	7	7	7
Car Allowances	188	153	169	186	190
	238	238	238	238	243
	1,778	2,219	2,247	2,272	2,317
<u>SUPPLIES AND SERVICES</u>					
Equipment Furniture and Materials	667	663	666	667	680
Catering	53	51	51	51	52
Clothes Uniforms and Laundry	457	455	494	537	548
Printing Stationery & Office Exp	29	30	30	31	32
Services	572	682	691	722	736
Communications and Computing	1,834	2,182	2,248	2,344	2,391
Expenses	36	33	33	33	34
Grants and Subscriptions	86	86	86	86	88
Miscellaneous Expenses	204	212	215	218	222
	3,938	4,394	4,514	4,689	4,783
<u>PAYMENTS TO OTHER LOCAL AUTHORITIES</u>					
Other Local Authorities	908	950	1,086	1,105	1,127
	908	950	1,086	1,105	1,127

SUPPORT SERVICES

Finance	122	127	127	127	130
Corporate Services	45	45	45	45	46
	167	172	172	172	175
Customer and Client Receipts	(374)	(425)	(428)	(431)	(440)
	(374)	(425)	(428)	(431)	(440)
Government Grants	(3,245)	(3,649)	(3,493)	(3,399)	(3,467)
Other Grants/Reimbursements	(397)	(300)	(300)	(300)	(306)
Interest	(20)	(138)	(138)	(138)	(141)
	(3,662)	(4,087)	(3,931)	(3,837)	(3,914)
Interest Payments	883	983	1,112	1,371	1,398
Debt Management Expenses	1,878	1,709	2,037	2,589	2,641
	2,761	2,692	3,149	3,960	4,039
BUDGET	46,006	49,965	52,725	55,055	56,156

PROPOSAL FOR COUNCIL TAX INCREASE OF £5.00

An increase in Council Tax of £5.00 would require the Authority to set a Band D Council Tax of £89.57 per annum in 2023/24.

Specifically, in 2023/24 Council Tax would be set at the following levels:

Band A	59.71
Band B	69.67
Band C	79.62
Band D	89.57
Band E	109.47
Band F	129.38
Band G	149.28
Band H	179.14

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	34,428.30	10.4%	3,083,742.81
Bassetlaw	37,260.45	11.2%	3,337,418.49
Broxtowe	34,861.86	10.5%	3,122,576.78
Gedling	38,503.71	11.6%	3,448,777.28
Mansfield	30,778.70	9.3%	2,756,848.14
Newark and Sherwood	41,790.96	12.6%	3,743,216.26
Rushcliffe	46,068.40	13.9%	4,126,346.56
Nottingham City	68,403.00	20.5%	6,126,856.67
Total	332,095.38	100.0%	29,745,782.99

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 2023/24

	2022/23 Charges	2023/24 Proposed Charges
Personnel: per hour, or part of an hour:		
Full Crew	£299.60	£320.60
Station Manager and above	£66.80	£71.50
Watch Manager	£54.80	£58.60
Crew Manager	£52.20	£55.90
Firefighter	£49.40	£52.90
Appliances and Vehicles: per hour, or part of an hour:		
	£47.00	£51.90
Loan of Salvage Sheet:		
Charge for fitting	£299.60	£320.60
Charge for removing	£299.60	£320.60
Charge for salvage sheet	£102.40	£113.20
Copy of a Fire Report		
	£75.00	£82.90
Hire of Meeting Room:		
Full day	£267.20	£295.30
Half day	£137.90	£152.40

Note: all charges above include VAT at the current rate, where applicable

**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.

The required level of reserves is calculated using a risk assessment methodology. I am satisfied that, on the basis of those risk assessments, the proposed level of reserves is adequate.

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

I am content that the Revenue and Capital budgets 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.

Becky Smeathers CPFA
FIRE AND RESCUE AUTHORITY TREASURER