Hereford & Worcester Fire Authority
11 February 2019

Report of the Treasurer and the Chief Fire Officer

Budget and Precept 2019/20 and Medium Term Financial Plan

Purpose of report

1. To determine the Revenue and Capital Budgets and the Council Tax Requirement for 2019/20.
2. To approve the Prudential Indicators and Minimum Revenue Provision (MRP) Statement for 2019/20.
3. To approve the level of Fees & Charges for chargeable services for 2019/20
4. To identify potential future resources, their consequential impact on future year budgets and the future Council Tax Requirement. (the Medium Term Financial Plan)
5. To approve Capital, Investment and Reserves Strategies

Recommendations

It is recommended that:

i) the Capital Budget and Programme (Appendix 1) be approved;

ii) the Revenue Budget (Appendix 4) be approved;

iii) the Medium Term Financial Plan (Appendix 5) be approved;

iv) the Authority calculates that in relation to the year 2019/20 and set out in Appendix 6:

- ***a) the aggregate expenditure it will incur will be £34,958,200.00;***
- ***b) the aggregate income it will receive will be £10,598,123.00;***
- ***c) the net amount transferred from financial reserves will be £724,700.00;***
- ***d) the net collection fund surplus is £141,257.00;***
- ***e) the net amount of its Council Tax Requirement will be £23,494,120.00;***
- ***f) the basic amount of Council Tax will be £84.34 (Band D);***
- ***g) the precept demands on the individual Billing Authorities are:***
  - ***Bromsgrove £3,096,473.87***
  - ***Herefordshire £5,804,784.08***
  - ***Malvern Hills £2,610,927.93***
  - ***Redditch £2,200,935.39***
  - ***Worcester £2,690,275.80***
  - ***Wychavon £4,244,165.20***
  - ***Wyre Forest £2,846,557.73***

v) the Capital Strategy (paragraphs 48-61) be approved;

vi) the Investment Strategy (paragraphs 85-90) be approved;

vii) the Reserves Strategy (paragraphs 67-73 and Appendix 7) be approved;

viii) the fees and charges for 2019/20 (Appendix 8) be approved; and

ix) the Statement of Prudential Indicators and Minimum Revenue Provision Policy (Appendix 9) be approved.

Introduction and Background

6. In May 2018 the Authority agreed a revised Medium Term Financial Plan (MTFP), which identified an underlying budget gap of £0.414m in 2023/24, with budget gaps in the intervening years being met from the budget reduction reserve as planned.

7. The budget gaps were based on a set of assumptions, which in some case have been confirmed and for others are now more uncertain. The uncertainty has more impact on the MTFP beyond 2019/20.

8. At the time of drafting this report, Business Rate yield data had not been received. It should be noted that the late notification of Business Rate data from two Billing Authorities in 2018/19 did have a material impact on the MTFP which was revised in May 2018. In order to minimise the impact of any variation this year it is proposed that, if necessary, a revised precept calculation will be tabled at the Authority meeting on 11th February 2019 with an adjustment to the use of the budget reduction reserve in 2019/20, with a revised MTFP to be brought to the next meeting of the Authority, in June.

9. Final information is now available on resources:

   a. Council Tax-bases – from Billing Authorities;
   b. Band D Council Tax levels – approved MTFP;
   c. Council Tax increase referendum threshold – from government;
   d. Collection Fund surpluses - from Billing Authorities;
   e. Estimated Retained Business Rates yield - from Billing Authorities *(see paragraph 8 above);* and
   f. Grant – *at the time of publication of this report the grant settlement had not been formally confirmed. It would be exceptional if the final position is changed, however, if it is, then an update will be provided at the Authority meeting.*

10. The Policy and Resources Committee did not meet in January 2019 as would be usual, but the Authority had been briefed on the major budget issue, the increased cost of Firefighter pensions, at the December meeting. In addition the Chair of the Policy and Resources Committee was briefed on the Budget and MTFP by the Treasurer.

11. The existing approved approach of the Fire Authority has been continued i.e.:

   a. the 2019/20 Band D precept increase is set at £2.44 (2.98%);

b. future years' planning should assume an annual precept increase of 1.96% thereafter;
c. provision be made for future pay awards at 2%; and
d. the Reserves Strategy is reconfirmed including their appropriate use to smooth the budget gap in transition to planned efficiency savings.

Review of Available Resources

12. Resources can be split between formula grant, other grants, Council Tax precept and Retained Business Rates.

Formula Grant

13. Members will recall that as part of the 2016/17 Settlement the government gave indicative grant figures for the whole of the CSR period to 2019/20. In order to have these future allocations confirmed (and not subject to further reduction) an Authority was required to submit and publish an Efficiency Plan.

14. Technically this four year settlement has to be agreed by parliament each year, but in the first 3 years of the four year settlement grant has been paid as forecast. The provisional figure for 2019/20 is as expected.

15. During 2018/19 Government has been consulting on 75% Rates Retention from 2020/21. This has been at a technical level and has not provided any certainty on future funding levels. Indeed the picture has become less clear.

16. Whilst government now appear to have accepted that Fire will continue to be part of the rates retention scheme, the relative levels of Business Rate yield and RSG in some Fire Authorities mean that there would inevitably have to be some form of resource redistribution, of which no details have emerged.

17. Although the expected Comprehensive Spending Review has not yet commenced, but is expected before 2020/21, the government is considering public sector funding levels:

    a. the relative needs within local government e.g. Fire against Police/Social Care etc.
    b. the distribution of the fire share between individual authorities.

18. It is anticipated that indicative grant information for 2020/21 will not be available until early November 2019. In the absence of any more certainty the planning assumptions in the May 2018 MTFP update are continued.

Other Grants

19. The Authority receives grant in respect of national New Dimensions functions and the Firelink radio scheme. Although grant for the former has not yet been formally confirmed the MTFP therefore assumes the continuation of 2018/19 levels.

20. In respect of the former, Members will be aware that in the absence of confirmation to the contrary it was assumed that this grant would cease at the date the Authority moved to the Firelink replacement (ESMCP/PSN).

21. Members will also be aware that this national project was significantly behind schedule, and now even more so and the Home Office has recently given firm indications that grant will be payable for a longer period. This has now been re-instated into the base.

22. Additionally, and confirmed for 2019/20 only, the Authority will receive £1.344m in grant to support the increased costs of the Firefighters pension scheme. The impact of this is dealt with in paragraphs 42-47 below.

Precept Assumptions

23. The level of income from precept is determined by the Band D tax and the total council tax-base.

24. The 2019/20 tax-base has risen by 1.06%; this is marginally above the 0.89% forecast but well below the average of 1.72% over the last four years.

25. More significantly the Billing Authorities are planning for future council tax-base increases to average 1.25% compared to the 0.96% in the previous MTFP forecasts. This has the impact of increasing the 2023/24 yield projection by around £0.352m. There is also a one off £0.141m surplus on the Collection Funds.

26. Since 2004/05 the annual net Collection Fund out-turn has ranged from a net deficit of £0.002m to a net surplus of £0.286m, and there have been significant annual variations, both surplus and deficit, from individual Authorities. It would be imprudent to fund core expenditure from this source and the Collection Fund is therefore assumed to be neutral in future years.

27. Although the Authority is free to increase the precept by any level it feels is appropriate, any increase above the threshold set by government requires the Authority to hold a referendum on the increase. The Authority has previously concluded that a referendum is not preferable given the percentage increase necessary merely to fund the cost of the referendum, without delivering additional resources to fund services.

28. Government has, however, announced that (subject to formal confirmation) the limit standalone Fire Authorities, for 2019/20 will be 2.99%, and the Authority has approved a planning assumption of a 2.98%.

29. This figure will not require the Authority to conduct a referendum on the level of increase in 2019/20.

30. The Medium Term Financial Plan continues to assume further annual increases of 1.96% from 2020/21, in line with the future indicated referendum limits.

31. It is recognised that if the resource projections were not as severe as the cautious forecasts, then there may be scope for reducing these assumptions.

Retained Business Rates

32. Each year the Billing Authorities provide an estimate (the NNDR1) of the amount of Business Rate they believe is collectable. This also includes estimates of any Section 31 grant payable by government to compensate for some nationally determined rate reliefs.

33. Together with the Section 31 grant payable directly by the Ministry of Housing and Local Government (MHLG) – this is an estimate of the total resources available.

34. The potential position regarding 75% Business Rate Retention has been outlined earlier and the planning assumption is that from 2020/21 the Fire Authority retains 1.5% of the locally collected Business Rates *(based on the principal that it keeps 1% under the current 50% retention regime).*

35. At the time of publication NNDR1 information had not been received from any of the Billing Authorities, so the position is based on a best estimate. If materially different then these figure will be updated at the Authority meeting.

36. For planning purposes it is assumed that the core yield (and grants) will rise at least as much as the government's inflation target (i.e. 2% per year), but that Collection Fund should be assumed to be neutral.

Expenditure Requirement

37. The expenditure requirement has continued to be refined and the key assumptions around pay, inflation and interest rates are outlined in the table below.

	2018/19	2019/20	2020/21	2021/22
Pay Awards	2.0%	2.0%	2.0%	2.0%
General Inflation	2.5%	2.5%	2.5%	2.5%
Long Term Borrowing Rates	3.0%	3.0%	3.0%	3.0%

38. There are only two material changes to the expenditure requirement assumed in the previous MTFP.

39. To facilitate work to support the Authority's aim to create a Fire Alliance with Shropshire & Wrekin Fire Authority, a one–off sum of £0.200m is set aside. This matches a sum to be provided by Shropshire and is largely funded from the one-off Council Tax Collection fund surplus (£0.141m) and unallocated budgets (£0.025m)

40. The second issue relates to the cost of Employer contributions to the firefighter pension scheme and is dealt with below.

41. In accordance with previous practice, and to provide a continuous record of year on year budget changes, Appendix 3 tracks the changes from the approved 2018/19 budget to that proposed for 2019/20. Appendix 4 allocates this proposed budget to the relevant approved budget heads.

Firefighter Pension Scheme Contributions

42. In the Chancellors Budget of Autumn 2016 it was announced that the discount rate used to calculate the employer's contribution rate for Public Sector Pension schemes would be reduced from 3.0% to 2.8% with effect from 2019/20. Based on the limited information then available it was estimated that this would cost an additional £0.315m and this was incorporated in the MTFP.

43. As Members will be aware the recent revaluation of the Firefighters pensions' scheme involved a further reduction in the rate to 2.4%. Along with other changes this will result in an additional cost of £1.095m bringing the total to £1.410m. It should be noted that this remains an estimate as individual scheme rates will not be available until April, but the quantum is unlikely to change.

44. In respect of 2019/20 only the government will pay a grant of £1.344m towards theses costs. Thus the impact in 2019/20 is marginally positive.

45. The only commitment for the future is that costs will be considered as part of the CSR review. With the other major changes to funding due at the same time it is not certain whether this will result in any additional grant being paid.

46. The Treasury has indicated that under no circumstances would it fund the 2016 announced reduction, because this was expected and should have been included in Authority's plans. An indicative, estimated figure of future grant if payable might be around £0.900m. This has not been indicated by government in any way.

47. As explained further below, the Authority will need to consider a financial planning scenario which assumes these costs are not funded.

Capital Strategy

48. As part of its wider treasury management objectives, the Authority must have regard to the Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

49. Its latest revision states that an Authority must produce a capital strategy, which shows how the Authority sets out its priorities for capital investment, including links to existing plans and strategy documents. It also considers the way in which capital expenditure may be financed.

50. The main elements of the capital strategy are to support a capital programme that:
    a. Ensures that Authority assets are used to support the delivery of the Community Risk Management Plan (CRMP) and associated priorities;
    b. Is affordable, financially prudent and sustainable;

c. Ensures the most cost effective use of existing assets and new capital investment; and
d. Supports the other key strategies of the Authority.

51. The Capital Programme forms part of the Medium Term Financial Plan (MTFP) which is an integrated part of the Authority's strategic direction and will be considered alongside the CRMP.

52. The **CRMP** establishes the means by which the Authority identifies and intends to meet the risks within the community. The plan will determine, within the financial resources available:

a. the number, type and location of operational properties and fire appliances
b. the services and capability to be provided from them, including the necessary supporting infrastructure

53. The **MTFP** is designed to demonstrate that the Authority has considered the funding streams available into future years and has plans in place to deliver the priorities identified by its IRMP, within the available resources.

54. The **Asset Management Plan** considers the existing property base in relation to location, condition and suitability, and proposes relevant action to optimise need and provision. In this it is supported by the Strategic Property Liaison Group.

55. The **Fleet Strategy** performs the same function in relation to the operational and non-operational vehicle fleets.

56. The **ICT Strategy** provides a comprehensive picture of how the Service will use ICT to support the service it provides.

57. Consideration, approval and monitoring of the capital programme takes place as part of the Authority's strategic planning timetable.

a. Property, fleet and ICT requirements are incorporated into the capital programme based on the priorities identified in the respective strategies.
b. The Vehicle Strategy is approved by the Policy and Resources Committee on a two–yearly cycle. The Asset Strategy, due to its longer term nature is approved on as and when required.
c. The Authority has allocated an annual sum for minor capital schemes, which is delegated to the Service's Senior Management Board (SMB) to allocate. The majority of this allocation is on ICT schemes (as included in the ICT Strategy) or Minor Building works, arising from the condition survey supporting the Asset Strategy. Other potential schemes are supported by an appropriate business case.
d. Prudential indicators, including Capital Financing Requirement, are calculated, based on the proposed programme, to demonstrate that the programme is affordable, sustainable and prudent. These are detailed in Appendix 9 (Prudential Code Indicators).

e. The capital strategy and capital programme, are approved by the Fire Authority in February as part of the budget and precept setting process.
f. Particularly in respect of property schemes, but in all practical cases, the Authority will adopt a collaborative approach with suitable partners wherever appropriate.
g. The Authority will not incur expenditure on additional property solely to generate investment income. However, if an existing property becomes vacant and rental delivers a more advantageous return the Authority, appropriate expenditure may be incurred

58. Spend on individual schemes within the capital programme is monitored by officers on a continuous basis and reviewed by SMB on a quarterly basis. Information is provided to the Policy and Resources Committee as part of the quarterly budget monitoring reports.

59. Overall funding for capital schemes will be identified prior to the capital programme being put forward for consideration and approval. It should be clear to those charged with governance that the programme is affordable, sustainable and prudent, prior to approval. Funding arrangements may, however, change to meet changing circumstances as projects progress.

60. The Authority has a number of funding sources that can be used to finance capital expenditure:

a. **Reserves** are set aside from revenue resources and earmarked for particular expenditure which qualifies as capital spend; e.g. Cutting Gear, Breathing apparatus etc. This use of reserves is consistent with the Reserves Strategy.

b. **Capital Receipts** of £10,000 or more may only be used to fund new capital expenditure or the repayment of existing debt.

c. **Leasing** can also be used to acquire capital assets, and should be considered alongside other sources of funding.

d. **Revenue funding** can also be used to fund capital expenditure. (But capital funds cannot normally be used to fund revenue). This source of financing is used to deal with underspending within the capital financing budget that arises from slippage in the capital programme. It will be used in a cost effective way to maintain future financial sustainability.

e. Capital projects that cannot be funded from any other source can be funded from external **borrowing**. The Authority is able to borrow money from the Public Works Loan Board (PWLB) to fund its capital programmes, and will need to fund a repayment provision and interest costs from its revenue budget.

   i. The Authority must ensure that its borrowing is affordable, sustainable and prudent, and this is demonstrated through its approval of Prudential Indicators.

ii. ‘Internal borrowing’ occurs when the Authority will use its cash balances to fund capital schemes rather than taking out long term loans with PWLB. This is managed as part of the Treasury Management process.

61. As well as funding the asset in a capital scheme, the Authority must also consider and take account of the ongoing implications of the scheme on the revenue budget.

a. If the scheme is to be funded from prudential borrowing, there will be an interest charge and a provision towards loan repayment.

b. The asset may have running costs (such as a maintenance charge or support agreement) or generate efficiencies, which are also incorporated in the revenue budget

Capital Programme

62. The Capital Programme, using prudent financing assumptions and based on the agreed Asset Management Plan and Fleet Strategy, and with the usual annual provision of £0.600m for minor buildings and IT schemes etc. is included as Appendix 1. The revenue consequences of the schemes, including financing costs, are included in the revenue budget projections in Appendices 3, 4, and 6, and the Statement of Prudential Indicators and Minimum Revenue Provision Policy at Appendix 9.

63. Although budget provision has been given for specific schemes within the proposed Major Buildings block, as individual contracts are still subject to tender etc., individual allocations are not shown in order that the information does not compromise the Authority’s negotiating position.

64. The Programme now includes provision for expenditure on a replacement Fire Station at Broadway.

65. The original capital budget was set in 2015/16 with vehicle cost estimates reflecting current prices. Although the revenue financing budget makes provision for inflationary increases these had not previously been included in the capital programme itself. The inclusion of these adjustments in the Capital Programme has no impact on the revenue budget.

Fees and Charges

66. The Authority sets a scale of fees for chargeable services and these are now reviewed annually. It has been determined that the fee payable should be a rounded sum so it may not be necessary to apply an increase each year. The proposed charges for 2019/20 are set out in Appendix 7.

Reserves Strategy

67. The Authority holds reserves for a number of reasons and these can be summarised as:

a. Deferred Expenditure Reserves: monies set aside to fund long life equipment (e.g. Cutting gear, breathing apparatus, fire control etc.) which negates the need for capital financing costs in the medium term
b. Budget Reduction Reserve: monies to be used to smooth the transition of significant efficiency measures
c. Other Earmarked Reserves: held to cover the costs of known events where timing is uncertain
d. General Reserve: unallocated and held to meet the “unknown unknowns”

68. Deferred Expenditure reserves will be spent as necessary to meet the costs of the agreed items as they are procured.

69. In approving the strategy in relation to reserves in February 2017 the Authority has confirmed that the Budget Reduction Reserve is used to close the budget gaps in the MTFP period, until major efficiencies come fully on-line.

70. Although there is no guidance as to the exact level of balances that an Authority should hold, the Home Office has now asked authorities to explain any general balances above 5% of budget. At the end of 2019/20 General balances are expected to stand at 1.538m or 4.5% of 2019/20 Net Budget.

71. The Authority has to be mindful of the opportunity to quickly replenish balances if they are called upon and this becomes much harder in a financial regime where central government controls grant, business rate levels and council tax levels.

72. Whilst this level of balances is desirable, there is an opportunity cost of holding balances. They could be used to finance one off expenditure or temporarily reduce the Council Tax precept, which itself will have an impact on the long term financial position. The risk of using up balances is, however, that any unforeseen expenditure could not be met.

73. The planned use of ear-marked balances in the MTFP period is set out in a summary of the Reserves Strategy at Appendix 7, and is compared to the previous cash-flow assumptions.

2019/20 Budget and Precept and Future Years

74. The Authority is required to set a budget and precept for 2019/20, but has to give consideration to the impact on future affordability through a MTFP.

75. The uncertainty about future planning has already been set out, in respect of 2020/21 and beyond, and the continuation of the previous resource assumptions in the absence of the confirmation of anything different.

76. The positive news is that before the late and unexpected increase in pension contributions the core budget gap had reduced to an insignificant level by 2023/24, as was anticipated. The core gap, before use of reserve smoothing would be:

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
May 2018 MTFP	1.197	1.619	0.930	0.744	0.414
Feb 2019 before pensions	0.854	1.120	0.540	0.274	0.027

77. This position would have resulted in £1.435m of the budget reduction reserve being available for other one off purposes

78. Unfortunately the budget and MTFP now have to include the impact of the additional pensions cost. This is fully detailed in Appendix 6 but can be summarised below:

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Expenditure Forecast	34.853	35.103	35.260	35.967	36.553
less Property Reserve	(0.120)	(0.185)	(0.160)	(0.147)	
less Resources	(34.128)	(32.703)	(33.465)	(34.451)	(35.431)
Core Gap	**0.605**	**2.215**	**1.635**	**1.369**	**1.122**
Use of General Reserve	(0.300)				
Budget Reduction Reserve	(0.305)	(2.215)	(1.430)		
Remaining Gap	**(0.000)**	**(0.000)**	**0.205**	**1.369**	**1.122**

79. The short-term position can be resolved by faster use of resources, but the Authority will have to consider what further efficiencies can be implemented to fully deliver around £1.2m annual savings by 2022/23.

80. The uncertainty of the Pensions funding position can best be illustrated by the table below which makes an assumption about government funding of some of the additional cost:

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Core Gap	0.605	2.215	1.635	1.369	1.122
Possible Pension Funding		(0.900)	(0.900)	(0.900)	(0.900)
Adjusted Gap	**0.613**	**1.315**	**0.735**	**0.469**	**0.222**

81. If this were the case, the resultant gap could be funded throughout the period (with £0.904m of the reserve available for other one-off uses) with a residual gap of £0.222m.

82. It is unlikely that there will be any useful indications of future funding, (including the governments approach to pension costs) before November 2019. Officers will continue to work on identifying new savings, over and above those already in hand, to close the remaining budget gaps from 2022/23 as set out in paragraph 78 above

83. Based on the above recommended strategies the formal precept calculation for 2019/20 is set out in Appendix 6. The Band D precept will rise by £2.44 (or less than 5 pence per week) to £84.34.

Budget Risks

84. Setting a net budget at £34.853m still presents risks, for example:

- Pay Award – an annual provision of 2% has been made - a variance of +/- 1% adds or saves £0.225m.
- General Inflation – each additional 1% costs/saves £0.100m.
- Future Council Tax Policy is also unknown; although a 1.96% increase is assumed in the MTFP a reduction by 1.0% would cumulatively reduce resources by around £0.225m per year.

Investment Strategy

85. In accordance with the Authority's Treasury Management Strategy, surplus funds are invested by Worcestershire County Council alongside their own funds.

86. Since October 2008 the Authority has adopted a policy of avoiding new long term borrowing, where working capital balances permit. The Authority will only extend long term borrowing when cash-flow requirements dictate that it is necessary, and only to finance long term assets.

87. The Authority will not borrow to invest and will only invest funds arising from cash-flows.

88. The Authority will not invest in property or other assets with the intention of generating income, other than as outlined at paragraph 57g above.

89. Investment of funds will be via the existing Treasury Management arrangement with Worcestershire County Council, and will be restricted to the agreed financial loans to approved counter-parties.

90. Given the continuing uncertainty in financial markets, the Treasurer advises that investment should continue to be focussed on security. Primary consideration will be given to Security, Liquidity and Yield (SLY) in that order. As a consequence surplus funds continue to generate low returns which are factored into the budget.

Prudential Code Indicators

91. Since 1 April 2004, the Local Authority capital finance system has been one of self-regulation based on a Prudential Code drawn up by the Chartered Institute of Public Finance and Accountancy (CIPFA).

92. The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of Local Authorities are affordable, prudent and sustainable or, in exceptional cases, to demonstrate that there is a danger of not ensuring this, so that the Local Authority concerned can take timely remedial action.

93. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. The Prudential Code also has the objective of being consistent with and supporting, local strategic planning, local asset management planning and proper option appraisal.

94. To demonstrate that Authorities have fulfilled these objectives, the Prudential Code sets out indicators that must be used and the factors that must be taken into account. The Code does not include suggested indicative limits or ratios. These are for a Local Authority to set itself, subject only to any controls under Section 4 of the Local Government Act 2003 (Government Reserve Powers).

95. The prudential indicators required by the Code are designed to support and record local decision making. They are not designed to be comparative performance indicators and use of them in this way would likely to be misleading and counter-productive. In particular, Local Authorities had widely differing debt positions at the start of the prudential system and the differences are likely to increase over time as a result of the exercise of local choices. The system is specifically designed to support such local decision making in a manner that is publicly accountable.

96. Recent revisions to the code have reduced the number of mandatory indicators, but the Treasurer believes that they continue to provide useful information to the Authority so they continue to be included.

97. In setting or revising the prudential indicators, the Authority is required to have regard to the following matters:

- affordability, e.g. implications for Council Tax;
- prudence and sustainability, e.g. implications for external borrowing;
- value for money, e.g. options appraisal;
- stewardship of assets, e.g. asset management planning;
- service objectives, e.g. strategic planning for the Authority; and
- practicality, e.g. achievability of the forward plan.

98. The Treasurer has prepared the prudential indicators having considered the matters above, and they are set out in detail in Appendix 9.

Minimum Revenue Provision (MRP)

99. Minimum Revenue Provision is the amount set aside in the revenue budget to meet the future repayment of borrowing incurred to pay for capital investment.

100. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 require that an Authority sets its own prudent level of MRP, by adopting a policy in advance of the year to which it relates.

101. For ease of reference the policy, which is unchanged from previous years, is set out in Appendix 9.

Budget Calculations: Personal Assurance Statement by the Treasurer

102. Section 25 of the Local Government Act 2003 requires the Treasurer to report to the Authority when it is setting the budget and precept (Council Tax). The Authority is required to take this report into account when making its budget and precept (Council Tax) decision. The report of the Treasurer must deal with the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.

103. The Treasurer states that to the best of his knowledge and belief these budget calculations are robust and have full regard to:

- the Fire Authority budget policy;
- the need to protect the Fire Authority's financial standing and to manage risk;
- the current year's financial performance;
- the financial policies of the Government;
- the Fire Authority's Medium Term Financial Plan and Planning framework;
- capital programme obligations;
- Treasury Management best practice;
- the strengths of the Fire Authority's financial control procedures including audit consideration;
- the extent of the Authority's balances and reserves; and
- the prevailing economic climate and future prospects.

Equality and Diversity Impact

104. The immediate impact on recruitment activities means that progress against equality and diversity targets for the recruitment of wholetime female and Black Minority Ethnic (BME) firefighters will not be achievable. However, retained recruitment will continue to be based on need and in this area the Service will continue to do all it can to address our diversity targets.

105. It is no longer a requirement to report such targets at government level, but employment levels continue to be monitored to ensure that although limited positive progress can be made in this period, any recruitment that does take place happens in an environment of good equalities practice.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	Yes – whole report
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	Yes – Resourcing for the Future
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	No
Consultation (identify any public or other consultation that has been carried out on this matter)	Yes – consultation with Business Rate-Payers as required by legislation
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	No

Supporting Information

Appendix 1	Capital Programme
Appendix 2	Personnel Budget
Appendix 3	Revenue Budget Changes 2018/19 to 2019/20
Appendix 4	Revenue Budget Allocation 2019/20
Appendix 5	Medium Term Financial Forecasts 2019/20 to 2023/24
Appendix 6	Council Tax Requirement Calculation 2019/20
Appendix 7	Reserves Strategy Summary
Appendix 8	Fees & Charges 2019/20
Appendix 9	Statement of Prudential Code Indicators and Minimum Revenue Provision Policy.

Background Papers

- Fire Authority, 19 December 2018: MTFP Interim Update
- Policy and Resources Committee, 28 November 2018: MTFP Interim Update
- Fire Authority, 30 May 2018: Financial Matters (MTFP Update)
- Fire Authority, 14 February 2018: Budget & Precept 2018/19 and MTFP

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