

LANCASHIRE COMBINED FIRE AUTHORITY

Meeting to be held on 20 February 2017

REVENUE BUDGET 2017/18-2021/22

(Appendices 1, 2, 3, 4, 5 and 6 refer)

Contact for further information:

K Mattinson, Director of Corporate Services - Telephone Number 01772 866804

Executive Summary

The final proposed gross revenue budget for 2017/18 is £54.3m, a reduction of 2.3%. This allows for the identification of £1.5m of efficiency savings.

The draft Local Government Finance Settlement identified funding in line with the agreed multi-year settlement, i.e. £25.3m a reduction of £2.3m (8.2%). The Final Local Government Settlement will not be available until after the meeting, as it will not be debated in parliament until 20 February at the earliest.

The council tax referendum level has remained at 2.0%.

This results in a council tax requirement of £66.46 per Band D property, an increase of 1.5% (£0.96 per annum). As an alternative it would be possible to limit the council tax increase to 1.0% by identifying further budget reductions of £0.1m (resulting in a council tax of £66.16), or to freeze council tax at £65.50 by identifying budget reductions of £0.4m.

All three of the above options meet the requirements to deliver a balanced budget and maintain an adequate level of reserves, and as such the Treasurer believes all three options deliver a robust budget, although any decision to identify additional savings, drawdown reserves or utilise the LGPS surplus puts additional pressure on the revenue budget in the long term.

The Authority is still faced with a funding gap in future years, the extent of which is set out in the report and is dependent upon this, and future years' council tax decisions. However the Authority remains in a strong financial position with reserves able to offset the majority of financial challenges within the 4 year settlement period.

Recommendation

The Combined Fire Authority is asked to:-

- agree which council tax option it wishes to adopt and agree the detailed resolutions set out in the relevant appendix;
- agree how it wishes to treat the Local Government Pension Scheme (LGPS) surplus.

Information

The draft budget was presented to the Authority in December, where the Authority:-

- Gave initial consideration to the draft revenue budget;

- Authorised consultation with representatives of non-domestic ratepayers and Trade Unions on the draft budget proposals;
- Agreed to give further consideration to the budget at their next meeting on 20 February 2017.

Budget Requirement

A draft budget of £53.9m was presented to the December meeting.

Further work has been on-going to refine budget requirements resulting in an updated budget requirement of £54.3m. This represents an increase of £0.3m due to the following:-

- Staffing forecasts have continued to be refined and updated with the latest numbers confirming a need to undertake two recruit courses in the year. As a result of this, and a review of on-going training requirements, the Service has identified a need to invest an additional £0.3m to facilitate this.
- The ESMCP project has been pushed back to September 2018 hence the savings associated with this have been delayed and will only start to accrue from that date.

The updated budget requirement is set out below and at £54.3m still represents a 2.3% reduction in overall requirement, and includes £1.5m of efficiency savings:-

	2017/18	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m	£m
Preceding Years Draft Budget Requirement	55.6	54.3	54.8	56.0	57.7
Inflation	0.8	0.8	0.8	1.7	2.0
Other Pay Pressures	(0.6)	(0.1)	0.7	-	0.1
Committed Variations	(0.6)	(0.1)	0.1	-	-
Growth	0.6	(0.1)	(0.2)	-	-
Efficiency Savings	(1.5)	-	(0.2)	-	-
Budget Requirement	54.3	54.8	56.0	57.7	59.8

Further analysis of the budget is provided in Appendices 4 and 5 attached.

Government Funding Settlement

The Government has confirmed that the multi-year settlement offers have been agreed with all single purpose fire and rescue authorities. Hence, barring exceptional circumstances, and subject to the normal statutory consultation process for the local government finance settlement, the Government expects these amounts to be presented to Parliament each year.

The final Local Government Finance settlement is not due to be debated in Parliament until 20 February at the earliest, hence we have had to assume that the final settlement will be consistent with the draft figures reported in December, i.e. £25.3m.

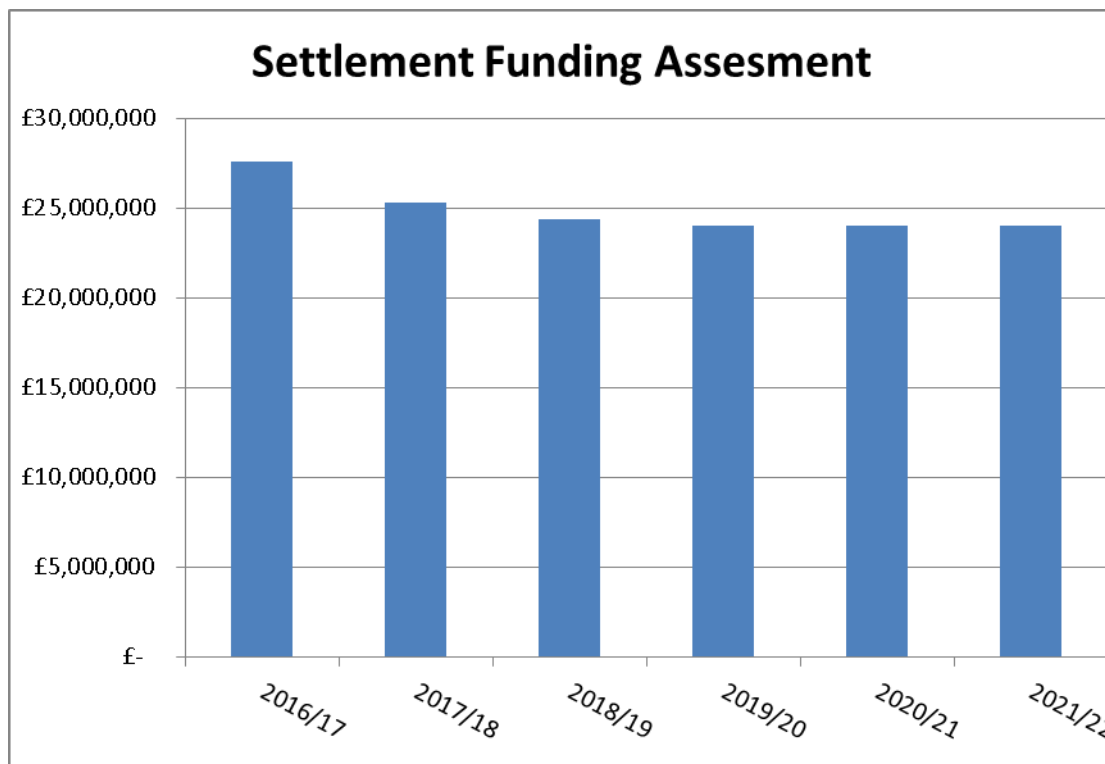
Revenue Support Grant, direct from the Government	£10.7m
Individual Authority Business Rates Baseline	£4.1m
Business Rates Top-Up, from the Government	£10.5m
	£25.3m

If there is a marginal difference between the draft and the final settlement this will be met by reducing our gross budget requirement either through additional savings or drawdown of reserves.

Future settlements form part of the multi-year settlement referred to above.

		Reduction	
2015/16	£29.4m		
2016/17	£27.6m	£1.8m	6.4%
2017/18	£25.3m	£2.3m	8.2%
2018/19	£24.4m	£0.9m	3.7%
2019/20	£24.0m	£0.4m	1.4%
		£5.5m	

As highlighted in the draft budget report the Autumn Statement reaffirmed that Departmental spending will grow with inflation in 2021/22. However there will be significant variation between departments due to how the overall funding is distributed, and the level of protection afforded to some Departments, hence we have assumed funding will be frozen in 2021/22 and beyond.



Included within the Settlement Funding Assessment is an estimated amount in respect of locally retained Business Rates. Billing Authorities have now provided details of this, which show a marginal reduction of £46k compared with the Government's forecast.

Overall the settlement at £25.3m is in line with the draft budget.

Business Rate Adjustments

Business Rates are adjusted for the following:-

- The Government provides specific Section 31 grant to offset lost local revenue arising from the Government's decision to impose a 2% cap on the increase in the small business rate multiplier in 2014/15. The Government has not formally announced that this will not continue in 2017/18, nor has any indication been given that it will cease, and hence for the purpose of planning we have assumed this will be paid, in line with previous years, and have therefore included a sum of £149k in respect of this.
- The Government also provides further Section 31 grant to offset lost local revenue arising from various other decisions which have limited business rates, such as the doubling of small business rate relief, extensions to timeframes for some exemptions etc. This figure has been confirmed by billing authorities at £338k.
- Any surplus or deficit on the business rates collection fund is distributed to relevant bodies, and our share of this stands at a deficit of £177k.

Council Tax 2017/18

Billing authorities have now provided final council tax base figures and the council tax collection fund figures. The tax base has increased by 1.7%, compared with the draft budget which was based on a 1% increase. The collection fund surplus stands at £0.5m compared with the draft budget figure of £0.3m.

Future planning assumptions have been updated to reflect this.

As previously advised the Government has not provided any additional grant to support those authorities who freeze council tax in 2017/18. However it has maintained the council tax referendum limit at 2% for Fire Authorities.

Based on the assumptions outlined the budget requirement results in a council tax of £66.46, an increase of 1.5% or £0.96, less than 2p per week.

	£m
Budget Requirement	54.3
Less Funding Settlement	(25.3)
Less Section 31 Grant re Business Rates	(0.5)
Add Business Rates Collection Deficit	0.2
Less Council Tax Collection Surplus	(0.5)
Equals Precept	28.2
Estimated Number of Band D equivalent properties	425,026
Equates to Council Tax Band D Property	£66.46
Increase in Council Tax	1.47%

As in previous years we have modelled further council tax scenarios:-

- 1% increase
- Freeze

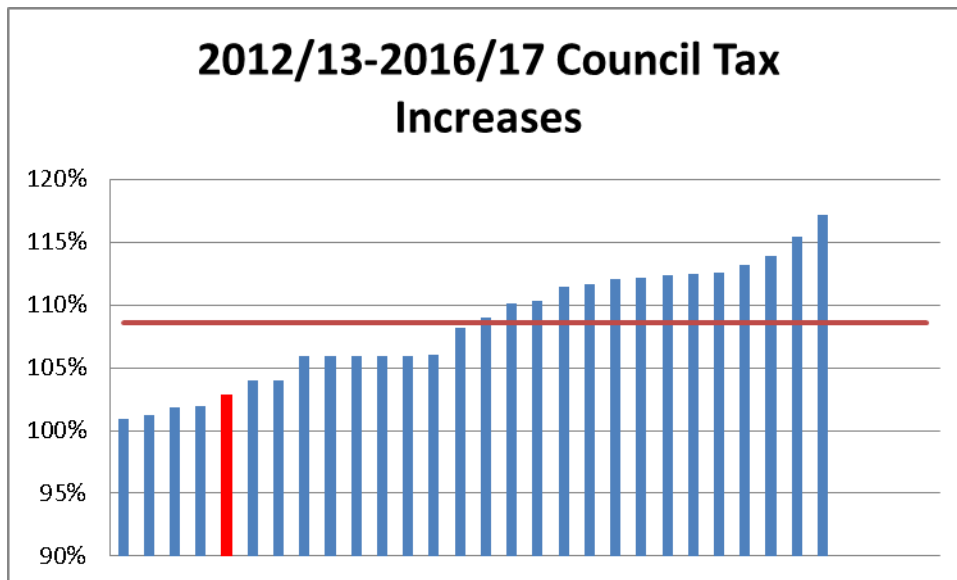
	1% Increase	Freeze
	£m	£m
Gross Budget Requirement	54.3	54.3
Utilisation of reserves/additional savings	(0.1)	(0.4)
Final Budget Requirement	54.2	53.9
Less Funding Settlement	(25.3)	(25.3)
Less Section 31 Grant re Business Rates Capping	(0.5)	(0.5)
Add Business Rates Collection Deficit	0.2	0.2
Less Council Tax Collection Surplus	(0.5)	(0.5)
Equals Precept	28.1	27.8
Estimated Number of Band D equivalent properties	425,026	425,026
Equates to Council Tax Band D Property	£66.16	£65.50
Increase in Council Tax	1.00%	0.00%

The table shows that if the Authority increased council tax by 1% it would require a budget reduction of £0.1m, and a freeze would require a budget reduction of £0.4m. In order to achieve these reductions the Authority could either identify further savings in-year, utilise the Local Government Pension Scheme surplus, as referred to at the December Authority meeting, or utilise reserves.

For information, the draft budget results in a 1.5% increase in council tax, which equates to £0.96 per annum and generates approx. £0.4m of additional precept, where as a 1% increase equates to £0.66 per annum, £0.01 per week, and generates approx. £0.3m of additional precept.

As reported in the draft budget our 2016/17 council tax of £65.50 is still below the national average of £71.50, and is the eighth lowest of any Fire Authority, and our council tax increases of 2.9% over the last 5 years have been significantly lower than the sector average of 8.6%:-

	Lancashire CFA	Average Fire Authority
2012/13	0.0%	1.1%
2013/14	0.0%	2.3%
2014/15	0.0%	1.3%
2015/16	1.9%	1.5%
2016/17	1.0%	2.0%



Further Savings Opportunities

As reported previously the Authority has been extremely successful at delivering efficiency savings, delivering £18m since April 2011. However it is clear that the scope to deliver further savings is extremely limited, with the majority of departments struggling to balance demands against capacity.

The only significant savings opportunity on the horizon appears to be the Emergency Cover Review (ECR) scheduled for next year, but again it must be recognised that previous ECRs have delivered significant savings and the scope to identify further reductions is extremely limited.

As such it may be possible to deliver in year savings in 2017/18 by delaying expenditure and targeting an in-year underspend in order to deliver a balanced budget, but the scope to utilise this to balance future budgets appears limited.

Local Government Pensions Scheme Surplus

As reported at the last Authority meeting the Authority's LGPS fund currently has a surplus of £4.3m, due to improved investment returns, changing assumptions and additional payments made to offset previous deficits.

The report identified the following options:-

- leave the surplus in situ, to offset any future changes;
- drawdown all of the surplus over the 16 year recovery period, £0.3m per annum (this would still leave approx. £3.3m as a surplus at the next valuation, all other things being equal);
- drawdown all of the surplus to offset all of the future service pension contributions, £0.6m per annum, broadly speaking the surplus would be fully utilised in 7 years (this would still leave approx. £2.3m as a surplus at the next valuation, all other things being equal, but we would need scheme approval to do so);
- drawdown part of the surplus over the 16 year recovery period, one option being to draw down a sum equal to the increase in future service contribution, i.e. £0.1m (this would still leave approx. £4.0m as a surplus at the next valuation, all other things being equal).

Any decision to utilise the surplus must be taken recognising the need to maintain a sustainable LGPS funding position and recognising the volatility of the funding valuations (as previously highlighted the funding deficit on the LGPS has historically grown each year due primarily to mortality rates). It should also be recognised that drawing down any of this to offset recurring revenue expenditure will create further financial pressures in future years once the surplus is utilised.

Reserves and Balances

As set out in the previous revenue budget report and the Reserves and Balances Policy reported elsewhere on this agenda, a reasonable level of reserves is needed to provide an overall safety net against unforeseen circumstances, such as levels of inflation/pay awards in excess of budget provision, unanticipated expenditure on major incidents, and other “demand led” pressures, such as increased pension costs, additional costs associated with national projects, industrial dispute etc. which cannot be contained within the base budget. In addition, they also enable the Authority to provide for expenditure, which was not planned at the time the budget was approved, but which the Authority now wishes to implement and to smooth out large fluctuations in spending requirements and/or funding available.

In line with guidance issued by CIPFA a review of the strategic, operational and financial risk facing the Authority is undertaken each year to identify an appropriate level of reserves to hold, this includes an assessment of the financial assumptions underpinning the budget, the adequacy of insurance arrangements and consideration of the Authority’s financial management arrangements. The assessment focuses on both medium and long-term requirements, taking account of the Medium Term Financial Strategy and the draft budgets.

This has identified:-

- minimum target reserves level reducing to £2.8m, 5.0% of the 2017/18 net revenue budget, a reduction on previous years due to indicative four year settlements but still maintained at a reasonable level to reflect on-going economic uncertainty and the underlying risks within the budget;
- the maximum reserve limit is maintained at £10.0m.

The overall level of the general fund balance, i.e. uncommitted reserves, anticipated at the 31 March 2017 is £10.2m. The draft capital programme allows for a further transfer of £2.6m from general reserve to the capital programme in 2017/18, leaving a forecast balance of £7.6m, providing scope to utilise approx. £4.8m of reserves.

As such reserves could be used to deliver a balanced budget in 2017/18. Therefore having reviewed the level of general reserves required and the anticipated utilisation of these, the Treasurer considers these are at an appropriate level to meet future expenditure requirements in 2017/18. The level of these will be reviewed again as part of the year end outturn process and reported on to the Resources Committee.

In addition to the general reserves the Authority also holds earmarked reserves, created for specific purposes to meet known or anticipated future liabilities, capital reserves and receipts, to provide additional funding to support the capital programme in future years, and provisions for outstanding insurance claims and outstanding claims from Retained Firefighters. Further details relating to these are included in the reserves policy and

based on the professional opinion of the Treasurer these are adequate to meet future requirements in the medium term.

Council Tax 2018/19 and beyond

As highlighted earlier, funding up to and including 2019/20 forms part of the multi-year settlement and hence all other things being equal is set for three years. Funding beyond this period is unknown, but is assumed to be frozen at £24.0m.

Based on this the draft budget as presented delivers council tax increases in excess of 3% in future years, above the existing referendum limit.

	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m
Gross Budget Requirement	54.8	56.0	57.7	59.8
Less				
• Funding Settlement	(24.4)	(24.0)	(24.0)	(24.0)
• Business Rates Adjustment	(0.5)	(0.5)	(0.5)	(0.5)
• Business Rates Collection Deficit	0.2	0.2	0.2	0.2
• Council Tax Collection Surplus	(0.5)	(0.5)	(0.5)	(0.5)
Equals Precept	29.7	31.2	32.9	35.0
Tax base - Band D equivalent properties	432,464	440,032	447,733	455,568
Equates to Council Tax Band D Property	£68.58	£70.89	£73.51	£76.84
Increase in Council tax	3.2%	3.3%	3.7%	4.5%

As previously advised, holding a referendum is extremely expensive, costing in excess of £1m, and is unlikely to deliver an increase in excess of the 2% threshold. As such we will need to either deliver additional savings or utilise reserves in order to balance the budget in future years, the extent of which is dependent upon current and future council tax decisions.

As such we have modelled the following council tax scenarios:-

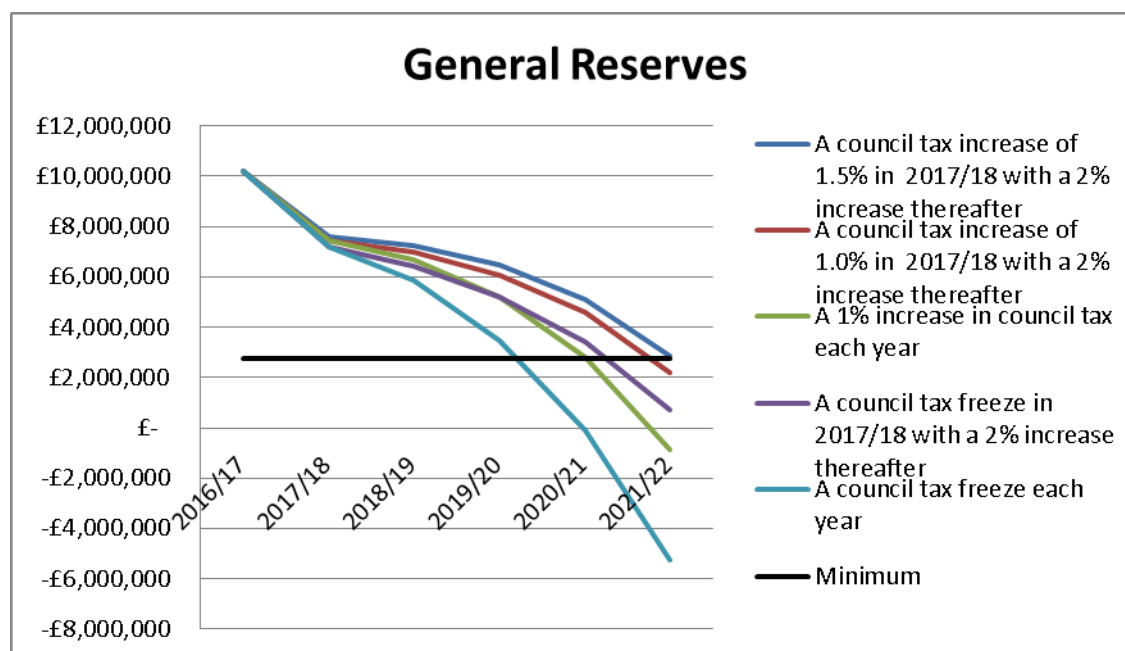
- A council tax increase of 1.5% in 2017/18, with a 2% increase thereafter
- A council tax increase of 1.0% in 2017/18, with a 2% increase thereafter
- A council tax freeze in 2017/18, with a 2% increase thereafter
- A 1% increase in council tax each year, including 2017/18
- A council tax freeze each year, including 2017/18

The following table sets out the funding shortfall anticipated each year:-

	2018/19	2019/20	2020/21	2021/22
A council tax increase of 1.5% in 2017/18 with a 2% increase thereafter	(£0.3m)	(£0.8m)	(£1.4m)	(£2.3m)
A council tax increase of 1.0% in 2017/18 with a 2% increase thereafter	(£0.5m)	(£0.9m)	(£1.5m)	(£2.4m)
A council tax freeze in 2017/18 with a 2% increase thereafter	(£0.8m)	(£1.2m)	(£1.8m)	(£2.7m)
A 1% increase in council tax each year	(£0.8m)	(£1.5m)	(£2.4m)	(£3.6m)
A council tax freeze each year	(£1.3m)	(£2.4m)	(£3.6m)	(£5.2m)

It must be stressed that there are a whole host of assumptions underpinning these projections, particularly around vacancy profiles, pension costs, future inflation, pay awards and funding beyond March 2020.

Assuming general reserves were used to balance the overall position each year this would deliver a sustainable position throughout the period based on a 2% increase in council tax each year, whereas reserves would run out in 2020/21 if council tax was frozen each year:-



However, it must be borne in mind that reserves will only be a short term solution, as eventually they will be fully utilised and the Authority will be left with a recurring funding gap. As such at some point the Authority will be required to make recurring savings to offset this gap, and as highlighted earlier the scope to do so is limited.

Summary Council Tax options 2017/18

In considering its council tax requirements for 2017/18 the Authority aims to balance the public's requirement for and expectations of our services with the cost of providing this. As such the revenue budget focuses on the need to:-

- deliver services as outlined in the Risk Management Plan and other plans;
- maintain future council tax increases at reasonable levels;
- continue to deliver efficiencies in line with targets;
- continue to invest in improvements in service delivery and facilities;
- set a robust budget that takes account of known and anticipated pressures;
- maintain an adequate level of reserves.

The draft budget as set out in this report achieves these objectives and based on the scenarios outlined the three council tax options for 2017/18 are:-

- Increase council tax by 1.47%, this results in a council tax of £66.46 for a band D property. From a financial perspective this is the most sustainable option as it maximises the level of precept in each year, and does not require any further

savings to be delivered in 2017/18. However, it has the biggest impact on the local council tax payer, albeit this still equates to an increase of just £0.96 per annum

- Increase council tax by 1.00%, this results in a council tax of £66.16 for a band D property. Under this option the budget needs to be reduced by £129k, which could be met by including an additional savings target into the budget to offset this. From a financial perspective this is less sustainable as under this option the Authority generates £0.1m less precept each year, and it needs to find additional savings. However it does offset some of the increase in council tax, limiting this to just £0.66 per annum, thereby reducing the impact on the local council tax payer.
- Freeze council tax at £65.50 for a band D property. Under this option the budget needs to be reduced by £409k, which could be met from an additional savings target of £96k plus the drawdown £313k of the LGPS pension surplus, spread over the agreed recovery period of 16 years. This option removes any impact on the local council tax payer, however it is the least sustainable from a financial perspective as under this option the Authority foregoes any increase in precept, and still needs to identify budget reductions. Furthermore utilising the LGPS surplus to offset recurring revenue expenditure will create further financial pressures in future years once the surplus is utilised, or if the LGPS funding position changes significantly at a future valuation.

The Treasurer believes all three options deliver a robust balanced budget whilst maintaining an adequate level of reserves in the medium term.

Attached as appendices 1, 2 and 3 are the detailed resolutions relating to each of these options.

Comments on the Draft Budget

At the time of writing the report only one responses to the budget consultation exercise had been received from the FBU and this is attached as Appendix 6.

Robustness of the Revenue Budget 2017/18

Under Section 25 of the Local Government Act 2003, the Chief Finance Officer is required to make a statement about the robustness of the budget.

The professional opinion of the Treasurer is that the budget has been prepared on a robust basis for the following reasons:

- The budget is reflective of existing service plans;
- The budget takes account of the anticipated on-going revenue impact of current and future capital programmes;
- The allowances included for inflation and pay awards represent a best estimate of the likely cost of this, at

	2017/18- 2019/20	2020/21- 2021/22
Uniformed Pay Award	1.0%	3.8%
Non Uniformed Pay Award	1.0%	3.8%
Non Pay Inflation	2.5%	2.5%

- As part of the budget setting process all estimates, including savings and income forecast, are assessed for reasonableness;
- The level of and appropriateness of reserves has been reviewed by the Treasurer, based on the potential risks faced by the Authority;
- Funding in 2017/18 is based on the draft Local Government Finance Settlement published in December.
- Funding in 2018/19 and 2019/20 is based on the agreed multi-year settlement included in the draft Local Government Finance Settlement published in December.
- Funding beyond 2020 is unknown however the Treasurer has assumed that this is frozen at 2019/20 levels, which appears to be a reasonable estimate.
- The situation in respect of future funding, and in particular any changes to future settlements arising from an economic slowdown or from changes to the Business Rates Retention Scheme will be kept under review and reported to the Authority in due course;
- The following significant financial risks have all been assessed and the Treasurer feels that these are adequately covered within the budget estimates presented or within the level of reserves currently held:-
 - Reductions in funding levels over and above those identified in the four year settlement;
 - Reduction in funding via Business Rates retention scheme;
 - Reduction in council tax funding due to changes in localisation of council tax support, reducing tax base and/or council tax referendum limits;
 - Higher than anticipated inflation;
 - Larger increases in future pensions costs/contributions;
 - Increase in costs arising from demand led pressures, i.e. increasing staff numbers, overtime due to spare conditions or major equipment replacement requirements;
 - Increase in costs associated with national projects i.e. ESMCP;
 - Slowdown in “leaver rates” resulting in increasing staff numbers;
 - Increased cost of partnership arrangements;
 - Inadequacy of insurance arrangements.

Summary and Conclusions

Whilst there is still a great deal of uncertainty surrounding the overall economy, and particularly the impact of Brexit, as well as the impact of moving to a revised funding scheme based on 100% retention of business rates, the confirmation of the multi-year settlement is welcomed, providing greater financial certainty and enhancing planning arrangements.

Government funding has continued to fall, but the pace and extent of this over the 4 year settlement is better than previously forecast, and whilst there still remains pressure to deliver savings and balance the budget, these are less severe than has previously been the case.

Given the changes previously made, and in particular the extent of savings delivered, this has enabled the Authority to “get ahead of the curve”, the Authority is now well placed to meet the financial challenges that it faces in the medium term, whilst balancing future council tax levels against the need for reinvestment to enhance effective service delivery.

Financial Implications

As outlined in the report.

Human Resource Implications

None.

Equality & Diversity Resource Implications

None.

Environmental Implications

None.

Business Risk

The final approved budget forms a key element of the Authority's risk management process, as it is designed to minimise any financial risks, which the Authority may face. The Treasurer is required to make a formal statement, as part of the final budget report, on the adequacy of reserves and the robustness of the budget.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact
Local Government Finance settlement	December 2016 & February 2017	K Mattinson, Director of Corporate Services
Capital Budget	February 2017	
Reserves Policy	February 2017	
Treasury Management Strategy	February 2017	

Resolution based on a council tax increase of 1.47%, £0.96, resulting in a council tax of £66.46

The Combined Fire Authority is requested to: -

1. note the Treasurer's advice on the robustness of the budget
2. note the Treasurer's advice on the appropriate level of reserves/balances
3. agree the budget requirement of £54.341m for 2017/18
4. note the assumed section 31 grant of £0.487m due in respect of business rate adjustments
5. note the assumed level of Revenue Support Grant £10.659m
6. note the assumed level of Business Rates Retention Top Up Funding £10.477m
7. note the assumed level of Local Business Rates Retention Funding £4.121m
8. note that any changes identified in the final local government settlement will be met by reducing the budget requirement, by either identifying additional savings or by drawing down reserves
9. note the business rate tax collection fund deficit of £0.177m
10. note the council tax collection fund surplus of £0.526m
11. agree the council tax requirement, calculated in accordance with Section 42A(4) of the Localism Act of £28.247m
12. note the council tax base of 425,026 determined for the purposes of Section 42B of the Local Government Finance Act 1992
13. agree a council tax band D equivalent of £66.46, an increase of £0.96 (1.47%), calculated by the Authority under Section 42B of the Local Government Finance Act 1992 agree, on the basis of the fixed ratios between valuation bands set by the Government, council tax for each band as follows:

Band A	£44.31
Band B	£51.69
Band C	£59.08
Band D	£66.46
Band E	£81.23
Band F	£96.00
Band G	£110.77
Band H	£132.92

14. agree, based on each district and unitary councils share of the total band D equivalent tax base of 425,026, the share of the total LCFA precept of £28.247m levied on each council as follows:

Blackburn With Darwen Borough Council	£2,253,754
Blackpool Borough Council	£2,370,097
Burnley Borough Council	£1,500,600
Chorley Borough Council	£2,388,150
Fylde Borough Council	£1,946,215
Hyndburn Borough Council	£1,342,293
Lancaster City Council	£2,678,338
Pendle Borough Council	£1,551,728
Preston City Council	£2,383,854
Ribble Valley Borough Council	£1,494,087
Rosendale Borough Council	£1,329,067
South Ribble Borough Council	£2,345,214
West Lancashire District Council	£2,285,573
Wyre Borough Council	£2,378,256
TOTAL	£28,247,226

Resolution based on a council tax increase of 1.00%, £0.66, resulting in a council tax of £66.16

The Combined Fire Authority is requested to: -

1. note the Treasurer's advice on the robustness of the budget
2. note the Treasurer's advice on the appropriate level of reserves/balances
3. agree the budget requirement of £54.214m for 2017/18
4. note the assumed section 31 grant of £0.487m due in respect of business rate adjustments
5. note the assumed level of Revenue Support Grant £10.659m
6. note the assumed level of Business Rates Retention Top Up Funding £10.477m
7. note the assumed level of Local Business Rates Retention Funding £4.121m
8. note that any changes identified in the final local government settlement will be met by reducing the budget requirement, by either identifying additional savings or by drawing down reserves
9. note the business rate tax collection fund deficit of £0.177m
10. note the council tax collection fund surplus of £0.526m
11. agree the council tax requirement, calculated in accordance with Section 42A(4) of the Localism Act of £28.120m
12. note the council tax base of 425,026 determined for the purposes of Section 42B of the Local Government Finance Act 1992
13. agree a council tax band D equivalent of £66.16, an increase of £0.66 (1.00%), calculated by the Authority under Section 42B of the Local Government Finance Act 1992 agree, on the basis of the fixed ratios between valuation bands set by the Government, council tax for each band as follows:

Band A	£44.11
Band B	£51.46
Band C	£58.81
Band D	£66.16
Band E	£80.86
Band F	£95.56
Band G	£110.27
Band H	£132.32

14. agree, based on each district and unitary councils share of the total band D equivalent tax base of 425,026, the share of the total LCFA precept of £28.120m levied on each council as follows:

Blackburn With Darwen Borough Council	£2,243,580
Blackpool Borough Council	£2,359,398
Burnley Borough Council	£1,493,827
Chorley Borough Council	£2,377,370
Fylde Borough Council	£1,937,429
Hyndburn Borough Council	£1,336,234
Lancaster City Council	£2,666,248
Pendle Borough Council	£1,544,724
Preston City Council	£2,373,093
Ribble Valley Borough Council	£1,487,343
Rossendale Borough Council	£1,323,068
South Ribble Borough Council	£2,334,628
West Lancashire District Council	£2,275,256
Wyre Borough Council	£2,367,520
TOTAL	£28,119,718

Resolution based on a council tax freeze maintaining council tax at £65.50

The Combined Fire Authority is requested to: -

1. note the Treasurer's advice on the robustness of the budget
2. note the Treasurer's advice on the appropriate level of reserves/balances
3. agree the budget requirement of £53.933m for 2017/18
4. note the assumed section 31 grant of £0.487m due in respect of business rate adjustments
5. note the assumed level of Revenue Support Grant £10.659m
6. note the assumed level of Business Rates Retention Top Up Funding £10.477m
7. note the assumed level of Local Business Rates Retention Funding £4.121m
8. note that any changes identified in the final local government settlement will be met by reducing the budget requirement, by either identifying additional savings or by drawing down reserves
9. note the business rate tax collection fund deficit of £0.177m
10. note the council tax collection fund surplus of £0.526m
11. agree the council tax requirement, calculated in accordance with Section 42A(4) of the Localism Act of £27.839m
12. note the council tax base of 425,026 determined for the purposes of Section 42B of the Local Government Finance Act 1992
13. agree a council tax band D equivalent of £65.50, a freeze, calculated by the Authority under Section 42B of the Local Government Finance Act 1992 agree, on the basis of the fixed ratios between valuation bands set by the Government, council tax for each band as follows

Band A	£43.67
Band B	£50.94
Band C	£58.22
Band D	£65.50
Band E	£80.06
Band F	£94.61
Band G	£109.17
Band H	£131.00

14. agree, based on each district and unitary councils share of the total band D equivalent tax base of 425,026, the share of the total LCFA precept of £27.839m levied on each council as follows:

Blackburn With Darwen Borough Council	£2,221,199
Blackpool Borough Council	£2,335,861
Burnley Borough Council	£1,478,925
Chorley Borough Council	£2,353,653
Fylde Borough Council	£1,918,102
Hyndburn Borough Council	£1,322,904
Lancaster City Council	£2,639,650
Pendle Borough Council	£1,529,314
Preston City Council	£2,349,420
Ribble Valley Borough Council	£1,472,506
Rossendale Borough Council	£1,309,869
South Ribble Borough Council	£2,311,338
West Lancashire District Council	£2,252,558
Wyre Borough Council	£2,343,902
TOTAL	£27,839,201

Analysis of Budget by Service Area

	2017/18 Budget £m	2018/19 Budget £m	2019/20 Budget £m	2020/21 Budget £m	2021/22 Budget £m
Central Admin Hub	0.378	0.382	0.387	0.401	0.416
Control	1.148	1.225	1.286	1.350	1.418
Corporate Communications	0.294	0.298	0.303	0.313	0.324
Executive Board	0.970	0.991	1.020	1.048	1.082
Finance	0.142	0.144	0.145	0.150	0.156
Fleet Services	2.257	2.307	2.360	2.425	2.492
Health & Safety	0.176	0.179	0.181	0.187	0.193
Human Resources	0.480	0.486	0.492	0.510	0.528
ICT	2.371	2.426	2.286	2.352	2.420
Occupational Health	0.249	0.254	0.259	0.266	0.274
Procurement	0.790	0.807	0.824	0.847	0.872
Property	1.271	1.302	1.334	1.372	1.410
Areas	31.128	31.318	32.266	33.366	34.808
Service Development	3.559	3.631	3.754	3.851	3.970
Special Projects	0.034	0.035	0.036	0.039	0.041
Training	3.641	3.635	3.557	3.652	3.762
Pensions Expenditure	1.172	1.234	1.251	1.278	1.305
Other Non-DFM Expenditure	4.283	4.114	4.225	4.274	4.304
Gross Budget Requirement	54.343	54.766	55.965	57.681	59.774

Analysis of Budget by Type of Expenditure

	2017/18 Budget £m	2018/19 Budget £m	2019/20 Budget £m	2020/21 Budget £m	2021/22 Budget £m
Employee					
Uniformed	33.469	33.594	34.445	35.538	37.007
Support staff	6.636	6.706	6.775	7.031	7.295
Pensions	1.172	1.234	1.251	1.278	1.305
Other Employee Related Exp	0.067	0.068	0.070	0.072	0.073
	41.345	41.602	42.542	43.918	45.680
Premises					
R&M	0.834	0.855	0.876	0.898	0.920
Utilities	0.562	0.576	0.591	0.606	0.621
Cleaning	0.285	0.292	0.299	0.306	0.314
PFI	0.650	0.666	0.683	0.699	0.707
Other	0.051	0.052	0.053	0.054	0.056
Rent/Rates	1.108	1.163	1.220	1.280	1.343
	3.490	3.604	3.722	3.844	3.961
Transport					
Repairs	0.643	0.659	0.675	0.692	0.709
Running Costs	0.373	0.383	0.392	0.402	0.412
Travel costs	0.641	0.657	0.674	0.690	0.708
insurance	0.160	0.164	0.169	0.173	0.177
Other	0.004	0.004	0.005	0.005	0.005
	1.822	1.868	1.914	1.962	2.011
Supplies & Services					
Hydrants	0.106	0.109	0.111	0.114	0.117
Operational equipment	0.546	0.560	0.573	0.587	0.602
Clothing & Uniform	0.474	0.485	0.496	0.508	0.520
Printing, stationery, postage	0.228	0.233	0.239	0.245	0.251
Comms-Network Costs	1.040	1.066	0.680	0.697	0.714
Telephony	0.169	0.174	0.178	0.183	0.187
Computers	0.865	0.886	0.909	0.931	0.955
Subsistence	0.069	0.071	0.073	0.074	0.076
Fire Safety Expenses	0.260	0.266	0.273	0.280	0.287
Training Expenses	0.656	0.672	0.689	0.706	0.724
insurance	0.318	0.324	0.329	0.335	0.341
Members Expenses	0.156	0.160	0.164	0.168	0.172
Misc Equipment	0.092	0.094	0.097	0.099	0.101
Other	1.723	1.796	1.869	1.945	2.025
Catering	0.102	0.105	0.107	0.110	0.113
PTV Residential	0.089	0.091	0.093	0.095	0.098
	6.892	7.091	6.880	7.077	7.281
Other					
Contracted Services	0.792	0.813	0.833	0.854	0.876
Other	0.004	0.004	0.004	0.004	0.004
	0.796	0.816	0.837	0.858	0.879
Capital Financing Costs					
Capital Financing Costs	2.303	2.040	2.027	2.027	2.027
	2.303	2.040	2.027	2.027	2.027
Income					
Income	(2.305)	(2.254)	(1.957)	(2.006)	(2.066)
	(2.305)	(2.254)	(1.957)	(2.006)	(2.066)
Grand Total	54.343	54.766	55.965	57.681	59.774