MEDIUM TERM FINANCIAL STRATEGY 2020/21-2022/23

JOINT REPORT OF THE CHIEF FIRE OFFICER AND TREASURER

For Approval

1. PURPOSE OF REPORT

1.1 To enable Members to consider and approve:

- the statutory 2020/21 budget and council tax calculations; and
- the updated capital programme proposals for 2020/21 to 2025/26.

2. RECOMMENDATIONS

2.1 It is recommended that Members:

i) Note the final 2020/21 Local Government Finance Settlement had not be issued when this report was prepared and once these details are announced the 2020/21 statutory calculations to support the December 2019 budget and Council Tax decision will be completed and presented at the meeting on 14th February 2020;

ii) Approve the updated Asset Management Plan for 2020/21 to 2025/26, as detailed in **Annex 1 – Appendix A**.

3. BACKGROUND

3.1 An update of the MTFS was reported to the Executive Committee on 31st January and is attached at **Annex 1**. The Executive Committee report covered the following key areas:

- Reminded Members of the significant Government funding cuts made over the period 2010/11 to 2019/20 and the resulting budget and staffing reductions the Authority had to make;

- Highlighted that over the period 2015/16 to 2019/20 the Authority had a cash Spending Power increase of only **0.1%.** This is the lowest increase of all Fire and Rescue Authorities (FRAs) and compares to an average increase of **3.4%** and the highest increase of **8.1%.** This position reflects the impact of Government grant cuts and the authorities low Council Tax base – i.e**.** high proportion of properties in Council Tax Band A of 46%, compared to the national average of 24%;

  – If the Authority had the average Spending Power increase this would provide additional recurring resources of approximately £900,000 and with the highest increase additional recurring resources of approximately £2.2 million;

- Highlighted that despite the significant differences in Spending Power increases **all** FRAs have faced the same pay and inflation pressures. Consequently, FRAs with the lowest increase in Spending Power have had to make the biggest budget reductions – this includes Cleveland;

- Reminded Members of the continuing financial uncertainty facing the Authority in 2021/22 from planned national changes to the funding system arising from the Fair Funding Review, proposed increase in Business Rates Retention from 50% to 75% and phasing out of the Pension grant. Therefore, it remains appropriate for the Chief Fire Officer to develop a contingency savings plan for 2021/22 to 2022/23;

- Provided an update of the Asset Management Plan for 2020/21 to 2025/26.

4. STATUTORY BUDGET AND COUNCIL TAX CALCULATIONS

4.1 Previous MTFS reports advised Members that these calculations cannot be completed until the Government issues the final 2020/21 Local Government Finance Settlement, which had not been issued when this report was prepared. It is expected that the final settlement will confirm figures previously announced in the provisional settlement and the earlier technical consultation, including confirming a 2% Council Tax referendum limit for FRAs.

4.2 Details of the statutory calculations to confirm the budget and Council Tax decisions made by the full Authority on 13th December 2019 will be presented at the Committee for approval.

4.3 Details of final figures have been received from the four constituent authorities in relation to the 2020/21 Council Tax base, share of Business Rates income, share of section 31 grants and share of collection fund balances. These figures provide increased resources. Additionally, as reported to the Executive Committee in January the provisional Government grant for 2020/21 is £16,000 higher than forecast. On the basis that the final settlement confirm the Government grant figures the Authority will have additional 2020/21 resources of £0.171m, as follows:

	MTFS Forecast £'m	Final Figure £'m	Increase in resources £'m
Government Grant funding	12, 742	12.758	0.016
Final Council Tax base, Business Rates and section 31 grants	14.502	14.631	0.129
Sub Total – Recurring resources	**27.244**	**27.389**	**0.145**
Non Recurring Resources - Collection Fund Surplus	0.017	0.043	0.026
Total 2020/21 Resources	**27.261**	**27.432**	**0.171**

4.4 In line with the recommendation approved by the Authority on 13 December 2019 the above resources will be transferred to the Budget Support Fund and a strategy for using these resources will be developed as part of the 2021/22 budget process.

IAN HAYTON
CHIEF FIRE OFFICER

CHRIS LITTLE
TREASURER