



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	6 February 2019
OFFICER	Mark Hemming, Director of Finance and Assets
LEAD MEMBER	Councillor Peter McDonald
SUBJECT OF THE REPORT	Medium Term Financial Plan (MTFP) 2019/20 to 2021/22
EXECUTIVE SUMMARY	<p>The main report (Annex A) presents the proposed revenue and capital Medium Term Financial Plan (MTFP) for the financial years 2019/20 to 2021/22.</p> <p>The provisional settlement was announced on 13 December 2018 and is included in the funding assumptions. Final confirmation is expected in February 2019. Within the settlement it was announced that authorities without any specific council tax freedoms can increase Council Tax by up to 3% without the need for a referendum.</p> <p>Key assumptions are detailed in Section 4 of Annex A and are based on information received to date.</p> <p>The most significant change from last year relates to employer pension contributions. In the Budget 2016 it was announced that the discount rate used in the valuations was going to decrease from 3% to 2.8% above inflation. This was factored into the MTFP and makes up the vast majority of the total shown under 'Previous year Savings and Growth Adjustments' within Appendix 1.</p> <p>In September 2018 the Treasury announced that the rate would reduce even further to 2.4% above inflation. The initial report from the government's Actuary Department suggests that the employers' contribution for the firefighter's scheme would increase from 17.6% to 30.2%. The impact on the Authority would be an increase of annual contributions of £1.6m.</p> <p>The Treasury had said that for 2019/20 it would fund 90% of this amount. That leaves the Authority in a position of uncertainty the year after. Despite representations made to Government for increased precept flexibility none has been forthcoming. Section 9 of Annex A considers the merit of holding a referendum to increase Council Tax above the 3% threshold.</p> <p>Further uncertainty regarding pensions has been</p>

	<p>introduced by the ruling in December 2018 that the transitional arrangements introduced for the firefighters scheme in 2015 were discriminatory. However, it is too early at this stage to quantify the impact this may have on budgets.</p> <p>Appendix 1 shows the base budget for 2018/19 with adjustments made for savings and growth to give the position for each future year. The savings and growth lines match the totals for those bids scrutinised by officers, Strategic Management Board and Members at the challenge sessions held on 9 October 2018 and 7 January 2019. This year Appendix 1 has been split into two models:</p> <ul style="list-style-type: none"> • Model 1(a) shows the funding gap that has resulted from the change of discount rate used to value pensions; • Model 1(b) shows how the gap could be funded by significantly reducing the revenue contribution to capital. Whilst this balances the revenue budget, it will restrict the capital programme to essential building work and replacement of vehicles and equipment with no funding available for any other capital investment. <p>It should also be noted that the figures for council tax and business rates are provisional. The statutory deadline for the billing authorities to provide this information to the Authority is 31 January. Any changes to the figures will be presented in a revised Appendix 1 at the meeting.</p> <p>Appendix 2 shows the latest summary of the capital programme for 2018/19 and approved schemes for the following years.</p> <p>Appendix 3 provides further detail on the level of council tax chargeable for each band if the Authority accepts the recommendation to increase the band D equivalent amount by 2.98%.</p> <p>As well as the uncertainty regarding pensions noted above, there is also significant uncertainty regarding next year's Comprehensive Spending Review, Fair Funding Review, USAR funding and funding for Firelink/ESMCP. In order to effectively plan for the future, during 2019/20 Officers will be taking a zero-based budgeting approach to develop budgets for a number of potential scenarios. These will be developed alongside the new Public Safety Plan.</p>
ACTION	Decision
RECOMMENDATIONS	<p>It is recommended that the Authority be recommended to:</p> <p style="padding-left: 40px;">1(a) Note and have due regard to the report and Statement of the Chief Finance Officer (see</p>

	<p>section 8 of Annex A).</p> <p>1(b) Approve a Council Tax precept of £64.57 for a band D equivalent property (a 2.98% increase from 2018/19 - equal to 3.6p per week) and the revenue budget as set out in Appendix 1(b).</p> <p>1(c) Approve the capital programme as set out in Appendix 2.</p> <p>and;</p> <p>2 Discuss the implications of holding a referendum to increase Council Tax above the 3% threshold in a future year.</p>
<p>RISK MANAGEMENT</p>	<p>Management of our Financial resources is a key risk to the Authority. By projecting forward and monitoring our financial plans, we are in a better position to avoid and mitigate the risk of adverse financial consequences.</p> <p>Section 9 details the potential financial benefits and risks of holding a referendum to increase Council Tax above the 3% threshold.</p>
<p>FINANCIAL IMPLICATIONS</p>	<p>All financial implications are shown in the main body of the report.</p>
<p>LEGAL IMPLICATIONS</p>	<p>The Local Government Act 2003 gives the responsible finance officer, namely the Chief Finance Officer of the Combined Fire Authority under s112 of the Local Government Finance Act 1988, the responsibility to report to Members of the Authority on their assessment of the robustness of the estimates used within the budget and on the adequacy of reserves.</p> <p>Members must take account of the advice of the Chief Finance Officer in respect of the above and the highlighted associated risks before considering the recommendations as set out in the report.</p> <p>The Council Tax referendum scheme was introduced via the Localism Act 2011. The process for conducting referendums is contained within the Local Authority (Referendums Relating to Council Tax Increases) Regulations 2012 [2012/460] and the Local Authorities (Conduct of Referendums) (Council Tax Increases) (England) Regulations 2012 [2012/444].</p> <p>If the Authority were to set a council tax increase in excess of the relevant threshold, it must notify each of the five billing authorities to which it issues precepts. The notification must include a precept based on the substitute calculation which results in a basic amount of Council Tax which is not excessive. It must make the notification by 8 March in the financial year preceding that year. Those billing authorities will then be required to make arrangements to hold a referendum in relation to the Authority's relevant basic amount of council tax for the financial year on the first</p>

	<p>Thursday in May, the usual date for local elections (or such other date as is specified by order of the Secretary of State).</p> <p>A billing authority which holds a referendum on behalf of the Authority is able to recover its costs from the Authority. Furthermore, if the excessive amount is not approved by the referendum, the billing authority will need to set a new amount of council tax to take into account the Authority's substitute precept (a demand for payment of council tax based upon the Authority's substitute calculations). The billing authority will be able to recover its costs of setting a new amount of council tax from Authority. If the excessive relevant amount is approved by the referendum that amount continues to have effect for the year.</p> <p>Regulation 3 and Schedule 1 prescribe the question to be asked in the referendum. Voters are to be asked whether they approve of the percentage change in the relevant basic amount of council tax set by the authority for the financial year in question and are also informed of what the percentage change will be if the voters do not agree with the increase.</p> <p>Regulation 5(2) would require the Authority, as soon as is reasonably practicable and not fewer than 28 days before the date on which the referendum will be held, to publish in such a manner as it considers likely to bring to the attention of persons who live in the Authority's area, a notice which contains a statement including the following—</p> <ul style="list-style-type: none">(a) that a referendum is required to be held on the authority's council tax increase for the relevant financial year;(b) that arrangements to hold the referendum will be made by relevant billing authorities which are to be specified in the notice;(c) of the date on which the referendum will be held;(d) of the question to be asked in the referendum;(e) that the referendum will be conducted in accordance with procedures similar to those used at local government elections;(f) of the referendum expenses limit that will apply in relation to the referendum and the number of local government electors by reference to which that limit has been calculated;(g) of the authority's relevant basic amount of council tax for the relevant financial year;(h) of the authority's relevant basic amount of council tax for the financial year preceding the relevant financial year;(i) of the percentage change in the authority's relevant basic amount of council tax from the
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	<p>preceding financial year to the relevant financial year expressed to one decimal place;</p> <p>(j) of what the amount calculated by the authority as its relevant basic amount of council tax for the relevant financial year would be if the authority's relevant basic amount of council tax is not approved; and</p> <p>(k) of what the percentage change in the authority's relevant basic amount of council tax from the preceding year to the relevant financial year expressed to one decimal place would be if the authority's relevant basic amount of council tax is not approved.</p> <p>Once this notice has been published (and triggered the period of campaigning), the Authority may publish an additional statement setting out the reasons for the excessive increase, and the likely consequences if its council tax increase is not approved. This statement will be subject to the campaign expenses limit for the referendum and published no later than 28 days before the poll.</p> <p>Regulation 10 places restrictions on the publication of other promotional material by or on behalf of the Authority for the entire period from the date of setting the excessive amount and ends on the date of the referendum. This prohibits publication of any material which (a) provides general information about the referendum; (b) deals with any of the issues raised by the question to be asked in the referendum; or (c) puts any arguments for or against a particular answer to that question.</p> <p>Regulation 16 provides that the Authority must appoint a person to be Chief Counting Officer. This person will be responsible for drawing up a statement of the total number of votes cast in favour of each answer to the question asked in the referendums held by each billing authority and publishing the final result. This person will have a power of direction over counting officers in each area (the respective billing authorities' returning officers), including the power to order a recount.</p> <p>Regulation 12 prescribes a limit on referendum expenses. 'referendum expenses' means the expenses incurred by or on behalf of the Authority during the 'referendum period'. 'referendum period', means the period beginning with the publication made in accordance with Regulation 5 (2) ,mentioned above, and ending on the date of the referendum. The prescribed list of referendum expenses includes the following:</p> <ol style="list-style-type: none">1. Advertising of any nature (whatever the medium used). Expenses in respect of such advertising include agency fees, design costs
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	<p>and other costs in connection with preparing, producing, distributing or otherwise disseminating such advertising or anything incorporating such advertising and intended to be distributed for the purpose of disseminating it.</p> <ol style="list-style-type: none">2. Unsolicited material addressed to voters (whether addressed to them by name or intended for delivery to households within any particular area or areas). Expenses in respect of such material include design costs and other costs in connection with preparing, producing or distributing such material (including the cost of postage).3. Market research or canvassing conducted for the purposes of ascertaining voting intentions.4. The provision of any services or facilities in connection with press conferences or other dealings with the media.5. Transport (by any means) of persons to any place or places with a view to obtaining publicity in connection with a referendum campaign. Expenses in respect of the transport of such persons include the costs of hiring a particular means of transport for the whole or part of the referendum period.6. Rallies and other events, including public meetings organised so as to obtain publicity in connection with a referendum campaign or for other purposes connected with a referendum campaign. Expenses in respect of such events include costs in connection with the attendance of persons at such events, the hire of premises for the purposes of such events or the provision of goods, services or facilities at them. <p>The referendum expenses limit is the aggregate of £2,362 and the amount found by multiplying 5.9 pence the number of entries on the electoral rolls for the five billing authorities (591,037). The electorate for Buckinghamshire is 397,190 as at 1 December 2017 (Office for National Statistics, 22 March 2018). The electorate for Milton Keynes Council is 193,847 as at 1 December 2017 (Office for National Statistics, 22 March 2018).</p> <p>Where any referendum expenses are incurred in excess of the referendum expenses limit, a person who knew or ought reasonably to have known that that limit would be exceeded, or who, without reasonable excuse, authorises another person to exceed that limit, is guilty of an offence punishable by a fine or imprisonment (for a term not exceeding 12 months) or both.</p>
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	<p>Section 52ZR of the Local Government Finance Act 1992 provides that if it appears to the Secretary of State that an authority will be unable to discharge its functions effectively or to meet its financial obligations unless it sets an increase in council tax which exceeds the principles, s/he has the discretion to direct that a referendum need not be held. (When promoting the Localism Bill in the House of Lords Earl Attlee stated, "This is a reserve power and the expectation is that this would be used only in exceptional circumstances, such as where the High Court has exercised its powers to appoint a receiver where an authority has failed to service its debt within a set time period" Hansard HL Deb 30 June 2011 c1971)</p>
<p>CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE</p>	<p>No direct impact. In terms of referendum timing, the district elections have been postponed from May 2019. On 7 May 2020 there are local elections due to take place for the new Buckinghamshire Council; and for the Thames Valley Police and Crime Commissioner across Buckinghamshire and Milton Keynes.</p>
<p>HEALTH AND SAFETY</p>	<p>No direct impact.</p>
<p>EQUALITY AND DIVERSITY</p>	<p>No direct impact.</p>
<p>USE OF RESOURCES</p>	<p>The Medium Term Financial Plan, including capital and revenue budgets, identifies the financial resources required projected into the future based on the delivery of specific aims and objectives of the Authority as set out in the Public Safety Plan (PSP). Members, Senior Management Board and many staff have been involved in agreeing priorities and the budget setting process over the preceding months.</p>
<p>PROVENANCE SECTION & BACKGROUND PAPERS</p>	<p>Background</p> <p>Medium Term Financial Plan (MTFP) 2018/19 to 2020/21 and Revised Appendix 1, Fire Authority, 7 February 2018:</p> <p>https://bucksfire.gov.uk/files/3015/1782/9183/ITEM_7c_Medium_Term_Financial_Plan_2018-19_20-21.pdf</p> <p>https://bucksfire.gov.uk/files/7415/1756/5779/Revised_Appendix_1.pdf</p> <p>Four Year Settlement and Efficiency Plan, Executive Committee, 21 September 2016:</p> <p>http://bucksfire.gov.uk/files/3414/7333/8081/ITEM_6_BMKFA_Efficiency_Plan_Appendix.pdf</p>
<p>APPENDICES</p>	<p>Annex A – Medium Term Financial Plan 2019/20 to 2021/22</p> <p>Appendix 1(a) – MTFP Budget Model 1(a)</p> <p>Appendix 1(b) – MTFP Budget Model 1(b)</p>

	Appendix 2 – Capital Programme Summary Appendix 3 – Council Tax Funding
TIME REQUIRED	30 minutes
REPORT ORIGINATOR AND CONTACT	Mark Hemming mhemming@bucksfire.gov.uk 01296 744687

Annex A – Medium Term Financial Plan (MTFP) 2019/20 to 2021/22

1. Introduction

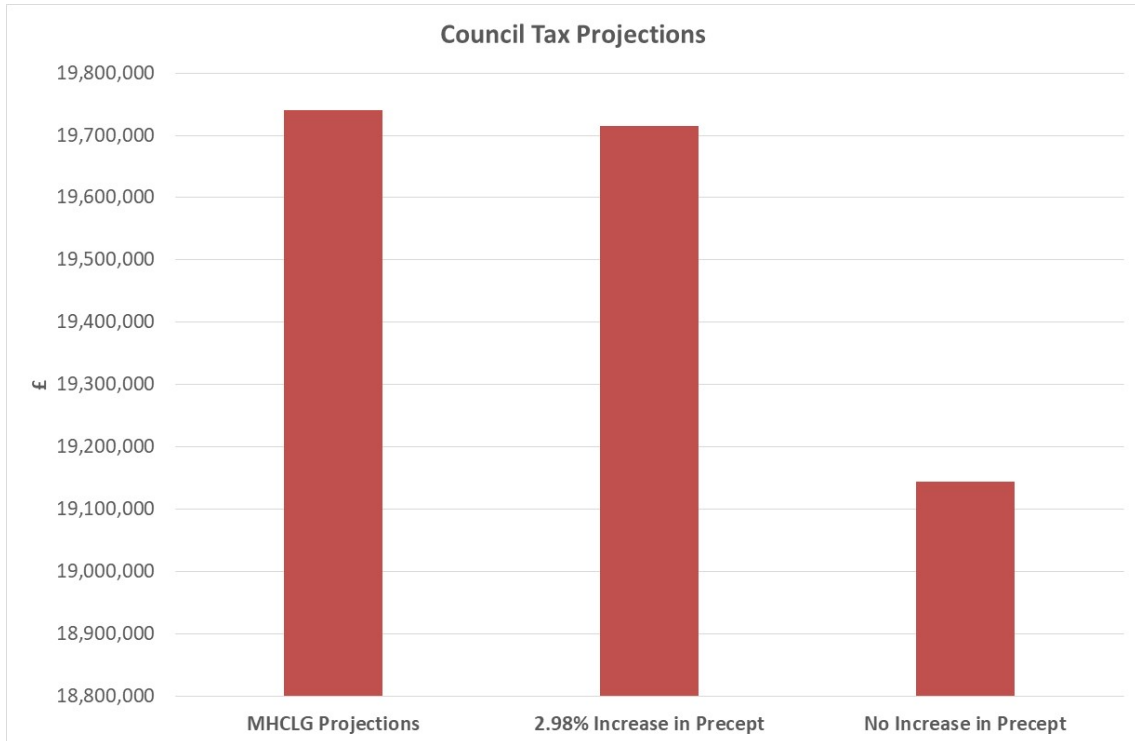
- 1.1. The purpose of this report is to present the proposed revenue and capital Medium Term Financial Plan (MTFP) 2019/20 to 2021/22.
- 1.2. The MTFP is closely linked to the Public Safety Plan (PSP) and Corporate Plan. The PSP sets out our strategic approach to the management of risk in the communities we serve. The Corporate Plan sets out how we intend to equip and develop our organisation and its people to meet the challenges that we face. The MTFP details the resources available to facilitate these plans and how the plans contribute to reducing future operating costs.
- 1.3. As part of the Fire Authority's Terms of Reference and MTFP, the Authority reviews and sets a balanced budget each year in line with corporate priorities. The MTFP is expressed as a detailed annual budget for the first year, with outline indicative budgets for the following two years.
- 1.4. Under Section 25 of the Local Government Act 2003 the Chief Finance Officer (as S.112 Chief Finance Officer of the Local Government Finance Act 1988) is required to report to Members on:
 - The robustness of the estimates made for the purposes of the calculations of the budget
 - The adequacy of the proposed financial reserves
- 1.5. The Local Government Act 2003 requires that Members have regard to the report in making their decisions (see section 8).
- 1.6. Section 42A of the Local Government Finance Act 1992 also requires the Authority to have regard to the level of reserves for meeting estimated future expenditure when calculating the net budget requirement.

2. Local Government Finance Settlement 2019 to 2020

- 2.1. This year's settlement announcement continued the important shift in the Government's principles announced in previous years. Most noticeably, the shift away from freezing council tax to using council tax to generate additional funding has continued.
- 2.2. As part of the this year's announcement, the Government published headline changes in core spending power between 2018/19 and 2019/20 for every authority. The headline change for BMKFA for was an increase of 2.7%:
- 2.3. However, this headline increase is based on two fundamental assumptions
 - That the growth in council tax base between 2018/19 and 2019/20 will be 1.7% (actual increase was 1.57%)
 - That the Authority will increase its Band D council tax in 2019/20 by 3%, which is the maximum increase permissible without triggering a referendum.
- 2.4. Underlying the core spending power figures is a decrease of 57% in revenue support grant that we receive between 2015/16 and 2019/20.

3. Council Tax and Business Rates

- 3.1. In publicly declaring core spending power figures, the Government has clearly set an expectation that local authorities will increase council tax every year during the current spending review period by the maximum amount permissible.
- 3.2. The chart below shows the council tax receipts assumed for BMKFA in the Government’s core spending power figures versus the amounts forecast based on local taxbase projections, and the amounts receivable if there was no increase in the Band D equivalent:



- 3.3. The difference between a 2.98% increase in the precept and holding council tax at its current level for 2019/20 is £571k. It is also important to consider that all the Public Safety Plan objectives up to 2020 are assumed to be met as part of the financial planning.
- 3.4. The Authority has taken a responsible approach and frozen council tax in every year from 2010/11 to 2014/15 and decreased it by 1% in 2015/16. This was despite having the option to increase council tax by up to £5.00 (equivalent to an 8.46% rise) in 2013/14 without the need to undertake a local referendum.
- 3.5. Council tax was increased by 1.98% in 2016/17 and 2017/18 and by 2.99% in 2018/19, in response to the aforementioned shift in Government policy away from providing a Council Tax Freeze Grant.
- 3.6. Despite this Authority’s response to the settlement consultation, no specific additional precept flexibility was afforded to fire and rescue authorities. Authorities with no specific additional flexibility may however increase their Band D equivalent by up to 3% without triggering a referendum (last year this figure was also 3%).

- 3.7. The Authority currently sets a band D equivalent precept of £62.70 per annum (approx. £1.20 per week). This is significantly below the national average and is the lowest precept of any non-metropolitan combined fire authority.
- 3.8. Council tax chargeable for each band should the Authority resolve to increase the band D equivalent amount by 2.98% is shown in Appendix 3.
- 3.9. During 2018/19 BMKFA was a participant in the Buckinghamshire business rates pool. This allowed more rates to be retained locally and was budgeted to be worth an additional £104k to the Authority. It was noted in last year's report that the arrangement may be curtailed early subject to Government announcements on the move to retaining 100% of business rates locally. At this year's Provisional Settlement, it was confirmed that Buckinghamshire would be a pilot authority for 75% business rates retention, and therefore the business rates pool will not continue into 2019/20.

4. Risk Factors in Budget Assumptions

- 4.1. The budget proposed for 2019/20 at Appendix 1 has been compiled by looking in detail at current spending and future plans. Savings opportunities and growth bids compared to last year's budget have been identified and subjected to senior officer and Member challenge. As far as possible, bids and savings have been matched to the priorities outlined in the corporate plan.
- 4.2. At the time of writing the Authority had not yet received formal written notification of the continuation of the USAR grant for 2019/20, but it is expected imminently. However, the potential discontinuation of USAR funding in future years is a significant financial risk facing the Authority at present.
- 4.3. Savings and growth bids (including the impacts of those submitted in previous years) which have been subjected to challenge are included for 2019/20 and the base adjusted. Risks which have been identified are to be covered from the general reserves and the remaining contingency.
- 4.4. The detailed costings are based on the updated budget requirement including the annual uplift assumptions below:

	2018/19	2019/20	2020/21	2021/22
Pay inflation	2%	2%	2%	2%
CPI*	-	-	1.75%	1.75%
Council tax increase	2.99%	2.98%	2.99%	2.99%
Council tax base	1.38%	1.57%	1.6%	1.6%
Business tax base	0.75%	0.75%	0.75%	0.75%

* Non-pay inflation was not added to any budgets during 2018/19. The only non-pay inflation for 2019/20 is in relation to business rates, calculated on actual increases.

- 4.5. Pay inflation has increased and is now projected at 2% per annum, in line with the actual award for 2018/19. However, the Authority is aware that there is a high risk that the national agreement may set a level higher than this. For every additional 1% increase the cost to this Authority is approximately £180k

each and every year. This would clearly have a significant adverse impact on the forecast position within the model.

5. Capital

- 5.1. The revenue impact of the capital programme has been factored into the base revenue budget requirement. This includes an annual revenue contribution to capital, details of which are shown in Appendix 1(b).
- 5.2. The table at Appendix 2 details the approved capital programme for 2018/19, the estimated provisional outturn position and any proposed slippage to the programme. Any slippage is then added to the new budget requests for 2019/20 to give a total capital budget requirement of £7.4m for 2019/20.
- 5.3. The Authority should also take cognisance of the prudential indicators when approving the capital programme (submitted as a separate paper at this meeting).

6. Scrutiny and Challenge Process

- 6.1. All budget changes have been determined based on a series of challenge panels held by officers and then Members during the MTFP process.

7. Adequacy of Reserves

- 7.1. A paper detailing our Reserves Strategy was approved by the Executive Committee at its meeting on 14 March 2018 (https://bucksfire.gov.uk/files/4215/2024/7103/ITEM_5_Reserves_Strategy_2_018-19.pdf). There have been no subsequent events that require the level of the General Fund determined at that time to be adjusted at present
- 7.2. The forecast balances and reserves at year-end as per the budget monitoring report at the end of December 2018 are:
 - General Fund Balance - £1.5m
 - Earmarked Reserves - £1.5m
 - Capital Reserves - £3.4m

This represents a decrease of £3.4m from the balances held at the start of the year.

8. Statement of the Chief Finance Officer

8.1. The purpose of this statement is to comply with the requirements of the Local Government Act 2003 whereby the Chief Finance Officer, in the Fire Authority's case the Director of Finance and Assets and Chief Finance Officer, must report on:

- The robustness of the estimates made for the purposes of the calculations of the budget and;
- The adequacy of the proposed financial reserves;
- In recommending the budget to the Authority, Members must take the advice of the Chief Finance Officer in respect of the above and the associated risks as highlighted within the report.

8.2. Given the level of the General Fund Balance and earmarked reserves available, the prudent approach to the budget setting process for the next financial year and the controls for budget management, it is my conclusion as Chief Finance Officer for the Authority that there is sufficient capacity in the reserves to cope with the financial risks the Authority faces for 2019/20 and future years and that the methodology applied provides the necessary assurance to the Authority about the robustness of the estimates used in constructing the budget.

9. Referendum Limit

9.1. A local referendum must be held, and won, for an authority to increase council tax by more than the amount specified in the principles. An authority proposing to set an excessive council tax level is required to make substitute calculations which will take effect if the proposed 'excessive' amount of council tax is rejected in a referendum. The substitute council tax level must be below the amount which is considered excessive under the principles

9.2. The higher rate of council tax will be payable unless and until it is overturned by a 'no' vote in the referendum. In the event that a referendum rejects the increase, the billing authorities would be able to issue new bills, offer refunds at the end of the year or allow credits against liability the following year, although individual council taxpayers would be entitled to a refund on demand.

9.3. One referendum has taken place to date. Surrey County Council proposed to hold a referendum on a 15% increase in council tax for 2017-18, but later dropped the proposal. The Bedfordshire Police and Crime Commissioner, Olly Martins, proposed a 15.8% increase in council tax for 2015-16 when the threshold was 2%. The poll was held on 7 May 2015. 91,086 voters (30.5%) supported the proposal, whilst 207,551 (69.5%) opposed it.

9.4. Schedule 1 of the Local Authorities (Conduct of Referendums) (Council Tax Increases) (England) Regulations 2012/444 prescribes the text of the question to be asked at a council tax referendum. Therefore the question asked of the voter by Bedfordshire's Police and Crime Commissioner was as follows:

'Part of the council tax in your area goes to the Bedfordshire Police and Crime Commissioner.'

For the financial year beginning on 1st April 2015 the Bedfordshire Police and Crime Commissioner has set an increase of fifteen point eight percent (15.8%) in the amount it charges.

If most voters choose 'yes', the increase will be 15.8%.

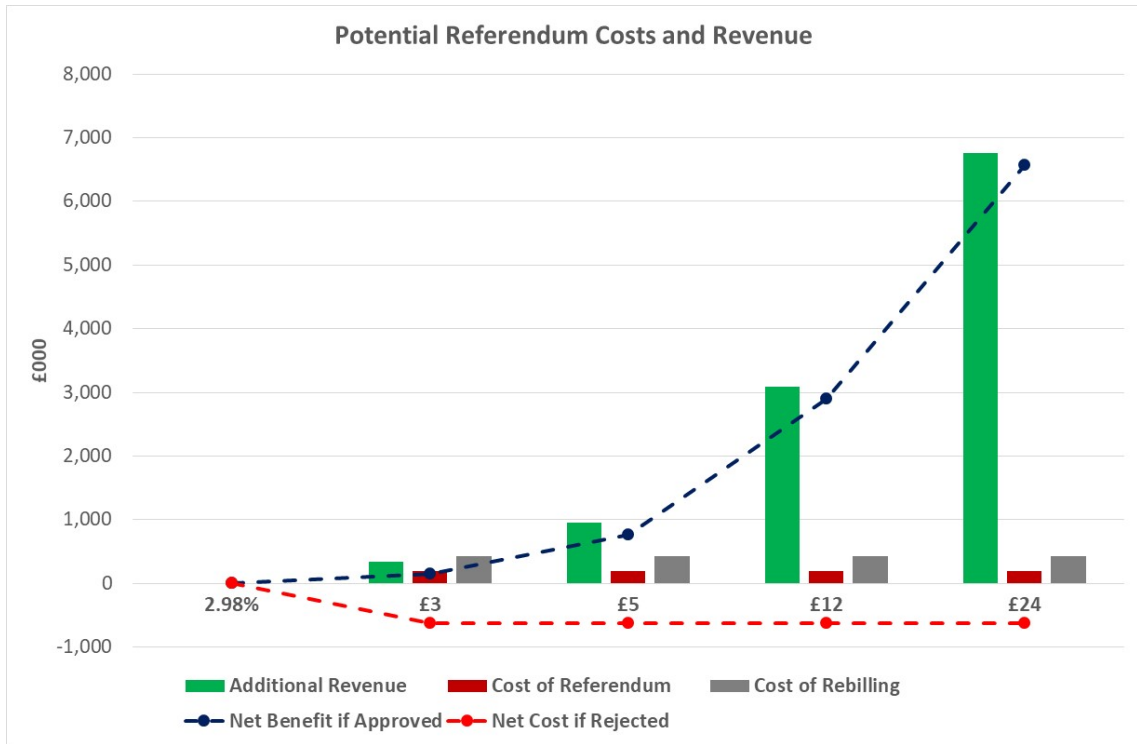
If most voters choose 'no', the increase will be 2.0% instead.

Do you want the Bedfordshire Police and Crime Commissioner to increase the amount it charges by 15.8%?'

- 9.5. The one referendum held so far, by Bedfordshire's Police and Crime Commissioner coincided with the poll conducted for the parliamentary general election. , is estimated to have cost £600,000. The Bedfordshire PCC covers three unitary local authorities and a population of some 640,000. An impact assessment on the scheme, published by the Department for Communities and Local Government in January 2011, set out the estimated costs of other referendums including the elected regional assembly referendum in the North East, mayoral referendums and non-binding council tax referendums. *'A more recent estimate of costs comes from Tower Hamlets council, where estimates from the Chief Finance Officer suggest that "the cost of holding a stand-alone mayoral referendum is estimated at up to £250,000. If combined with the Council elections the additional cost is estimated at approximately £70,000."* A number of non-binding referendums on Council Tax have already been held, and can offer some guide to potential costs. *A referendum on Council Tax in Milton Keynes in 1999 cost around £70,000 – referendums in 2001 cost £150,000-200,000 in Croydon and £120,000 in Bristol. This is the most relevant and reliable data available as these are the only years where formal Council Tax referendums have been held by local authorities, none having been held since then' .* The impact assessment concluded: *'it seems reasonable to estimate the range of costs of such referendums as £85,000 - £300,000. Actual costs will vary depending on the size of the authority and whether the referendum is combined with a local election. For example, these figures do not apply to certain major precepting authorities such as police, fire & rescue authorities and the GLA which are typically larger than a principal local authority'.* The paper also noted examples of rebilling costs for recently-capped authorities, such as £380,000 for Lincolnshire Police Authority in 2008/09 (£1.22 per household) and £626,000 for Surrey Police Authority in 2009/10 (£1.29 per household)¹.

¹ [Localism Bill: provision for referendums to veto excessive Council Tax increases Impact assessment](#)

9.6. The chart below shows the potential costs and additional revenue for a number of Council Tax increases. The cost of the referendum is based on the mid-point of the amounts noted above (i.e. £192,500) and the rebilling costs based on the average cost per household (i.e. £1.26 per household):



Appendix 1(a) – MTFP Model 1(a)

The model below is based on the assumptions detailed in Sections 3 and 4 and all growth and savings bids have been subjected to officer and Member scrutiny as detailed in Section 6.1. It is assumed that the USAR grant will continue to be received for the medium-term, although as noted previously, its potential discontinuation represents a risk to the Authority. It should also be noted that the figures for council tax and business rates are provisional. The statutory deadline for the billing authorities to provide this information to the Authority is 31 January. Any changes to the figures will be presented in a revised Appendix 1 at the meeting.

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Base Budget	28,210	28,675	30,591	30,887
Pay Adjustment	366	366	366	366
Inflation Adjustment	0	48	86	86
Savings	-311	-240	0	0
Growth	906	1,318	50	0
Previous year Savings and Growth Adjustments	-646	574	-206	-68
Revenue Contribution to Capital	150	-150	0	0
Net Budget Requirement	28,675	30,591	30,887	31,271
Revenue Support Grant	-2,633	-3,321	0	0
Business Rates	-5,421	-5,642	-7,284	-6,920
Council Tax Receipts Surplus/Deficit	-389	-270	-250	-250
Business Rates Pooling/Levy Account Surplus*	-104	-78	0	0
Fire Specific Grants (USAR/Firelink)	-1,097	-1,097	-1,097	-1,097
Council Tax Receipts	-18,848	-19,715	-20,629	-21,587
Use of Reserves	-183	-366	0	0
Total Funding Available	-28,675	-30,489	-29,260	-29,854
Shortfall/(Surplus) for Year	0	102	1,627	1,417
Cumulative Savings Requirement	0	102	1,729	3,146

* Business Rates Pooling for 2018/19 and Levy Account Surplus for 2019/20

Appendix 1(b) – MTFP Model 1(b)

The model below is as per Model 1(a) but with reductions to the Revenue Contribution to Capital (RCCO) in order to balance the budget. The impact on the capital programme is that by 2024/25 the amount remaining in the RCCO Reserve will be almost zero. Effectively, this means that from 2019/20 the Authority will only be able to fund essential property work and replacement of vehicles and equipment, with no funding available for future investment (unless the Authority chose to borrow in order to finance that, although further savings would need to be found to fund the revenue cost of additional borrowing).

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Base Budget	28,210	28,675	30,489	29,260
Pay Adjustment	366	366	366	366
Inflation Adjustment	0	48	86	86
Savings	-311	-240	0	0
Growth	906	1,318	50	0
Previous year Savings and Growth Adjustments	-646	574	-206	-68
Revenue Contribution to Capital	150	-252	-1,525	210
Net Budget Requirement	28,675	30,489	29,260	29,854
Revenue Support Grant	-2,633	-3,321	0	0
Business Rates	-5,421	-5,642	-7,284	-6,920
Council Tax Receipts Surplus/Deficit	-389	-270	-250	-250
Business Rates Pooling/Levy Account Surplus*	-104	-78	0	0
Fire Specific Grants (USAR/Firelink)	-1,097	-1,097	-1,097	-1,097
Council Tax Receipts	-18,848	-19,715	-20,629	-21,587
Use of Reserves	-183	-366	0	0
Total Funding Available	-28,675	-30,489	-29,260	-29,854
Shortfall/(Surplus) for Year	0	0	0	0
Cumulative Savings Requirement	0	0	0	0

* Business Rates Pooling for 2018/19 and Levy Account Surplus for 2019/20

Revenue Contribution to Capital – Model 1(a)	2,075	1,925	1,925	1,925
Revenue Contribution to Capital – Model 1(b)	2,075	1,823	298	508

Appendix 2 – Capital Programme

The table below summarises the capital programme from 2018/19 through to 2021/22 and is based on the revenue contribution to capital levels shown in Model 1(b):

Capital Programme Summary	Approved Budget 2018/19 £000	Provisional Outturn 2018/19 £000	Slippage 2018/19 £000	Budget Requests 2019/20 £000	Total Budget Requirement 2019/20 £000	Budget Requests 2020/21 £000	Budget Requests 2021/22 * £000
Property	942	550	0	500	500	500	500
Property Review	12,333	6,154	6,040	0	6,040	0	0
Fire Appliances & Equipment	1,199	1,096	90	646	736	641	891
Support	142	141	0	75	75	75	75
Total Expenditure	14,616	7,941	6,130	1,221	7,351	1,216	1,466
Funding b/fwd		-8,596			-3,379	-3,297	-2,379
In year funding		-2,724			-7,269	-298	-508
Funding (Available) / Deficit		-3,379			-3,297	-2,379	-1,421

The table below shows indicative future year's budgets and anticipated funding through to 2024/25:

Capital Programme Summary	Budget Requests 2022/23	Budget Requests 2023/24 ** £000	Budget Requests 2024/25 £000
Total Expenditure	1,466	1,716	1,466
Funding b/fwd	-1,421	-746	-88
In year funding	-791	-1,058	-1,390
Funding (Available) / Deficit	-746	-88	-12

* For 2021/22 the budget requests for Property and £750k (out of £891k) for Fire Appliances and Equipment are to be approved. The remainder are only indicative requirements at this stage.

** This contains an indicative amount of £500k for replacement of Breathing Apparatus

Appendix 3 – Council Tax Rates

If the band D equivalent council tax were increased by 2.98% for 2019/20, the following rates would apply to properties in each band:

Bands	Proportion of Band D Charge	Per Week (£)	Per Month (£)	Per Year (£)
A	6/9	0.83	3.59	43.05
B	7/9	0.96	4.19	50.22
C	8/9	1.10	4.78	57.40
D	9/9	1.24	5.38	64.57
E	11/9	1.51	6.58	78.92
F	13/9	1.79	7.77	93.27
G	15/9	2.06	8.97	107.62
H	18/9	2.48	10.76	129.14

This would represent an annual increase of £1.25 per annum on a band A, £1.87 per annum on a band D and £3.74 per annum on a band H property.