



**NOTTINGHAMSHIRE**  
**Fire & Rescue Service**  
*Creating Safer Communities*

Nottinghamshire and City of Nottingham  
Fire and Rescue Authority

# **BUDGET PROPOSALS FOR 2024/25 TO 2027/28 AND OPTIONS FOR COUNCIL TAX 2024/25**

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

**Date:** 23 February 2024

**Purpose of Report:**

- To present Fire Authority with proposals for Revenue and Capital budgets for 2024/25 to 2027/28 to allow Members to determine the level of Council Tax for 2024/25.
- To set out fees and charges for 2024/25 for Members' approval.
- To seek Members' approval to the Independent Remuneration Panel's recommendation regarding the inflator to be applied to Members Allowances from 1 April 2023 and to continued payment of Members Allowances for 2024/25 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 2.95% Council Tax increase.
- Approve the 2024/25 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 2024/25, as set out in Appendix D.

- Approve that Members' Basic and Special Responsibility Allowances be increased by 3.88% backdated to 1 April 2023 in line with the recommendation put forward by the Independent Remuneration Panel.
- Approve the payment of Members Allowances for 2024/25 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 19 January 2024 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 2.95%. The Finance and Resources Committee was asked to consider the pay award assumptions of 5% (2024/25), 3% (2025/26) and 2% (2026/27) for all staff and make recommendations to the full Fire Authority. The Service does not control of the outcome of the negotiations for pay awards, as these are negotiated by National Joint Council (NJC).
- 1.4 This report sets out the implications of the option selected by the Finance and Resources Committee at its January meeting. The Finance and Resources Committee unanimously voted for the 2.95% council tax increase to be put forward to the Fire Authority for approval.
- 1.5 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.
- 1.6 The Fire Authority is required to set a precept before 1 March 2024 and notify this to the billing authorities.

## **2. REPORT**

### **CAPITAL BUDGET PROPOSALS 2024/25 TO 2027/28**

- 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 2024/25 to 2027/28 is shown in Table 1 and further detail is attached at Appendix A. The 2024/25 programme totals £8.228m. This does not include slippage from 2023/24,

which will be reported in the outturn report. If approved, the slippage from the 2023/24 programme will increase the 2024/25 programme accordingly.

**Table 1 – Capital Programme 2024/25 to 2027/28**

	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000
Transport	3,117	533	0	973
Equipment	455	0	350	1,048
Estates	2,030	1,775	3,905	1,910
ICT & Communications	2,626	1,210	550	370
<b>Total</b>	<b>8,228</b>	<b>3,518</b>	<b>4,805</b>	<b>4,301</b>
<b>Funded by:</b>				
Capital Receipts	10	10	210	110
Borrowing	7,601	3,508	4,595	4,191
Revenue / Earmarked Reserves	617	0	0	0
<b>Total</b>	<b>8,228</b>	<b>3,518</b>	<b>4,805</b>	<b>4,301</b>

- 2.3 The £3.117m transport capital programme includes significant investment in the Service's appliances and special appliances in line with the renewal programme. The programme does not include slippage at this stage from 2023/24.
- 2.4 There has been a purposeful 2 year delay in the appliances 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.
- 2.5 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 £1m (2025/26) budget for the replacement system is indicative only at this stage and may require revising once the procurement exercise is finalised.
- 2.6 The capital programme can be funded from capital receipts, grant funding, contributions from revenue, reserves 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. The flexible use of capital receipts

strategy was approved at Fire Authority on 15 December 2023. It is not proposed to fund any transformational projects using capital receipts during 2024/25.

- 2.8 **GRANT FUNDING** – there is no anticipated capital grant funding available at present to support the 2024/25 capital programme, although the Service does sometimes use revenue grants to help fund capital projects.
- 2.9 **REVENUE AND RESERVES** – the programme requires funding from earmarked reserves of £617k in 2024/25 for the Control Mobilising System. There is no proposal for the use of funding from revenue.
- 2.10 **BORROWING** – the proposed 2024/25 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 2024/25 TO 2027/28

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

**Table 2 – Budget Requirement 2023/24 to 2027/28**

	<b>Revised Budget 2023/24 £'000</b>	<b>Budget 2024/25 £'000</b>	<b>Budget 2025/26 £'000</b>	<b>Budget 2026/27 £'000</b>	<b>Budget 2027/28 £'000</b>
Employees	39,939	43,475	45,142	46,605	47,537
Premises	4,111	4,465	4,592	4,673	4,766
Transport	2,219	2,258	2,286	2,316	2,362
Supplies & Services	4,394	4,598	4,745	4,863	4,960
Payments to other Local Authorities	950	996	1,024	1,043	1,064
Support Services	172	183	188	191	195
Capital Financing Costs	2,692	3,125	3,901	4,256	4,341
Income	(4,512)	(6,413)	(6,537)	(7,291)	(7,436)
<b>Total</b>	<b>49,965</b>	<b>52,688</b>	<b>55,341</b>	<b>56,655</b>	<b>57,788</b>

- 2.12 The main budget pressures are detailed in the paragraphs below.

## **ECONOMIC CLIMATE**

- 2.13 The current economic climate remains uncertain with many external influences affecting it. Local government has received a one-year funding settlement for 2024/25. With a general election due to be held in 2024 there remains significant uncertainty around local government funding beyond 2024/25.
- 2.14 CPI inflation has continued its downward trajectory so far during 2023/24, decreasing from 8.7% in April to 4.6% in October, and then again to 3.9% in November.
- 2.15 Bank rate has increased from 0.75% in April 2022 to 5.25% in September 2023, its highest level since February 2008. Interest rates are expected to peak at either the current rate or possibly at 5.5% in 2024. The increase in base rates has a significant impact on the Authority's ability to borrow to fund the capital programme.
- 2.16 The three-month Gross Domestic Product (GDP) is estimated to have fallen by 0.2% in the three months up to November 2023, compared with the three months up to August 2023. Monthly GPD is estimated to have grown by 0.3% in November 2023, following a fall of 0.3% in October 2023.

## **COMMUNITY RISK MANAGEMENT PLAN (CRMP)**

- 2.17 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 £159k has been included in the 2024/25 proposed revenue budget to support areas such as additional investment in operational training (£124k), and organisational development and inclusion (£21k).

## **FUTURES 25 EFFICIENCY STRATEGY**

- 2.18 The Service identified £1.1m of savings that were either reinvested in CRMP projects or contributed towards reducing the deficit. This is well in excess of the 2% target set by the Home Office, although it is noted that these savings include pay related savings, some of which are one-off in nature.
- 2.19 Since the 2023/24 budget was approved there have been significant additional financial pressures on the Service. Revised inflation and pay award assumptions during the autumn have increased the amount of savings required from the efficiency strategy.
- 2.20 The Futures 25 Efficiency Strategy was initially presented to Policy and Strategy Committee in May 2022, with a further report to the Fire Authority in July 2023. In its initial phase the Workforce Review identified £144k of savings through the disestablishment of support staff posts across several

departments, made possible by the consolidation of primary management grade posts.

- 2.21 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 it is expected to be completed during 2024/25.
- 2.22 The Flexi Officer Review set out to review the Flexi Officer Collective Agreement to ensure that the command group structures were efficient and provided the levels of resilience of specialist functions required to mitigate operational risk. On commencing this exercise it became clear that competing priorities, including the fire cover review and preparation for possible industrial action, meant that there was insufficient capacity to deliver the review. This workstream has therefore been paused and will be restarted at a future date.
- 2.23 Futures 25 aims to co-ordinate a number of improvement workstreams designed to support the Service to become outstanding by 2032. This includes continuing to drive productivity and efficiency throughout the Service.
- 2.24 As the scoping of the Futures 25 programme has developed, it has become clear that the delivery of national priorities relating to culture, values, EDI and leadership in the Fire and Rescue Service are an integral part of the improvement journey. For this reason, these workstreams have been brought within the scope of Futures 25 to ensure that the delivery of the People Strategy relating to these areas is prioritised and resourced appropriately.
- 2.25 It has already been identified that efficiencies are required to ensure that the Authority is in a position to set a balanced budget for 2024/25. An efficiency savings target of £200k has been included in the proposed budget. This target may need to be revisited and revised during the next financial year. The longer-term sustainability of the Service will be assured through the development of more efficient and effective systems, processes, and ways of working. The Futures 25 improvement programme remains the vehicle through which these efficiency and productivity improvements will be delivered.

## **CORPORATE RISK REGISTER**

- 2.26 The corporate risk register is reported to the Finance and Resources Committee on a six-monthly basis. The five highest risks facing the Authority at present are:
- 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

- Service Reputation – risk that the public will lose confidence in their fire service through national media reporting on issues such as HMICFRS findings and the London Fire Brigade cultural review.
- Preventable Deaths – that a person will die in an incident that may have been preventable.

2.27 The financial implications of these risks have been addressed in both the capital and revenue proposed budgets, and in the Reserves Strategy which was approved by Fire Authority in December 2023

## **PAY AWARD**

2.28 The firefighter pay award was agreed at 5% for 2023/24. Negotiations for 2024/25 are in their early stages. A 5% planning assumption has been included for 2024/25, followed by 3% for 2025/26 and 2% thereafter. Any increases above these assumptions will create an additional cost pressure (a 1% increase relates to approximately £320k ongoing costs per year).

2.29 The 2023/24 pay award for support staff was a flat increase of £1,925. This equates to an approximate increase of 4% in green book costs, which is higher than the 2% included in the 2023/24 budget. This has resulted in £120k of additional costs.

2.30 The 2024/25 support staff pay award is yet to be agreed. A 5% planning assumption has been included for 2024/25, followed by 3% for 2025/26 and 2% thereafter.

2.31 The Government has told organisations that reviews for pay in the public sector is vital. Pay review bodies (PRBs) recommend the pay for public sector, and the Government's tone might mean that pay settlements could be lower than budgeted. In October 2023, CPI (consumer price index) inflation fell back to 3.9% from 6.7% the previous months. The Bank of England forecast expects inflation to carry on falling to reach the target of 2% by mid-2025. Inflation is obviously one of the key drivers of pay award negotiations.

## **ENERGY COSTS**

2.32 The Service procures both gas and electricity from a not-for-profit public sector framework which purchases energy in bulk, and usually outperforms market averages on our behalf. Gas costs are expected to increase by 7% in 2024/25 and electricity by 4%. Work is ongoing to improve the efficiency of buildings and minimise the usage of energy.

2.33 The Service's fuel budget for 2023/24 was £900k per year but expenditure is set to be nearer £854k, based on the anticipated usage (including that to be recharged to the Police). The 2024/25 budget has been reduced accordingly.

## **PENSIONS**

2.34 The remedying legislation for the McCloud judgement became law in October 2023. This addresses the transition arrangements into the 2015 firefighters'



pension scheme, which were found to be discriminatory. It is expected that the majority of additional costs will be met from the pension top up grant, however the Service has a £200k earmarked reserve to mitigate against any costs that have to be met internally. 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.

- 2.35 The remedying legislation is one of the factors that is increasing the overall costs of the firefighters' pension scheme. The Government Actuary's Department (GAD) has now published the results of its actuarial valuation as at 31 March 2020, and the valuation report confirms that the employer's contribution rate will increase from 28.8% to 37.6% from 1 April 2024. This increase will be largely funded by a £1.6m grant from Central Government in 2024/25, although there is currently a funding shortfall of around £200k. The Home Office will review its forecasts after the pension returns are submitted by fire authorities in August 2024, and if there is evidence that the current level of pension grant is not sufficient nationally then additional funds may be requested from HM Treasury. The pension grant has so far only been confirmed for one year, so a case will need to be made for the funding to continue into the next spending review. For the purposes of the budget for 2025/26 onwards it is assumed that this funding will continue at the current level.
- 2.36 Another pensions case, Matthews and O'Brien, identified discriminatory conditions against part time workers. Remedying legislation similarly became law in October 2023. On-call firefighters were previously allowed to purchase modified pension scheme service going back to 2000, but this legislation allows further backdating of the modified pension scheme to the fire service start dates of eligible on-call firefighters. When the modified scheme was created the backdated costs were met by the Government, and it is expected that this will similarly be the case for costs relating to further backdating.
- 2.37 Both of these remedies are having a large impact on the workload of staff dealing with the cases, and additional resources were allocated in 2023/24 in order that this work can be undertaken.
- 2.38 The 2016 GAD revaluation of the firefighters' pension scheme resulted in a headline rate increase of 12.4% of employer pension costs, which equated to an additional £2.5m for the Service. The Home Office agreed an additional grant to fund £2.3m of this pressure in 2019/20. This grant funding has since been kept at the same flat-rate cash value, leaving increases in costs due to pay inflation to be met by the Service. The £2.3m grant is to continue into 2024/25, and the December Settlement confirmed that it will be added to the baseline funding for the Authority rather than being paid as a section 31 grant. This will mean that in future years the £2.3m will be subject to CPI increases.

## **MINIMUM REVENUE PROVISION (MRP)**

- 2.39 Minimum Revenue Provision (MRP) is the amount required to pay debt costs relating to prior year capital programmes. The amount of MRP

required in 2024/25 has slightly reduced from the levels anticipated in 2023/24 due to planned delays to some projects. However, there are increases of £465k and £169k in 2025/26 and 2026/27 respectively to reflect the Regional Mobilising System (RMS) and station rebuilds.

## **COUNCIL TAX**

- 2.40 The council tax base is calculated on the estimated full year equivalent number of chargeable dwellings. This is expressed as the equivalent number of Band D dwellings in the council's area, after allowing for adjustments due to 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.
- 2.41 There remains a £313k surplus charged to the Council Tax Collection Fund adjustment in 2024/25.
- 2.42 It was announced in the Policy Statement that the Government would give local authorities in England flexibility in setting council tax, up to a referendum limit of 3% per year from April 2024.
- 2.43 A 2.95% increase in council tax will create additional funding of £887k, compared to a nil increase.

## **BUSINESS RATES**

- 2.44 From 1 April 2024, the rateable values of all non-domestic properties in England will be updated to reflect the property market as at 1 April 2021. This has the effect of re-setting the baseline for Non-Domestic Rates (NDR). Under the current system, precepting authorities retain any growth above their baseline.
- 2.45 As part of the Autumn Statement on 22 November, the Chancellor announced:
- A transitional relief scheme to limit bill increases caused by changes in rateable values.
  - A 2024/25 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.
- 2.46 The Authority will be compensated for lost income arising from these measures by way of additional section 31 grant. The top up grant element of this compensation was released in the Local Government Finance Settlement on 19 December, and this has been built into the business rate income estimates.
- 2.47 The Service has now received business rates collection figures and related section 31 grants from billing authorities. Business rate collection for 2024/25

is in line with the estimate reported to the Finance and Resources Committee in January 2024.

- 2.48 The business rates reset has been delayed until the next parliament and assumptions have been made in the figures included in this report.

## **RESERVES**

- 2.49 The Budget Monitoring report presented to Finance and Resources Committee in January 2024 estimated that the general fund reserve would be £5.1m at 1 April 2024. This is above the minimum level set by the Fire Authority in December 2023 of £4.1m, leaving potential scope for relying on the use of general fund reserves for balancing the budget in 2024/25.
- 2.50 Earmarked reserves are expected to be in the region of £5.25m by 31 March 2024. These reserves are earmarked for known projects or items of one-off expenditure. They include a budget pressure support reserve of £1.125m which is available to support the budget in 2024/25 and future years. Earmarked reserves are reviewed annually as part of the MTFs.

## **FINANCING THE BUDGET**

- 2.51 The final settlement figures were released by the Government on 6 February and the Revenue Support Grant, business rate income and Top Up Grant remain the same as the provisional settlement. The section 31 grant has been reduced by £81k, and there was an increase of £44k in core spending power. In addition, the employer's pension contribution rate has increased from 28.8% to 37.6%, resulting in an overall increase to the budget of £1.8m. £1.6m of this increase is to be funded by a grant from the Home Office, leaving a £200k shortfall. The pension grant is currently confirmed for one year only, so a case will need to be made for the funding to continue into the next spending review. For the purposes of the budget for 2025/26 onwards it is assumed that this funding will continue.
- 2.52 Funding for 2025/26 and beyond will be determined in the autumn of 2024. A 6.7% inflationary increase has been assumed for 2024/25, 2.81% for 2025/26 and 1.7% for 2026/27. Pay awards have been assumed at 5%, 3% 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 additional budget pressures in these years.
- 2.53 The Authority will continue to receive the £2.3m grant in 2024/25 to cover the increased pension costs which arose from the 2016 GAD valuation of the firefighters' pension scheme. In the settlement on 19 December it was announced that this funding will be rolled into the Revenue Support Grant (RSG) in future years and will therefore attract CPI related increases.
- 2.54 The council tax base and collection fund surpluses have been received from the billing authorities and built into the budget.

- 2.55 Business Rate section 31 grants have been confirmed and are built into the budget.
- 2.56 The Government has confirmed within the finance settlement that the council tax increase threshold, above which a referendum would be triggered, will be 3% for 2024/25.

### **OUTLOOK FOR 2024/25 TO 2027/28**

- 2.57 Detailed budgets have been prepared for the four years 2024/25 to 2027/28, which can be found in Appendix B. In making predictions about budget financing some other assumptions have been made. These are:
- That the firefighter pay award for 2024/25 will be settled at 5%. A 1% additional increase in pay would result in an increase in the budget requirement of approximately £320k.
  - The 2024/25 pay award for non-uniformed staff will be agreed at 5%. The effect of a 1% additional increase in pay would be approximately £60k in 2024/25
  - Inflation will reduce to around 2.81% during 2025/26 and down to 1.7% from 2026/27 onwards.
  - Pension Grant relating to the 2016 Government Advisory Department (GAD) valuation (£2.34m) is built into RSG in future years and will attract an inflationary increase.
  - The 2024/25 tax base will increase annually by 1.35%.
  - Revenue Support Grant will rise in line with predicted inflation in 2025/26 and future years.
  - Pension Grant of £1.6m relating to the 2020 GAD valuation is assumed to continue throughout the four year period.
  - The increase in core spending power has been set at 4% for 2024/25 and this will generate additional funding of £738k for one year only.
- 2.58 Clearly there remain uncertainties around inflation and future pay awards from 2024/25 onwards. The 1-year funding settlement also leaves funding uncertainties for 2025/26 onwards. Taking account of the above assumptions, the impact of a nil increase, 1.95% and 2.95% in council tax in each of the four years from 2024/25 to 2027/28 is set out in Table 3 below.

**Table 3 – Comparison of different Council Tax Precepts**

	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>
Budget Requirement	52,688	55,341	56,655	57,788
Total External Funding	(21,557)	(21,065)	(21,450)	(21,549)
<b>Balance to be met locally</b>	<b>31,132</b>	<b>34,276</b>	<b>35,205</b>	<b>36,239</b>
Council Tax Yield (0%)	(30,106)	(30,512)	(30,924)	(31,341)
Council Tax Yield (1.95%)	(30,694)	(31,715)	(32,771)	(33,861)
Council Tax Yield (2.95%)	(30,993)	(32,338)	(33,741)	(35,204)
<b>Budget Shortfall (0%)</b>	<b>1,026</b>	<b>3,764</b>	<b>4,281</b>	<b>4,898</b>
<b>Budget Shortfall (1.95%)</b>	<b>438</b>	<b>2,561</b>	<b>2,434</b>	<b>2,378</b>
<b>Budget Shortfall (2.95%)</b>	<b>139</b>	<b>1,938</b>	<b>1,464</b>	<b>2,035</b>

- 2.59 Table 3 shows that with no increases in council tax levels there will be a deficit of £1.026m in 2024/25. This will rise to £3.764m in 2025/26. It increases further to £4.898m by 2027/28.
- 2.60 Table 3 shows that even with a 1.95% increase in council tax there would be a significant deficit of £438k in 2024/25, rising to £2.561m in 2025/26 and to £2.378m in 2027/28.
- 2.61 The level of reserves available to support the budget (see sections 2.49 to 2.50) would be sufficient to cover the 2024/25 deficit. A significant level of savings would need to be implemented in order to balance the budget over the coming years with a 1.95% increase in council tax.
- 2.62 Finally, table 3 brings together the budget requirement if council tax is increased by 2.95% in each of the four years from 2024/25 to 2027/28.
- 2.63 The above table shows that the estimated deficit position for 2024/25 would reduce to £139k should a 2.95% increase in council tax be approved, rising to £1.938m in 2025/26 and to £2.035m in 2027/28.
- 2.64 The 2024/25 deficit can be met from the Budget Pressure Support Earmarked Reserve of £1.125m (section 2.50). However, efforts will be made during the year to identify savings where possible through robust budget monitoring or via the workforce review in order to minimise the use of reserves.

## SUMMARY

- 2.65 A comparison of the deficit if council tax is increased by 0%, 1.95% and 2.95% in each of the four years 2024/25 to 2027/28 is shown in table 4

below. The deficit positions should be considered alongside the assumptions outlined in section 2.57. Future year estimates remain uncertain at this point in time due to the one-year funding settlement and the uncertain economic climate.

**Table 4 – Comparison of different Council Tax Precepts**

	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>
Budget Requirement	52,688	55,341	56,655	57,788
Total External Funding	(21,557)	(21,065)	(19,450)	(19,449)
<b>Balance to be met locally</b>	<b>31,132</b>	<b>34,276</b>	<b>37,205</b>	<b>38,340</b>
Council Tax Yield (0%)	(30,106)	(30,512)	(30,924)	(31,341)
Council Tax Yield (1.95%)	(30,694)	(31,715)	(32,771)	(33,861)
Council Tax Yield (2.95%)	(30,993)	(32,338)	(33,741)	(35,204)
<b>Budget Shortfall (0%)</b>	<b>1,026</b>	<b>3,764</b>	<b>6,281</b>	<b>6,998</b>
<b>Budget Shortfall (1.95%)</b>	<b>438</b>	<b>2,561</b>	<b>4,434</b>	<b>4,478</b>
<b>Budget Shortfall (2.95%)</b>	<b>139</b>	<b>1,938</b>	<b>3,464</b>	<b>3,135</b>

- 2.66 The Fire Authority has a legal obligation to set a balanced budget for 2024/25.
- 2.67 A council tax increase of 2.95% raises £887k in additional funding compared to a council tax freeze, and an additional £299k compared to a 1.95% increase. Furthermore, if this increase were to be approved for 2024/25 it remains in the base and provides security of funding for future years.
- 2.68 The Authority holds a £1.125m earmarked reserve set aside for budget pressure support. This is not sufficient to cover the projected deficit should council tax be frozen. Both the council tax freeze and the 1.95% increase options would require significant additional savings to be made from the Futures 25 Efficiency Strategy in 2024/25 and beyond.
- 2.69 A 2.95% increase would still require £139k to be met from the Budget Pressure Support Earmarked Reserve (£1.125m) which would leave £986k 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 2.21) will continue to review working practices, and any savings achieved during 2024/25 will reduce the draw on reserves.

- 2.72 Savings are required to balance the budget from 2025/26 onwards in all of the scenarios outlined in table 6. These savings will be identified, and options will be presented to the Fire Authority for consideration when the funding position becomes clearer towards the end of 2024.
- 2.73 It is recommended that Members agree the recommendation of the Finance and Resources Committee to the Fire Authority that there should be a 2.95% council tax increase.

## PROPOSAL FOR COUNCIL TAX INCREASES 2024/25

- 2.74 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 C.
- 2.75 A council tax increase of 2.95% would generate additional funding of £887k in 2024/25. For band D and band A households, a 2.95% increase would see rises in council tax to £92.21 and £61.47 per annum respectively. This equates to approximate weekly increases of 5p for band D and 3p for band A. The impact of increases on other bands is given in the table below:

**Table 7 – Impact of 2.95% increase in Council Tax**

<b>Band</b>	<b>Annual Council Tax 2023/24 £</b>	<b>2.95% Increase 2023/24 £</b>	<b>Increase £</b>
<b>A</b>	<b>59.71</b>	<b>61.47</b>	<b>1.76</b>
B	69.67	71.72	2.05
C	79.62	81.96	2.34
<b>D</b>	<b>89.57</b>	<b>92.21</b>	<b>2.64</b>
E	109.47	112.70	3.23
F	129.38	133.19	3.81
G	149.28	153.68	4.40
H	179.14	184.42	5.28

- 2.76 The majority of the homes in the city of Nottingham 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 2024/25, which have had an inflationary increase applied. It is recommended that the Authority approve these charges for implementation from 1 April 2024.

## 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 Members' basic allowances and special responsibility allowances would increase on an annual basis linked to increases set by the National Joint Council for Local Government Service. In 2022 and 2023 National Joint Council pay awards were both based on flat rate awards of £1925. In 2022 that equated to a minimum pay increase of 4.04% across the NJC pay spine for all staff who were on it. The equivalent percentage for 2023 is 3.88%.

- 2.79 It is recommended that members allowances continue to be paid in line with the approved scheme noting that from 1 April 2023 the Independent Remuneration Panel have recommended a percentage increase of 3.88%.

### **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 2024/25.

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 AND ETHICAL IMPLICATIONS**

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



## **6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS**

There are no environmental and sustainability 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 2024 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 2.95% Council Tax increase.

- 10.2 Approve the 2024/25 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 2024/25, as set out in Appendix D.
- 10.4 Approve that Members' Basic and Special Responsibility Allowances be increased by 3.88% backdated to 1 April 2023 in line with the recommendation put forward by the Independent Remuneration Panel.

<b>11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)</b>
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None.

Craig Parkin  
**CHIEF FIRE OFFICER**

Mark Kimberley  
**TREASURER TO THE FIRE AUTHORITY**

## Capital Programme 2024/25 to 2027/28

<b>10 YEAR CAPITAL PROGRAMME</b>	<b>Budget 2024/25</b>	<b>Budget 2025/26</b>	<b>Budget 2026/27</b>	<b>Budget 2027/28</b>
<b>TRANSPORT</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Pumping Appliances	2,416			855
Special Appliances	393			118
Light Vehicle Replacement	0	0	0	0
Aerial Ladder Appliances	308	533		
<b>Sub Total</b>	<b>3,117</b>	<b>533</b>	<b>0</b>	<b>973</b>
<b>EQUIPMENT</b>				
Structural PPE				591
Replacement Duty Rig	150			
Coveralls	100			
Radios			315	
Holmatro (RTC Equipment)				457
Gas Monitoring			35	
Fire Hoods	140			
Body Cam Equipment	65			
<b>Sub Total</b>	<b>455</b>	<b>0</b>	<b>350</b>	<b>1,048</b>
<b>ESTATES</b>				
Access and Inclusion	750			
Training Development Centre	500			
Training Development Centre – Welfare training Classroom Refurb	500			
Station A	30	1,500	3,875	135
On training Facilities		150		150
Station B			30	1,500
Estate energy reduction and Decarbonisation	250	125		125
<b>Sub Total</b>	<b>2,030</b>	<b>1,775</b>	<b>3,905</b>	<b>1,910</b>
<b>I.T. &amp; COMMUNICATIONS</b>				
ICT Capital Programme - Replacement Equipment	230	180	200	250
Mobile Computing	90			90

CFRMIS	150			
Command Support Unit Software and install	55			
HQ Core Switch Upgrade			50	
Payroll, Finance and Occ. Health Upgrade	101	30		30
<b>Sub Total</b>	<b>626</b>	<b>210</b>	<b>250</b>	<b>370</b>
<b>Emergency Services Mobile Communications</b>				
Control & Mobilising System	2,000	1,000	300	0
Sub Total	2,000	1,000	300	0
<b>TOTAL</b>	<b>8,228</b>	<b>3,518</b>	<b>4,805</b>	<b>4,301</b>

<b>TO BE FINANCE BY</b>	<b>Budget 2024/25 £'000</b>	<b>Budget 2025/26 £'000</b>	<b>Budget 2026/27 £'000</b>	<b>Budget 2027/28 £'000</b>
Borrowing	7,601	3,508	4,595	4,191
Capital Receipts	10	10	210	110
Revenue / Earmarked Reserves	617			
<b>TOTAL</b>	<b>8,228</b>	<b>3,518</b>	<b>4,805</b>	<b>4,301</b>

## APPENDIX B

CASH LIMIT					
	Revised Budget 2023/2024	Budget 2024/2025 £000's	Budget 2025/2026 £000's	Budget 2026/2027 £000's	Budget 2027/208 £000's
Direct Employee Expenses	38411	41733	43480	44912	45810
Indirect Employee Expenses	511	618	575	571	582
Pension	1066	1124	1087	1122	1144
	<b>39988</b>	<b>43475</b>	<b>45142</b>	<b>46605</b>	<b>47537.1</b>
<b>Repairs Alterations and Maintenance of Buildings</b>	867	1013	1041	1059	1080
Energy Costs	1160	1218	1252	1273	1298
Rents	422	446	458	466	475
Rates	1043	1095	1126	1145	1168
Water	85	91	94	96	98
Fixture and Fittings	2	2	2	2	2
Cleaning and Domestic Supplies	447	477	490	498	508
Grounds Maintenance Costs	27	55	57	58	59
Premises Insurance	22	29	32	35	36
Refuse Collection	37	39	40	41	42
	<b>4112</b>	<b>4465</b>	<b>4592</b>	<b>4673</b>	<b>4766</b>
Direct Transport Cost	1818	1819	1829	1839	1876
Recharges	3	3	3	3	3
Public Transport	7	10	10	10	10
Transport Insurance	154	180	198	218	222
Car Allowances	238	246	246	246	251
	<b>2220</b>	<b>2258</b>	<b>2286</b>	<b>2316</b>	<b>2362</b>
Equipment Furniture and Materials	659	744	749	753	768
Catering	50	46	46	46	47
Clothes Uniforms and Laundry	455	566	546	555	566
Printing Stationery and General Office Expenses	30	30	30	30	31
Services	638	692	688	721	735
Communications and Computing Expenses	2182	2389	2548	2617	2669
	33	37	37	37	38
Grants and Subscriptions	86	99	99	99	101
Miscellaneous Expenses	211	-5	2	5	5
	<b>4344</b>	<b>4598</b>	<b>4745</b>	<b>4863</b>	<b>4960</b>
Other Local Authorities	950	996	1024	1043	1064
Private Contractors	0	0	0	0	0
	<b>950</b>	<b>996</b>	<b>1024</b>	<b>1043</b>	<b>1064</b>
Finance	127	135	139	141	144
Corporate Services	45	48	49	50	51
	<b>172</b>	<b>183</b>	<b>188</b>	<b>191</b>	<b>195</b>
Depreciation	0	0	0	0	0
Amortisation of Intangible Fixed Assets	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Customer and Client Receipts</b>	-425	-470	-478	-487	-497
	<b>-425</b>	<b>-470</b>	<b>-478</b>	<b>-487</b>	<b>-497</b>
<b>Government Grants</b>	-3650	-5120	-5236	-5981	-6101
<b>Other Grants/Reimbursements and Contributions</b>	-300	-573	-573	-573	-584
<b>Interest</b>	-138	-250	-250	-250	-255
	<b>-4088</b>	<b>-5943</b>	<b>-6059</b>	<b>-6804</b>	<b>-6940</b>
<b>Interest Payments</b>	983	1324	1635	1821	1857
<b>Debt Management Expenses</b>	1709	1801	2266	2435	2484
	<b>2692</b>	<b>3125</b>	<b>3901</b>	<b>4256</b>	<b>4341</b>
<b>BUDGET</b>	<b>49,965</b>	<b>52,688</b>	<b>55,341</b>	<b>56,655</b>	<b>57,788</b>

## 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 £92.21 and at Band A £61.47 per annum in 2024/25.

Specifically, in 2024/25 Council Tax would be set at the following levels:

		<b>Increase</b>
<b>Band A</b>	<b>61.47</b>	<b>1.76</b>
Band B	71.72	2.05
Band C	81.96	2.34
<b>Band D</b>	<b>92.21</b>	<b>2.64</b>
Band E	112.70	3.23
Band F	133.19	3.81
Band G	153.68	4.40
Band H	184.42	5.28

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:

	<b>Taxbase</b>	<b>Percentage</b>	<b>Precept £</b>
Ashfield	34,524.50	10.3%	3,183,511.12
Bassetlaw	37,801.62	11.2%	3,485,695.02
Broxtowe	35,224.25	10.5%	3,248,035.21
Gedling	38,962.89	11.6%	3,592,775.96
Mansfield	31,003.40	9.2%	2,858,829.78
Newark and Sherwood	42,531.75	12.7%	3,921,861.26
Rushcliffe	46,989.80	14.0%	4,332,938.95
Nottingham City	69,075.00	20.6%	6,369,419.71
<b>Total</b>	<b>336,113.21</b>	<b>100.0%</b>	<b>30,993,067.01</b>

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 2024/25

	2023/24 Charges	2024/25 Proposed Charges
<b>Personnel: per hour, or part of an hour:</b>		
Full Crew	£320.60	£336.60
Station Manager and above	£71.50	£75.10
Watch Manager	£58.60	£61.50
Crew Manager	£55.90	£58.70
Firefighter	£52.90	£55.50
<b>Appliances and Vehicles: per hour, or part of an hour:</b>		
	£51.90	£54.00
<b>Loan of Salvage Sheet:</b>		
Charge for fitting	£320.60	£336.60
Charge for removing	£320.60	£336.60
Charge for salvage sheet	£113.20	£117.70
<b>Copy of a Fire Report</b>		
	£82.90	£86.20
<b>Hire of Meeting Room:</b>		
Full day	£295.30	£307.10
Half day	£152.40	£158.50

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, Budget Pressure Support and Futures 25 strategy.

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.

Mark Kimberley CPFA  
**FIRE AND RESCUE AUTHORITY TREASURER**