MEDIUM TERM FINANCIAL STRATEGY 2018/19 – 2020/21 AND COUNCIL TAX SETTING 2018/19

REPORT OF THE TREASURER AND CHIEF FIRE OFFICER

For Approval

1. PURPOSE OF REPORT

1.1 To provide an update of the MTFS to reflect the 2018/19 Local Government Finance Settlement announcement and to enable Members to consider the 2018/19 budget and Council Tax recommendations referred from the Executive Committee meeting on 26th January 2018.

2. RECOMMENDATIONS

2.1 It is recommended that Members approve the following recommendations referred from the Executive Committee:-

i) Note the increase in the core Council Tax referendum limit from 2% to 3% for 2018/19 and 2019/20 announced by the Government;

ii) Note that the provisional 2018/19 Local Government Finance Settlement stated that "in recognition of higher than expected inflation and the pressures on services such as social care and policing, the Government has decided to make changes to the Council Tax referendum principles";

iii) Approve a 2018/19 Council Tax increase of 2.9% and supporting statutory calculations detailed in Appendix A, which includes the following Council Tax levels;

2017/18		2018/19		
Weekly Council Tax £	Property Band	Annual Council Tax £	Weekly Council Tax £	Annual increase £
0.94	A	50.12	0.96	1.41
1.09	B	58.47	1.12	1.65
1.25	C	66.83	1.29	1.89
1.41	D	75.18	1.45	2.12
1.72	E	91.89	1.77	2.59
2.03	F	108.59	2.09	3.06
2.34	G	125.30	2.41	3.53
2.82	H	150.36	2.90	4.24

Approximately 65% of households are in Band A or B

iv) Approve the 2018/19 revenue budget as detailed in Appendix B.

v) Note that the savings required over the next two years has reduced from £1.881m to £1.676m phased as follows:

- 2018/19 - £0.752m
- 2019/20 - £0.924m

vi) Note that the Chief Fire Officer will present a report to the Authority's March meeting to outline the outcome of the CIRMP and to enable Members to approve the final savings proposals to address the revised budget deficits. To also note that the revised phasing reduces the cuts required in 2018/19, which provides a longer lead time to implement the CIRMP.

vii) Approve the principle of using the Budget Support Fund to temporarily fund higher pay awards in 2017/18, 2018/19 and 2019/20 to provide a longer lead time to enable further forecast permanent budget reductions to be identified. To note that an update will reported to a future meeting when details of pay awards have been finalised;

viii) Approve an indicative 2019/20 Council Tax increase of 2.9% and note that a final decision will be made in February 2019 to reflect Government Council Tax referendum limits;

ix) Note that further savings may be required in 2020/21 depending upon the impact of 75% Business Rate Retention and the FFR.

x) Approve the proposal to transfer the 2017/18 forecast manage underspend of £400,000 to the Budget Support Fund to help underpin the MTFS.

xi) Note and approve the updated capital programme detailed in Appendix C.

xii) Note and approve the Authority's reserve strategy as detailed in Appendix D.

3. BACKGROUND

3.1 The Authority has previously developed a rolling MTFS. The current approved strategy covers four financial years (2016/17 to 2019/20) to align with the period covered by the four year Government financial settlement. This strategy would normally be rolled forward to include 2020/21. However, this is not currently possible as the Government has indicated that significant changes will be made to the Local Government funding system from April 2020. An updated assessment of these proposed changes is provided later in the report.

3.2 As detailed in previous MTFS reports the Government provided a four year financial settlement which sets the level of Government funding (Revenue Support Grant and Top-Up Grant) for 2016/17 to 2019/20. 97% of local authorities accepted the four year settlement.

3.3 The four year settlement confirms that Government funding received by the Authority will continue to reduce until 2019/20. By 2019/20 this will mean the Authority has faced **nine** successive years of Government funding cuts. As a result the 2019/20 budget will be approximately **£7.3m** less than in 2010/11, a cash reduction of approximately **22%.**

3.4 On the basis of continuing cuts in Government funding it was previously reported that the Authority faces a budget shortfall of **£3.9m** over the period 2016/17 to 2019/20. The overall shortfall includes **£1.881m** of forecast savings still to be achieved in 2018/19 and 2019/20. As detailed later in the report there is a small reduction in the deficit for 2018/19 and 2019/20.

4. 2017/18 FORECAST OUTTURN

4.1 A report to the Audit and Governance Committee on 10th November 2017 informed Members that a year-end underspend of £400,000 is forecast. This forecast mainly reflects lower occupancy levels as a result of retirements not being replaced to facilitate the implementation of the CIRMP. The forecast also assumes that the 2017 fire fighters pay award will be in line with the budget provision of 1%.

4.2 It is proposed that this amount is transferred to the Budget Support Fund reserve as this will help the Authority manage the financial challenges it faces over the next few years. Further information on financial risks in 2018/19 and future years is provided later in the report.

5. LOCAL GOVERNMENT FINANCE SETTLEMENT ANNOUNCEMENT 2018/19

5.1 The Government presented the provisional settlement to Parliament on 19th December 2017 and the final settlement on 6th February 2018 and this covered the following key issues:

- **Revenue Support Grant (RSG) 2018/19 and 2019/20** - the Government confirmed the previously announced RSG cuts, which means that local authorities will have faced 9 years of RSG cuts by 2019/20. As reported previously these cuts have had a disproportionate impact on authorities, including this Authority, which are more dependent on RSG and have less ability to fund services from Council Tax and Business Rates income. Confirmation of these cuts means that the Authority will have to implement further budget cuts in 2018/19 and 2019/20;

- **Council Tax referendum limit 2018/19 and 2019/20** – the Government has increased the core Council Tax referendum limit from 2% to 3% to recognise the financial pressures facing local authorities, including Fire and Rescue Authorities.

For this Authority the additional Council Tax flexibility equates to additional recurring income in 2018/19 of approximately £110,000 and further additional recurring income of £113,000 in 2019/20.

Shire districts councils will be allowed Council Tax increases "of less than 3%, or up to and including £5, whichever is higher in 2018/19 and 2019/20". As Members will recall this is the flexibility requested by the National Fire Chiefs Council and this Authority to help address the financial challenges facing Fire and Rescue Authorities.

Police precepts (including the Greater London Authority charge for the Metropolitan Police) will be allowed increases of up to £12 in 2018/19 and 2019/20. Based on the lowest 2017/18 police precept this provides for an increase of approximately **12.2%.**

If Fire and Rescue authorities had been allowed the flexibility of a £5 precept increase this would have equated to approximately **9%** for the lowest Fire and Rescue Authority precept and **7%** for the average Fire and Rescue Authority precept.

For this Authority a £5 Council Tax Referendum limit for 2018/19 and 2019/20 would have achieved recurring additional income from 2019/20 of £1 million, compared to the previous 2% referendum limit.

- **Core Spending Power**

The Government's Core Spending Power forecasts highlight a number of key issues:

- Gross Core Spending Power for England for all authorities in 2019/20 will be only **2.1% higher** than in 2015/16.

- For this Authority Gross Core Spending Power in 2019/20 will be **2.1% less** than in 2015/16, which is significantly worse than the 0.6% **average increase** in Core Spending Power for the 29 Fire and Rescue Authorities. When account is taken of inflation over this period authorities have effectively faced a real term reduction of approximately **10%.**

- Between 2017/18 and 2018/19 this Authority's Core Spending Power will increase by **0.7%,** which is the joint lowest increase out of 29 Fire and Rescue Authorities and lower than the average for these authorities of **1.2%.**

- A continued switch in the funding of local authority services from national taxation to Council Tax as highlighted in the following table:

Table 1 - Changes in Core Spending Power of Local Authorities
(figures are based on 2018/19 DCLG Provisional Local Government Finance Settlement)

	2015/16	2019/20	Increase/ (decrease) in overall funding
Settlement Funding Assessment (Total of Revenue Support Grant, Top-up grant and Business Rates income)	48.0%	32.4%	(15.6%)
Council Tax	49.3%	61.5%	12.2%
Other Grants (Total of Improved Better Care Fund, New Homes Bonus and Rural Services Delivery Grant)	2.7%	6.1%	3.4%
Total Core Spending Power	100.0%	100.0%	0%

- **Business Rates Retention** – as reported previously the Government indicated their intention to move from the current 50% Business Rates Retention to 100%, although it was unclear whether this would apply from 2019/20 or 2020/21. The Government has now indicated that they intend to move to 75% Business Rates Retention from 2020/21. This change will not require primary legislation, which would be required for 100% retention.

  As part of the implementation of 75% Business Rates Retention the Government has stated that Revenue Support Grant will be replaced by the additional Business Rates income retained by local authorities. In late January 2018 the new Local Government minister, Rishi Sunak, confirmed the Government's aim to eventually grant local authorities 100% Business Rates Retention.

- **Fair Funding Review (FFR)** – the Government issued a detailed consultation document on the FFR on the same day as the settlement announcement. The Government has indicated that the FFR will be implemented from 2020/21, alongside the move from 50% to 75% Business Rates Retention. Responses to the FFR consultation need to be submitted by 12th March 2018 and a detailed report will be submitted to a future meeting to enable Members to consider the Authority's response.

6. IMPACT OF FEBRUARY 2018 ANNOUNCEMENT ON THE MTFS

6.1 The February 2018 settlement announcement confirmed the details issued in December 2017. These announcements cover a range of Government policies which will impact on the Authority in both the short and medium term as detailed in the following paragraphs.

6.2 Short Tem Impact - 2018/19 and 2019/20

6.3 The settlement confirms the previously announced cuts in Revenue Support Grant for 2018/19 and 2019/20. Therefore, the Authority needs to make further savings over the next two years. As reported to the Executive Committee it was anticipated that these cuts would total **£1.881m** over the next two years, which would have been a **7%** reduction on the 2017/18 budget.

6.4 However, following the Executive Committee meeting on 26th January 2018, the Authority has been notified by the four constituent authorities of the actual 2018/19 Council Tax base, the share of Business Rates income and share of Collection Fund surplus/deficits. These figures are higher than the provisional figures notified by the constituent authorities. It is therefore recommended that part of these resources is allocated to increase the pay award provision from 1% to 2%, and the remaining resources are allocated to reduce the budget cuts required over the next two years.

6.5 These proposals reduce the budget cuts over the next two years from **£1.881m** to **£1.676m,** which is still a reduction of 6.2%. The proposals also change the phasing of the budget cuts over the next two years, as summarised below. **Appendix E** detailed the changes in the 2018/19 budget.

Table 2 – Revised Budget Deficits 2018/19 and 2019/20

	2018/19 £'000	**2019/20 £'000**	**Total £'000**
Forecast Deficits reported to Executive Committee 26.01.18	1,082	799	1,881
Less - Recurring increase in Council Tax and Business Rates income	(205)	0	(205)
Less – Non recurring Collection Fund Surplus	(125)	0	(125)
Add – 2018/19 savings delayed by using Collection Fund surplus	0	125	125
Revised Deficits	**752**	**924**	**1,676**

6.6 The Chief Fire Officer will present a report to the Authority's March meeting to outline the outcome of the CIRMP and to enable Members to approve the final proposals to address the revised budget deficits. The revised phasing reduces the cuts required in 2018/19, which provides a longer lead time and this will help implementation of the CIRMP.

6.7 The MTFS forecasts for 2018/19 and 2019/20 are based on forecast pay awards of 2%. However, until actual pay awards are agreed there remains a risk that this provision may not be sufficient, particularly if the Government does not provide additional funding.

6.8 Pressure may also increase from the FBU for all UK fire fighters to receive the same 'new reward package' proposed for Scottish fire fighters.

6.9 At the end of January Scotland's Chief Fire Officer wrote directly to Scottish fire fighters setting out details of a proposed 'new reward package' for a new expanded role, tackling terrorism and providing emergency medical care. As part of this proposal the basic pay for Scottish fire fighters would increase from £29,934 to £35,800 by 2021/22; which equates to a 20% increase. This increase would be partly paid for by reducing the number of fire fighters employed by the Scottish Fire Service and increased funding from the Scottish Government. These proposals will now be subject to formal negotiations with staff and unions.

6.10 Whilst, the Scottish Fire Service is part of the devolved responsibilities of the Scottish Government, the proposed 'new reward package' for Scottish fire fighters, if implemented, would effectively set a bench mark which the FBU would wish to see applying to other parts of the UK fire and rescue service.

6.11 If a similar increase was implemented for fire fighters in England this would result in a recurring additional cost to the Authority by 2021/22 of **£2.5m**, compared to the current MTFS forecasts. If such an increase is implemented and is not funded from additional Government funding the Authority would face an unsustainable budget position and would need to address the additional recurring costs by either:

- Reducing service provision, for example a reduction the number of grey book posts by around 62 – a reduction of 18%; or

- Increasing Council Tax income by **22%** by 2021/22. Assuming the pay increase was phased over 4 years (2018/19 to 2021/22) the Government would need to allow Fire and Rescue Authorities to increase Council Tax in 2019/20 by nearly £10 to cover the 2018 and 2019 pay awards, followed by annual increases of approximately £6 in 2020/21 and 2021/22; or

- A combination of reducing service provision and Council Tax increases.

6.12 In view of the ongoing uncertainty regarding pay awards it is recommended that Members note the risks detailed in the previous paragraphs. A further update will be submitted to a future meeting when actual pay awards are known and this will then enable a strategy to be developed. In the meantime, the availability of the Budget Support Fund reserves provides temporary financial flexibility for the Authority and a longer lead time to address the impact on higher pay awards.

6.13 **Medium Term impact – 2020/21**

6.14 For this Authority, and many other authorities, the additional retained Business Rates income of moving from a 50% scheme to a 75% scheme will not be sufficient to replace the lost grant income. Therefore, the Government will need to address this shortfall by either increasing the 'Top Up' grant allocated to authorities with a low business rates base, or address this position through the FFR.

6.15 As summarised in the following table this is a significant financial risk for the Authority as the forecast 2020/21 funding shortfall to be addressed by either an increase in Top-up grant, or through the Fair Funding Review (FFR), is **£4.404m**, which equates to **17%** of the 2019/20 net budget:

Table 3 – Potential impact of Business Rates increase from 50% to 75%

	£'m
2019/20 Revenue Support Grant	5.239
Less - 2019/20 increase in retained Business Rates income moving from 50% to 75%	(0.835)
Forecast funding shortfall arising from implementation of 75% Business Rates Retention to be addressed by either an increase in Top-up grant, or through the FFR.	4.404

6.16 In view of the above position the FFR review will be critical to the financial sustainability of the Authority in 2020/21 and future years. At this stage there is insufficient information available to assess the impact of the FFR and changes to the Business Rates system. Further reports will be submitted when more information is available.

6.17 This uncertainty underlines the importance of securing the highest level of recurring Council Tax income by increasing Council Tax in line with Government Council Tax referendum limits in 2018/19 and 2019/20. The referendum limits reflect the Government's continued policy of shifting the funding burden for local services from national taxation to Council Tax.

6.18 The FFR review consultation document includes specific questions in relation to the Fire and Rescue Service. This suggests that the service will continue to be funded through the Local Government funding system, rather being directly funded by the Home Office.

7. CAPITAL PROGRAMME REVIEW

7.1 An update of the approved capital programme is detailed in **Appendix C** and reflects changes in the phasing of schemes previously approved as part of the Asset Management Plan.

8. REVIEW OF RESERVES AND TREASURERS ADVICE ON THE ROBUSTENESS OF THE BUDGET PROPOSALS

8.1 Reserves Review

8.2 Reserves are a key element of the Authority's financial strategy and enable issues to be managed over more than one financial year, which avoids the need for in-year budget cuts when unexpected events occur. The majority of the Authority's Reserves are held to partly fund the Asset Management Plan, to support the revenue budget and to manage financial risks.

8.3 As detailed in **Appendix D** reserves are forecast to reduce significantly over the next few years as these one off resources will be used to fund the following key issues:

- Use of the Capital Reserve to fund the Asset Management Plan;

- Use of the CIRMP Implementation Reserve to support the revenue budget in 2017/18 and 2018/19; and
- Use of the Budget Support Fund to provide a longer lead time to identify permanent budget savings to either offset the impact of a further funding reduction from 2020/21, or to offset the impact of actual pay awards being higher than forecast and additional Government funding not being provided, or a combination of these issues.

8.4 The balance of the Budget Support Fund Reserve at the 31.03.18 is forecast to be £2.913m. The reserve was established to manage the significant potential financial risks facing the Authority in 2020/21 and future years. Based on the following planning assumptions 93% (i.e. £2.720m) of this reserve may be committed by the end of 2021/22 if these resources are used to protect services in 2020/21 and 2021/22:

Table 4 – Impact of using Budget Support Fund to support services in 2020/21 and 2021/22

	2020/21 £'000	2021/22 £'000
Opening balance of Budget Support Fund	**2,913**	**1,993**
Less Recurring use from 2020/21		(920)
Less 2020/21 pay and non pay inflation	(560)	
Less 2021/21 pay and non pay inflation	0	(560)
Less 2020/21 forecast grant cut	(580)	
Less 2021/22 forecast grant cut	0	(550)
Add 2020/21 forecast Council Tax increase	220	
Add 2021/2 forecast Council Tax increase	0	230
Sub Total use of Budget Support Fund	(920)	(1,800)
Budget Support Fund	**1,993**	**193**

8.5 Using the Budget Support Fund to protect services in 2020/21 and 2021/22 would not provide a permanent solution to address the impact of inflation (both pay and non pay) and continuing grant cuts; it would simply defer a significant deficit to 2022/23. As highlighted in the above table using the Budget Support Fund to protect services in 2020/21 and 2021/22 would defer a budget shortfall of **£1.8m** to 2022/23. A permanent solution would then be required in 2022/23 and this would either involve significant cuts in services, or a significant increase in Council Tax or a merger.

8.6 There is a potential risk that the Budget Support Fund reserve may have to be used before 2020/21 if actual pay awards are higher than provided for within the MTFS. This strategy would avoid the need for higher budget cuts in 2018/19 and 2019/20 than already planned and identified earlier in the report. However, this strategy would not provide a permanent solution and simply defers permanent cuts, or Council Tax increases, until 2020/21 and future years. As the Fair Funding Review and 75% Business Rates Retention will be implemented in 2020/21 using reverses to temporarily fund a higher pay award may result in an unmanageable position for 2020/21.

8.7 An annual review of reserves has been completed to ensure the Authority retains adequate reserves to fund approved capital commitments and to manage financial risks.

8.8 The annual review is based on the assessment of five key areas recommended by the Audit Commission in their 2013 national report on Local Authority reserves. These issues and the Authority's approach are summarised below:

i) How much is held in reserves and the reason for the reserves held for, including information provided to Members?
- **Appendix D** provides details in respect of these areas.

ii) Does the Authority hold any contingency fund other than reserves to protect against unplanned costs?
- The Authority does not hold any contingency funds other than reserves. The Authority will manage any unplanned costs which may arise through a combination of robust budget management and the available Un-earmarked General Fund Reserve.

iii) The relationship between reserves and Council Tax;
- The Authority recognises that reserves are one-off resources and the strategy for using reserves reflects this position. Decisions in relation to Council Tax reflect the need for the Authority to sustain its own resource base at a time of continuing cuts in Government funding and planned changes to the national funding system.

iv) Unplanned movements on reserves.
- The Authority monitors the use of reserves on a regular basis. Reserves are reviewed on an annual basis as part of the MTFS process to integrate the use of reserves within the overall financial strategy and ensure the use of these resources underpins the strategic aims of the Authority as detailed in this report.

8.9 The latest review of reserves also reflects draft guidance detailed in the Government's "Fire and Rescue National Framework for England" consultation. The consultation closes on 14th February 2018.

8.10 The Government's consultation proposals cover similar areas to the previous Audit Commission guidance, which the Authority has followed for the past four years. Therefore, only minor changes have been made to the presentation of the Authority's reserves strategy to demonstrate how this complies with the Government's consultation proposals. These changes include:
- a more detailed narrative explanation of the purpose for which each reserve is held;
- a more detailed narrative of how each reserve supports the MTFS and the delivery of good quality services to the public; and
- whether the reserve is legally or contractually committed.

8.11 The draft guidance also recommends that the reserves strategy should provide information for at least two years ahead. The Authority's reserves strategy covers four years (2018/19 to 2021/22). The Authority's reserves strategy also reflects the

significant financial risks and financial uncertainty facing the Authority in 2020/21 arising from the proposed implementation of 75% Business Rates retention, the Fair Funding Review and uncertainty regarding fire fighters pay awards. These issues make financial planning more difficult and the availability of the Budget Support Fund will form a key part of the Authority's strategy for managing the impact of these changes.

8.12 Robustness Advice

8.13 The Local Government Act 2003 introduced a formal requirement on authorities to consider the advice of the Treasurer on the robustness of the budget proposals, including the level of reserves. If Members ignore this advice the Act also requires the Authority to record this position. This latter provision is designed to recognise the statutory responsibilities of Treasurers.

8.14 I would advise Members that in my opinion the budget forecasts and the proposed level of reserves recommended in this report for 2018/2019 are robust. This opinion is based on consideration of the following factors:

- The work undertaken by the Chief Fire Officer and Brigade Officers regarding the preparation of detailed budget forecasts, including the costs and savings of implementing the CIRMP, income forecasts and future Pension forecasts;
- Assurance from the Chief Fire Officer that no material issues have been omitted from the budget forecasts;
- The level of Government Grant to be provided in 2018/2019;
- A prudent view of the net costs of the Authority's overall cash flow, including a prudent provision for the repayment of Prudential Borrowing;
- The establishment of the Capital Funding Reserve to manage annual loan repayment costs over the period 2014/15 to 2028/29 arising from the implementation of the Asset Management Plan;
- The establishment of at least a minimum level of reserves consistent with the identified specific risks faced by the CFA;
- The use of one-off resources to support the implementation of the CIRMP over the next two years and to provide a longer lead time to manage the potential impact of actual pay awards exceeding 2%.

9. CONCLUSIONS

9.1 Financial uncertainty has increased since the General Election was held. In the short term (2017/18 to 2019/20) this reflects uncertainty regarding the fire fighters pay awards for 2017, 2018 and 2019. No additional funding for higher pay awards was provided in the Chancellor's November budget statement, or the 2018/19 Local Government funding settlement, which continues to reflect a 1% pay cap. Therefore, increased pay costs will either need to be funded from increasing Council Tax, or from making further permanent budget cuts.

9.2 The Authority's local resources (i.e. Council Tax and Business Rates income) are higher than forecast when the MTFS was considered by the Executive Committee. These additional resources enable the Authority to increase the pay award provision for 2018/19 and 2019/20 to 2%, for both uniformed and non uniformed employees. The increased resources also reduce the budget cuts required over

the next 2 years from **£1.881m** to **£1.676m**, which equates to a 6.2**%** reduction on the 2017/18 budget. The phasing of the budget cuts has also changed as lower cuts are required in 2018/19, although this defers cuts until 2019/20, as follows:

- 2018/19 forecast budget shortfall £752,000
- 2019/20 forecast budget shortfall £924,000

9.3 Until the position for fire fighters pay awards is clear it is very difficult to develop a financial strategy for the next few years as the Authority does not know the scale of the potential unfunded pay pressure it needs to manage. As outlined in the report the available Budget Support Fund reserve will provide temporary support to meet higher pay awards. However, this one off funding will simply provide a slightly longer lead time to either make additional permanent budget cuts, or increase Council Tax, or a combination of these two measures. An update report will be submitted to a future meeting when the position is more certain to enable the Authority to approve a strategy for managing the impact of actual pay awards exceeding the MTFS forecasts.

9.4 The Government's Council Tax referendum limits for 2018/19 and 2019/20 recognise the financial pressures facing authorities and have been increased from 2% to 3%. This change continues the Government policy of shifting the cost of local authority services, including Fire and Rescue services, from national taxation to Council Tax.

9.5 This change does not recognise that individual Fire and Rescue Authorities raise different proportions of their resources from Council Tax, whilst all authorities face the same pay and inflation pressures. Therefore, those authorities, including Cleveland, which raise a lower proportion of resources from Council Tax will not benefit as much from this change. This means that these authorities will cover a lower proportion of pay and inflation pressures from increases in Council Tax and higher proportion from budget reductions.

9.6 To put this into context Government 'core spending power' estimates for 2018/19 show significant differences in how Fire and Rescue Authorities are funded, as summarised below:

Table 5 – Summary of Core Spending Power estimates 2018/19

	Estimated proportion of 2018/19 spending funded from Revenue Support Grant, Top-up grant and Business Rates income	Estimated proportion of 2018/19 spending funded from Council Tax
Cleveland #	57%	43%
Highest Fire Authority	22%	78%
Average of 29 Combined Fire Authorities	39%	61%

based on Government core spending power estimates for 2018/19 Cleveland funds the lowest proportion of spending from Council Tax.

9.7 It is recommended that the Authority uses the increased Council Tax flexibility to increase Council Tax in 2018/19 and 2019/20 by 2.9% per year as this will secure additional recurring resources to help fund services.

9.8 The Fire Authority's precept accounts for only approximately 4% of the overall Council Tax bill. Therefore, a 2.9% increase in the Authority's precept adds approximately 0.13% to the overall bill. Details of the weekly and annual increase for the Fire Authority's precept are included in the recommendations.

9.9 The financial outlook beyond the next two years is extremely uncertain and additional savings may also be required in 2020/21 depending on the impact of the planned implementation of 75% Business Rate Retention and the outcome of the Fair Funding Review. Further updates on the 2020/21 financial position will be reported when more information is provided by the Government.

IAN HAYTON
CHIEF FIRE OFFICER

CHRIS LITTLE
TREASURER