



NOTTINGHAMSHIRE

Fire & Rescue Service

Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

BUDGET PROPOSALS FOR 2019/20 TO 2021/22 AND OPTIONS FOR COUNCIL TAX 2019/20

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

Date: 15 February 2019

Purpose of Report:

- To present the Fire Authority with proposals for Revenue and Capital budgets for 2019/20 to 2021/22 to allow Members to determine the level of Council Tax for 2019/20.
- To set out fees and charges for 2019/20 for Members' approval.
- To seek Members' approval to the continued payment of Members Allowances for 2019/20 in accordance with the approved scheme.

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1. BACKGROUND

- 1.1 At its meeting on 18 January 2019 the Finance and Resources Committee considered a report from the Chief Fire Officer setting out the latest budget position based on the provisional grant settlement and the indicative position with regard to Council Taxbase.
- 1.2 The Finance and Resources Committee was asked to consider three options for Council Tax and make recommendations to the full Fire Authority. This report sets out the implications of the option selected by the Finance and Resources Committee at its January meeting.
- 1.3 The budgetary position presented to the Finance and Resources Committee has been updated for the final figures for taxbase and surplus on Collection Fund, as well as other minor adjustments, and includes a statement by the Authority's Treasurer in relation to the robustness of estimates and the adequacy of reserves and balances as required by S25 of the Local Government Act. Provisional figures for Revenue Support Grant and Business Rates Top-up Grant were received in December 2018 and these were updated early in February to provide final data.
- 1.4 The Fire Authority is required to set a precept before 1 March 2019 and notify this to the billing authorities.

2. REPORT

CAPITAL BUDGET PROPOSALS 2019/20 TO 2021/22

- 2.1 The Authority maintains a sustainable Capital Programme that reflects and supports the ICT, Property and Fleet strategies. This programme seeks to replace appliances and vehicles when they are approaching the end of their useful life, maintains a rolling programme of ICT replacements and a property programme that will ensure that property remains fit for purpose, is appropriately located and can be contained within the internal capacity of the organisation to complete.
- 2.2 The programme is set out for the next three years and reflects proposed new expenditure. Actual expenditure in each year may also be increased by slippage approved by the Fire Authority to be carried forward from the prior year.
- 2.3 The proposed Capital Programme for 2019/20 to 2021/22 is as follows:

Table 1 – 2019/20 to 2021/22 Capital Programme

Capital Programme Item	2019/20 Proposed	2020/21 Proposed	2021/22 Proposed
	£	£	£
Appliance Replacement	0	0	0
Special Appliances	0	0	115,000
Appliance Equipment	90,000	0	0
Light Vehicle Replacement	235,000	80,000	310,000
Transport Total:	325,000	80,000	425,000
Fire Helmets	0	170,000	0
Personal Protective Equipment (PPE)	850,000	0	0
CCTV - Vehicles	40,000	0	0
Equipment Total:	890,000	170,000	0
Hucknall Fire Station	200,000	170,000	0
Newark Fire Station	75,000	0	0
Workshop Fire Station	2,486,000	1,038,000	0
Headquarters	250,000	2,500,000	1,250,000
Property Total:	3,011,000	3,708,000	1,250,000
ICT Capital Programme	100,000	200,000	200,000
Mobile Computing	50,000	20,000	20,000
Business Process Automation	50,000	50,000	30,000
HQ Enabling works	50,000	0	0
Cyber Security	20,000	20,000	20,000
ICT Total:	270,000	290,000	270,000
Finance Upgrade	50,000	5,000	30,000
Payroll Upgrade	0	15,000	
IT Systems Total:	50,000	20,000	30,000
Total Capital Programme:	4,546,000	4,268,000	1,975,000
Funding			
Grant	0	0	0
Capital Receipts	0	650,000	0
Revenue / Reserves	0	0	0
Borrowing	4,546,000	3,618,000	1,975,000
Total	4,546,000	4,268,000	1,975,000

- 2.4 The rescue pump renewals programme has been suspended whilst a review of appliance equipment is undertaken as part of the Sustainability Strategy 2020. The decision to extend pumping appliance life has changed the replacement programme for rescue pump appliances and there will be no further appliance acquisitions before 2022/23. The outcome of this work will determine the type and number of vehicles required for part of the overall long-term vehicle capital replacement plan.

- 2.5 The light vehicle programme has been reviewed in order to match vehicles with reduced requirements. The lives of vehicles have also been extended where possible.
- 2.6 The special appliance budget of £115k in 2021/22 allows for the purchase of a chassis to be ordered and the build will take place in 2022/23.
- 2.7 The equipment programme includes the purchase of CCTV to be fitted in all appliances.
- 2.8 The fire helmets replacement project will upgrade and replace all helmets during 2019/20.
- 2.9 The structural PPE project will allow for all operational staff to be issued with two sets of tunics and trousers during 2019/20.
- 2.10 The property programme allows for one fire station to be re-built during the three-year period in addition the programme allows for the work to be carried out on the Headquarters project (subject to approval), together with a feasibility study to prepare for the next project. The programme covers the construction of a new fire station at Worksop and this budget sets aside the resources to continue with the Authority's sustainable capital programme which will ensure that all property assets remain fit for purpose over time.
- 2.11 The ICT programme contains budget to replace items by way of a rolling programme and provision for the general expansion of ICT usage across the organisation.
- 2.12 The Capital Programme is funded from Capital Receipts, grant funding, contributions from revenue, reserves and borrowing.
- 2.13 **Capital Receipts** – these are received from the sale of assets and can be used to fund either the revenue cost of reform projects, to fund capital expenditure or to reduce borrowing.
- 2.14 For the financial year 2019/20 it is not proposed to fund any transitional projects using capital receipts. The capital receipts strategy for 2019/20 was approved by Fire Authority on 14 December 2018.
- 2.15 **Grant Funding** – There is limited grant funding available at present to support the capital programme.
- 2.16 **Revenue and Reserves** – Given the anticipated deficit position of the revenue budget and requirement to use reserves to transition into a break-even position, it is not proposed to use any revenue or reserves to fund the capital programme between 2019/20 and 2021/22. There remains £1m in earmarked reserves for capital expenditure to cover any unforeseen costs in approved schemes.

- 2.17 **Borrowing** – The majority of the proposed capital programme set out in 2.3 will be funded from borrowing. The related costs are tested for affordability as part of the Prudential Code report on this agenda. Estimated costs have been built into the revenue programme considered in this report.

REVENUE BUDGETS 2019/20 TO 2021/22

- 2.18 The Medium Term Financial Strategy and Budget Guidelines report at Fire Authority on 14 December 2018 provided the economic backdrop for the budget process.
- 2.19 Since the December report, more detailed budgets have been developed and were reported to the Finance and Resources Committee on 18 January. The main changes in budgets and / or assumptions are detailed below.
- 2.20 Detailed budgets have been prepared for the three years 2019/20 to 2021/22, which can be found in Appendix A.
- 2.21 The budget requirement for 2019/20 has been increased by £288k following the report to the Finance and Resources Committee in January. This is due to final adjustments to the expenditure budget and a significant reduction in collection fund surpluses of £127k.
- 2.22 The main pressures on budgets are detailed in the paragraphs below.
- 2.23 **PENSIONS** – the Government Actuary Department's valuation of fire pension schemes has resulted in a reduction to the discount rate applied to future payments into the pension scheme. Whilst consultation is still ongoing between the government and the LGA it is anticipated that this will lead to significant increases in the employers' contribution rates. The Home Office have agreed to cover the majority of the costs by way of £2m additional grant for 2019/20. However, there remains an anticipated cost to the authority in the region of £200k. This remains very much an estimate as the HO have released an estimated average rate for the 3 firefighter pension schemes and the scheme specific rates could be released as late as March 2019. Costs for 2020/21 onwards will form part of the negotiations for the CSR and more information will be known in Autumn 2019. The £2m grant has been included in business rate top up grant from 2020/21 onwards to reflect that it will be included in the CSR.
- 2.24 On 14 December, the Court of Appeal handed down the judgement that the transition arrangements in the 2015 firefighters' pension scheme were age discriminatory. The government have the ability to seek an appeal to the Supreme Court. If the judgement holds, the transition arrangements for the 2015 scheme will need to be reviewed. This may lead to significant additional costs. Whilst it is anticipated that these will be picked up by the Home Office as part of the funding of the pension scheme, there remains some risk that some of these costs may filter through to individual Fire Authorities. The situation will be closely monitored and the Fire Authority will be informed of any developments. Any additional costs incurred by the Authority in 2019/20 will need to be funded from reserves.

- 2.25 **FIREFIGHTER PAY INCREASE** – a pay award of 2% has been assumed for all years to 2021/22. 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.
- 2.26 **WHOLETIME PAY** – the pay budget has been budgeted on full establishment. The impact of recent firefighter recruitment will be that 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 2019/20.
- 2.27 **OVERTIME** – this budget has been under significant pressure during 2018/19 and has consistently overspent due to the under-establishment of wholetime crews. Whilst this has largely been addressed with the recruitment of additional firefighters, it is felt to be prudent to realign the overtime budget from £200k back to the 2016/17 budget of £300k.
- 2.28 **ON CALL PAY** – the On Call pay budget has been calculated on staff numbers as at September 2018 adjusted for anticipated recruitment and turnover. Five recruitment courses have been budgeted for which is more than in previous years in an attempt to keep the on-call section at full establishment. The additional cost of the courses has been offset by a reduction in the drill training budget to bring it in line with actual expenditure incurred. There has also been a reduction in other work, including community fire safety work to bring the budget back in line with actual activity.
- 2.29 **RESILIENCE** – this remains an area of uncertainty and a number of measures are being implemented to ensure adequate resilience going forward. A reserve of £200k was approved by Fire Authority in December 2018. This will be created from using additional 2018/19 Revenue Support Grant (RSG) of £163k announced in December as part of the Draft Local Government Finance Settlement and £37k from the 2019/20 budget. £100k has been included in budgets for 2020/21 and beyond. This will need reviewing as part of the 2020/21 budget process when costs are more predictable.
- 2.30 **ADMINISTRATIVE AND SUPPORT PAY** – these budgets include a vacancy factor of 1.5% and a pay increase of 2%. The Local Government Association (LGA) have revised pay points in the pay structure for non-uniformed staff with effect from 1 April 2019 to reflect the revised National Living Wage of £9 per hour. This has required the Authority to similarly review its grading structure, which is the subject of a separate report on this agenda. £180k has been built into the budgets to cover the cost of the scheme.
- 2.31 **ICT RESTRUCTURE** – at its meeting on 13 December 2018, Fire Authority approved the restructure of the ICT department at a cost of £253k, which mostly related to creating permanent posts for work that has previously been undertaken via fixed term contracts. This has been built into the budget for 2019/20 onwards.
- 2.32 **HMI INSPECTION** – the Authority is due to be inspected by HMICFRS (Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services) during

January and February 2019 as one of the second tranche of authorities under the new inspection regime. It is anticipated that there may be additional costs incurred going forward to deal with any issues raised by the inspection. These will be built into future years' budgets once more certainty is known.

- 2.33 **MINIMUM REVENUE PROVISION (MRP) (Increase of £100k)** – MRP is the amount charged to revenue for the repayment of debt required to fund prior years' capital expenditure. The revenue impact of the capital programme included in section 2.3 has been built into the MRP. The MRP has increased by £100k to reflect the capital cost related to the 2018/19 capital programme which will see Newark Fire Station completed as well as various equipment and ICT schemes for which the debt charges have to be written off over a shorter life. The MRP figure has been adjusted to allow for an expectation of slippage in the capital programme.
- 2.34 **SAVINGS** – The savings that have been identified and built into the budget are as detailed in the following paragraphs.
- 2.35 **MIXED CREWING (£800k)** – the mixed crewing model was approved by Fire Authority for Ashfield and Retford fire stations in February 2018. This has resulted in £800k savings which will be achieved during 2019/20.
- 2.36 **JOINT CONTROL ROOM (£350k)** – the joint control room project between Derbyshire Fire and Nottinghamshire Fire was approved by Fire Authority in December 2018. This will result in savings in the region of £350k per year once implementation is complete. It is planned for the new control room to open in summer 2019. Savings for 2019/20 are expected to be in the region of £175k.
- 2.37 **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

- 2.38 The Reserves Strategy for 2018/19 to 2020/21 was approved by Fire Authority on 14 December 2018. The strategy shows that reserve levels held at 1 April 2018 of £12.1m are expected to drop to just £7.7m by 2020/21 through the use of earmarked reserves to fund specific projects and £1.4m that has been allocated to balance the 2018/19 budget.
- 2.39 The General Reserve is expected to be in the region of £5.5m by 31 March 2019. This is just £1.6m above the minimum level agreed by Fire Authority in December 2018. This represents the maximum level of available reserves to support future years budget deficits.
- 2.40 Earmarked Reserves have been created in the past from underspends to fund areas of expenditure such as supporting the capital programme, ICT systems development and transitional work to enable change. With the Authority being in a deficit position, these reserves cannot be replenished, and once used, such projects will need to be funded from within the Revenue Budget, thus creating an additional pressure.

- 2.41 The General Reserve may be required to fill any short-term funding gaps caused by potential government funding reductions resulting from the CSR. There is also a real risk that the increase in pension employer rates will not receive the same level of funding going forward that has been provided for 2019/20 (£2m).
- 2.42 To summarise, there is a substantial risk that reserve levels going forward will be insufficient to meet future budget deficits. The Authority needs to ensure that current reserves are used in the most prudent manor to ensure that there is sufficient to enable any future transitional work to be undertaken should savings need to be made.

FINANCING THE BUDGET

- 2.43 The Authority primarily receives income from Revenue Support Grant, Business Rates and Council Tax. The government announced the finance settlement on 05 February 2019 covering 2019/20.
- 2.44 The council tax increase threshold, above which a referendum would be triggered has remained at 3% for 2019/20 and 2% for 2020/21 and 2021/22.
- 2.45 The precepting authorities also submitted their estimates of 2019/20 Business Rate income on 31 January. The Fire Authority receives 1% of this income.
- 2.46 The budget includes £439k Section 31 grant received to compensate for changes to various changes made to Business Rates announced in the Autumn Statement. This grant has been estimated at this stage and will not be confirmed until the summer and could be subject to change. The grant will be consumed into the reformed business rates scheme for 2020/21 onwards (see 2.49).
- 2.47 For 2019/20 the Authority has also been awarded £2m Section 31 grant to cover the expected increased costs of fire fighter pension employer contribution. In future years, this will form part of the Comprehensive Spending Review (CSR) funding settlement.
- 2.48 Funding for 2020/21 and beyond will be determined as part of the CSR which will not be announced until mid 2019. The CSR will be affected by the revision of the fire funding formula which is due to be updated for 2020/21 onwards. The uncertainty of Brexit and the possibility of a general election will also affect the CSR and may even delay its announcement.
- 2.49 A reformed business rates retention scheme is due to be introduced in April 2020. 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 the equivalent of 75% in April 2020 and the top up grant will be adjusted accordingly. As part of the review, the government has announced that Revenue Support Grant will be withdrawn.
- 2.50 Clearly there are many uncertainties around levels of government funding for 2020/21 and beyond. For the purposes of estimating future funding levels to

assess the financial position of the Authority, grant levels for 2021/22 have been assumed to remain unchanged from 2019/20 apart from the £2m pension fund additional grant. This is a clear risk to the Authority and Appendix B shows the impact that a 5% decrease on government funding levels would have on the Authority's finances. A 5% reduction in government funding would represent approximately a £600k reduction in grant.

- 2.51 Table 2 brings together the budget requirement and the finance settlement figures and presents the position for the Authority if there was no change to the level of council tax in each of the three years:

Table 2 – Budget Deficit with Nil Council Tax Rise

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
External Funding				
Revenue Support Grant	5,962	5,335	0	0
Business Rates Assumption	3,585	3,668	5,557	5,613
Top Up Grant	7,000	7,161	12,607	12,551
Total External Funding	16,547	16,164	18,164	18,164
Council Tax Yield*	24,236	24,567	24,899	25,235
Planned use of reserves	1,444	0	0	0
Estimated Total Funding	42,227	40,731	43,063	43,399
Budget Requirement	42,227	42,697	45,098	45,948
Budget Shortfall	0	(1,966)	(2,035)	(2,549)

*Assumes a rise in tax base but no rise in Council Tax (2018/19 figures are actual).

Table 2 shows that a budget deficit of £1.9m will need to be eliminated in order for the Fire Authority to approve a balanced budget for 2019/20. Even when this has been achieved, there will be a requirement to find further savings in excess of £2m by 2021/22.

- 2.52 The Finance and Resources Committee in January recommended a council tax increase of 2.95% to the Fire Authority. The two advantages of implementing this council tax increase in 2019/20 are that it adds funding permanently into the base budget and secondly it reduces the budget deficit by £726k in 2019/20. This would still leave the Authority with budget savings of £1.24m to find in order to approve a balanced budget as required by law.
- 2.53 Whilst reserves can be used as a short term measure to bridge the gap between funding and expenditure, this is not sustainable in the long term. As detailed earlier in this report, there are several funding uncertainties going forward. Once information becomes available on the pension contribution rates and likely impact of Brexit negotiations some of these uncertainties will become clearer. At

this point it will be necessary to undertake a budget review to identify savings going forward.

2.54 It is recommended that the £1.24m deficit in 2019/20 be financed from general reserves. This would provide time the Chief Fire Officer to:

- Further scrutinise budget priorities to identify in year savings for 2019/20;
- Provide Fire Authority with options for addressing the ongoing £798k future year budget deficit to enable it to approve a balanced budget going forward as required by law.

2.55 An increase of 2.95% in 2019/20 along with a 1.95% increase in 2020/21 and 2021/22, this being the maximum permitted without invoking a referendum, would have the following effect.

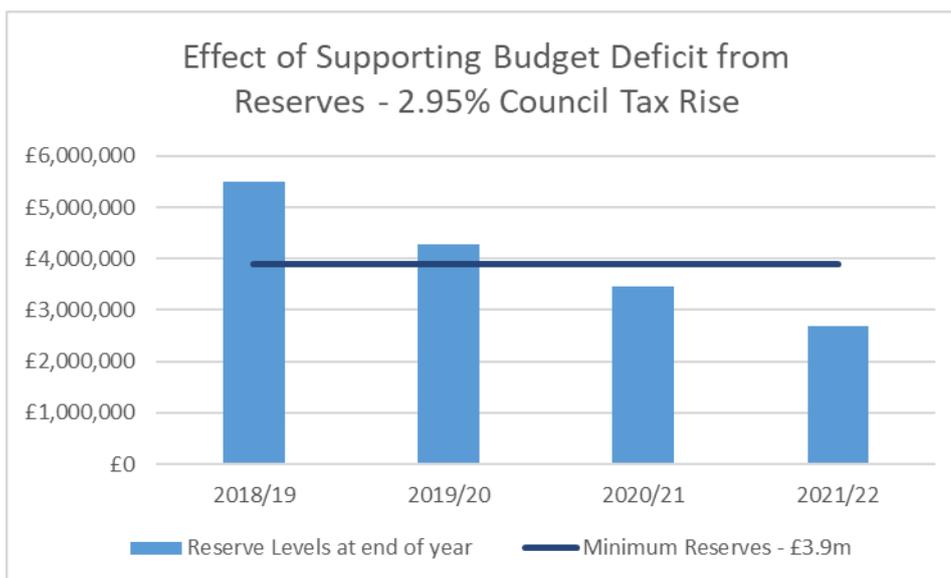
Table 3 – Budget Deficit with 2.95% Council Tax Rise 2019/20, 1.95% Thereafter

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Total External Funding	16,547	16,164	18,164	18,164
Budget Requirement	42,227	42,697	45,098	45,948
Balance to be met locally	25,680	26,533	26,934	27,784
Strategic Use of Reserves	1,444	1,240	0	0
Council Tax Yield*	24,236	25,293	26,136	27,006
Budget Deficit	0	0	798	778
General Reserves at Year End if Shortfall not Addressed	5,509	4,269	3,471	2,693

2.56 The table shows that whilst there is a £1.24m deficit in 2019/20, this will reduce to an estimated £798k in 2020/21 when the full savings from mixed crewing and the joint control room materialise.

2.57 Whilst reserves can be used during 2019/20 in order to allow the authority to transfer to a balanced budget position, this is not sustainable and would result in the Authority falling below the £3.9m minimum level agreed by Fire Authority in December 2018 if the deficit is not eliminated in 2020/21.

2.58 A graph showing the impact on reserves of the proposed 2.95% increase in 2019/20 and 2020/21 and a 1.95% increase in 2021/22 is presented below. The graph shows that reserves would fall below the £3.9m minimum level during 2020/21 if the deficit is not addressed.



PROPOSAL FOR COUNCIL TAX INCREASES 2018/2019

- 2.59 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.
- 2.60 Council Tax for the Fire Authority is currently £77.51 at Band D and a 2.95% increase in this would raise it by £2.29 per year to £79.80. The effects of such an increase on other bands per year is as follows:

Band	Annual Council Tax Current £	Annual Council Tax 2.95% Increase £	Increase £
A	51.67	53.20	1.53
B	60.29	62.07	1.78
C	68.90	70.93	2.03
D	77.51	79.80	2.29
E	94.73	97.53	2.80
F	111.96	115.27	3.31
G	129.18	133.00	3.82
H	155.02	159.60	4.58

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

FEES AND CHARGES

- 2.61 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 2019/20, which have

had an inflationary increase applied. It is recommended that the Authority approve these charges for implementation from 1 April 2019.

APPROVAL OF MEMBERS ALLOWANCES

- 2.62 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.
- 2.63 It is recommended that members allowances continue to be paid in line with the approved scheme.

COMMENTS OF THE TREASURER

- 2.64 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.
- 2.65 The Treasurer is satisfied that, on the basis of the financial risk assessments, the working balances are adequate to support the budget in 2019/20 but there is a medium-term risk to the Authority if the budget deficit is not addressed during the year.
- 2.66 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.
- 2.67 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 2019 and has no power to issue a supplementary precept.
- 7.2 Section 114 of the Local Government Finance Act 1988 requires the Treasurer to report to Members and the External auditor if the Authority or one of its officers has made, or is about to make, a decision that involves unlawful expenditure. Not setting a balanced budget would be classed as being unlawful.
- 7.3 The Authority must also comply with the Accounts and Audit Regulations 2011 and ensure that the financial management of the Authority is adequate and effective, and has a duty of Best Value to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 Risks associated with budget setting are always significant. Budgets are by their very nature estimates of future activity and these estimates can sometimes be incorrect. Changes involving contraction of activities may not be made on the envisaged timescales, public consultation may vary policy and external issues such as national pay awards may not align with the assumptions.
- 8.2 Council tax base figures used for this report are only estimates at present and some grant settlement details are only provisional. It is possible that both or either of these could change.
- 8.3 There can be no control over external issues however the Authority has sufficient reserves to cope with any in year changes which alter these budget assumptions significantly.

9. COLLABORATION

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

It is recommended that Members:

- 10.1 Consider the recommendation of the Finance and Resources Committee to the Fire Authority that there be a 2.95% Council Tax increase, with balance of £1.448m to be met by funding from reserves in line with the Medium Term Financial Strategy.
- 10.2 Task the Chief Fire Officer to identify options for addressing the 2020/21 £798k deficit to enable the Fire Authority to approve a balanced budget going forward, as required by law.
- 10.3 Determine the 2019/20 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.
- 10.4 Approve the fees and charges for 2019/20, as set out in Appendix D.
- 10.5 Approve the payment of Members Allowances for 2019/20 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

CASH LIMIT				
	Revised Budget 2018/2019	Budget Requirement 2019/2020 £000's	Budget Requirement 2020/21 £000's	Budget Requirement 2021/22 £000's
<u>Employees</u>				
Direct Employee Expenses	32134	34255	33964	34699
Indirect Employee Expenses	446	481	481	481
Pension	973	957	970	985
	33553	35693	35415	36165
<u>Premises-Related Expenditure</u>				
Repairs Alterations and Maintenance of Buildings				
	572	572	572	572
Energy Costs	344	410	468	534
Rents	4	1	26	52
Rates	942	996	996	996
Water	81	81	83	85
Fixture and Fittings	1	1	1	1
Cleaning and Domestic Supplies	316	316	316	316
Grounds Maintenance Costs	30	30	30	30
Premises Insurance	36	36	36	36
Refuse Collection	39	39	39	39
	2365	2482	2567	2661
<u>Transport-Related Expenditure</u>				
Direct Transport Cost	1037	1016	1025	1034
Recharges	122	122	122	122
Public Transport	44	44	44	44
Transport Insurance	176	176	176	176
Car Allowances	374	361	361	361
	1753	1719	1728	1737
<u>Supplies & Services</u>				
Equipment Furniture and Materials	623	628	608	599
Catering	72	72	72	72
Clothes Uniforms and Laundry	304	303	261	261
Printing Stationery and General Expenses	41	41	41	41
Services	529	528	529	530
Communications and Computing Expenses	1507	1617	1645	1692
	44	44	44	44
Grants and Subscriptions	38	51	51	51
Miscellaneous Expenses	256	256	258	260
	3414	3540	3509	3550
<u>Third Party Payments</u>				
Other Local Authorities	58	58	58	58
Private Contractors	0	0	0	0
	58	58	58	58
<u>Support Services</u>				
Finance	136	146	148	152
Corporate Services	42	44	45	46
	178	190	193	198

	Revised Budget 2018/2019	Budget Requirement 2019/2020 £000's	Budget Requirement 2020/21 £000's	Budget Requirement 2021/22 £000's
<u>Depreciation and Impairment Losses</u>				
Depreciation	0	0	0	0
Amortisation of Intangible Fixed Assets	0	0	0	0
	0	0	0	0
<u>Sales Fees & Charges</u>				
Customer and Client Receipts	-207	-198	-198	-198
	-207	-198	-198	-198
<u>Other Income</u>				
Government Grants	-738	-2879	-690	-690
Other Grants/Reimbursements and Contributions	-513	-330	-287	-362
Interest	-66	-66	-66	-66
	-1317	-3275	-1043	-1118
<u>Capital Financing Costs</u>				
Interest Payments	924	875	936	1071
Debt Management Expenses	1506	1613	1933	1824
	2430	2488	2869	2895
	42,227	42,697	45,098	45,948

VARIATION ANALYSIS – 5% CHANGE IN GOVERNMENT FUNDING

This Appendix shows the impact of a 5% drop in government funding on the budget deficit position.

Table 1 – 5% reduction in funding 2020/21 onwards

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Total External Funding	16,547	16,164	17,533	17,533
Planned Use of Reserves	1,444	1,240	0	0
Budget Requirement	42,227	42,697	45,097	45,948
Balance to be met locally	24,236	25,293	27,564	28,415
Council Tax Yield (2.95%)*	24,236	25,293	26,136	27,006
Budget Shortfall (2.95%)	0	0	(1,428)	(1,409)

*Assumes a rise in tax base and a 2.95% increase in Council Tax for 2019/20 and 1.95% in 2020/21 and 2021/22 in line with the Provisional Funding Announcement.

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 £79.80 per annum in 2019/20.

Specifically in 2019/20 Council Tax would be set at the following levels:

Band A	53.20
Band B	62.07
Band C	70.93
Band D	79.80
Band E	97.53
Band F	115.27
Band G	133.00
Band H	159.60

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	33,542.50	10.6%	2,676,691.53
Bassetlaw	34,794.99	10.9%	2,776,640.24
Broxtowe	33,674.71	10.7%	2,687,241.89
Gedling	37,007.37	11.7%	2,953,188.16
Mansfield	29,219.90	9.2%	2,331,748.05
Newark and Sherwood	38,771.64	12.3%	3,093,976.91
Rushcliffe	43,178.50	13.6%	3,445,644.34
Nottingham City	66,766.00	21.0%	5,327,926.87
Total	316,955.61	100.0%	25,293,057.99

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

APPENDIX D

FEES AND CHARGES – SPECIAL SERVICES AND USE OF FACILITIES 2019/20

	2018/19 Charges £	2019/20 Proposed Charges £
Personnel: per hour, or part of an hour:		
Full Crew	276.90	282.40
Station Manager and above	61.80	63.00
Watch Manager	50.70	51.70
Crew Manager	48.20	49.20
Firefighter	45.70	46.60
Appliances and Vehicles: per hour, or part of an hour:	42.20	43.30
Loan of Salvage Sheet:		
Charge for fitting	276.90	282.40
Charge for removing	276.90	282.40
Charge for salvage sheet	91.90	94.40
Copy of a Fire Report	68.00	69.40
Hire of Meeting Room:		
Full day	240.10	246.60
Half day	123.90	127.20

NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY

STATEMENT BY AUTHORITY TREASURER

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

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

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

I note however that if the current deficit position is not resolved there is a risk that the current level of balances will fall below the minimum level set by Fire Authority on 14 December in the years beyond 2019/20.

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

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

Charlotte Radford CPFA
FIRE AND RESCUE AUTHORITY TREASURER