

**2018/19 PRECEPT AND MEDIUM-TERM  
FINANCIAL PLAN 2018/19 TO 2021/22**

## SUMMARY

1. This report considers the Authority's Budget for 2018/19 onwards and also the setting of the precept for 2018/19.
2. The report has been prepared in accordance with the Local Government Finance Act 1992 as amended by the Localism Act 2011 Sections 72 to 79 and the Local Government Finance Act 2012 to allow the Authority to approve:
  - The Council Tax Requirement for 2018/19;
  - The Council Tax Base figure for 2018/19; and
  - The basic amount of Council Tax for 2018/19.
3. The report also complies with the Local Government Act 2003 and allows the Authority to approve:
  - The financial spending plans that are necessary to support the Authority's activities [Section 25(1)(a)]; and
  - Maintenance of adequate reserves and provisions [Section 25(1)(b)].

## RECOMMENDATIONS

4. That Members approve the 2018/19 precept at a level 2.95% higher than the 2017/18 level and approve Appendices A, B, C and D.

## 2018/19 FINANCIAL YEAR

5. There has been a series of reports to the Fire Authority on the budget position for 2018/19 onwards. Reports have been considered at the September, October and December 2017 round of meetings.
6. The Final Local Government Finance Settlement for 2018/19 has not yet been released at the time of writing this report (1 February 2018). Any material changes announced in the Final Settlement will be communicated to Members as soon as possible and at the latest at the meeting on 12 February. Based on the provisional settlement announced in December 2017, the key headlines were:
  - A £1.1m reduction in support from Government for the period 2018/19 and 2019/20;
  - Council Tax Referendum threshold of 3% for Humberside Fire Authority for 2018/19 and 2019/20.

7. The reduction in funding from Government was anticipated, but that said, it is still significant when compounded with the reductions that the Authority has suffered over 2011/12 to 2017/18.
8. The Authority has worked very hard in anticipation of this austerity and by the close of 2017 had delivered efficiencies over the prior recent years of circa £11m.
9. The Authority's Revenue Budget and Capital Programme (Appendices A and B) have been updated in line with new information that has become available since December 2017. The main examples of this are:- the Council Tax Base for 2018/19; Collection Fund surplus; and the Capital Programme which is largely based on the Premises, IT and Vehicles reports for 2018/19 onwards approved at the December 2017 Fire Authority.

#### 2018/19 PRECEPT

10. The decision on the 2018/19 precept for Humberside Fire Authority has to be taken in the light of a number of significant factors.
11. First off, the Government has set a referendum threshold for 2018/19 of 3% for Humberside Fire Authority. Therefore, any increase at or above this level will require a Humberside area-wide referendum in support. Clearly, there would be a significant cost attached to any such referendum.
12. Secondly, the Authority has frozen its precept in each of the years 2011/12, 2012/13, 2013/14, 2014/15 and 2015/16 as part of the Government scheme in operation in those years. The Authority increased its precept by 1.25% in 2016/17 and 1.6% in 2017/18.
13. Thirdly, the Authority has suffered a historic reduction in Government support over 2011/12 to 2017/18. Much has been done in anticipation of this but the fact remains that the Authority has lost circa £11m of its funding from Government over this period. In addition to this there is the estimated further reduction in support from Government over the period 2018/19 and 2019/20 of £1.1m.
14. Fourthly, the additional income to the Authority from a 2.95% increase in the precept would be circa £600k. The Medium-Term Financial Plan requires efficiencies of circa £200k by 2020 after taking account of the additional £600k of income from the 2018/19 precept increase. Without this funding the Service will be required to find additional efficiencies of circa £600k (over and above the £200k already needed) over the medium-term to ensure a balanced financial position.

#### COUNCIL TAX/PRECEPT – CONSULTATION

15. The Authority ran a public consultation (Appendix E sets out the details of the public consultation) from 17 January 2018 to 31 January 2018 on the council tax/precept for 2018/19. For each of the years 2018/19 and 2019/20 options of 0% and a 2.95% increase were put forward. The responses in summary are as follows:-

Options	Increase at 2.95% for each of the next 2 years	Increase at 2.95% for 1 year	0%	Total
Number of responses	425	25	80	530
Percentage	80%	5%	15%	100%

16. The consultation responses received show strong support for a 2.95% increase if the additional funding can be used to balance the Service's budget over the medium-term and protect our service to the community.

17. Appendix F of this report sets out the responses received in detail.

#### MEDIUM-TERM FINANCIAL PLAN 2018/19 TO 2021/22

18. Members have been regularly briefed on the Authority's medium-term financial position.

19. In broad terms the budget for 2018/19 to 2021/22 is balanced subject to:-

- the delivery of £200k of efficiencies by 2019/20;
- council tax increases of 2.95% in 2018/19 and 2019/20 and 1.9% in 2020/21 and 2021/22;
- Pay awards of 2% each year of the plan.

20. High level objectives for delivering the Service's Medium-Term Financial Plan have been set as part of the new Strategic Plan 2018-21. The narrative outlined at Appendix G of this report sets out in more detail the outcomes that are anticipated for each of the objectives that have been agreed for the sound running of the Service's finances.

#### RESERVES

21. The Authority's reserves consist of the General Reserve (£5.373m at 1 April 2017) and a number of Earmarked Reserves created to meet specific areas of future expenditure (£5.175m at 1 April 2017).

22. Again, as a result of good forward planning by the Authority, the reserves are in a sound position, but they do need to be seen in the context of the current and future significant reductions in Government funding and the major financial uncertainties that still lie ahead.

#### LOCAL GOVERNMENT ACT 2003

23. Section 25 of the Local Government Act 2003 specifically requires the 'Chief Finance Officer' (which for Humberside Fire Authority is the S.151 Officer) to report on the robustness of the estimates, the adequacy of reserves and the budget monitoring arrangements in place when determining a budget requirement and precept for a given financial year.

24. Robustness of estimates:- the S.151 Officer confirms that the budget estimates have been compiled on a robust and prudent basis.

25. Adequacy of reserves:- the S.151 Officer confirms that the current reserves held by the Authority are adequate. This position is kept under continuous review and any material changes will be reported to Members.

26. Budget monitoring arrangements:- the S.151 Officer confirms that the Authority has timely and robust monitoring arrangements. The proposal is to again issue management accounts to all Members and CMT within 10 working days of 30 June, 30 September, 31 December and 28 February.

#### CONCLUSION

27. The Authority's budget is now in a sound position with efficiencies of circa £11m over 2011 to 2017 as a response to the reductions in grant funding from Government. This has been achieved whilst simultaneously maintaining a high standard of service to our communities and in particular the Authority's high response standards.

## STRATEGIC PLAN COMPATIBILITY

28. The Medium-Term Financial Plan dovetails with the Authority's Strategic Plan.

## FINANCIAL/RESOURCES/VALUE FOR MONEY IMPLICATIONS

29. The Authority must statutorily set a balanced budget and council tax for the forthcoming financial year.

## LEGAL IMPLICATIONS

30. No direct issues arising but the Authority must notify its intention with regard to the precept increase before the end of February each year and set a balanced budget.

## EQUALITY IMPACT ASSESSMENT/HR IMPLICATIONS

31. No direct issues arising.

## CORPORATE RISK MANAGEMENT IMPLICATIONS

32. Setting a sustainable and prudent budget for the Fire Authority is fundamental in mitigating a number of key risks contained within the Strategic Risk Register.

## HEALTH AND SAFETY IMPLICATIONS

33. No direct issues arising.

## COMMUNICATION ACTIONS ARISING

34. No direct issues arising.

## DETAILS OF CONSULTATION AND/OR COLLABORATION

35. The Budget has been developed with the full involvement of CMT and the full Fire Authority.

36. The statutory consultation with the Business Rate Payers of Humberside (represented by the Chamber of Commerce) has taken place. The Authority's earlier budget reports were circulated and comments invited.

## BACKGROUND PAPERS AVAILABLE FOR ACCESS

37. September, October and December 2017 budget reports.

## RECOMMENDATIONS RESTATED

38. That Members approve the 2018/19 precept at a level 2.95% higher than the 2017/18 level and approve Appendices A, B, C and D.

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