

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item No. 7

MEETING: 17 FEBRUARY 2020

SUBJECT: REVENUE BUDGET 2020/2021 AND MTFs 2020/2021 to 2023/2024

JOINT REPORT OF THE CHIEF FIRE OFFICER/CHIEF EXECUTIVE (THE CLERK TO THE AUTHORITY) AND THE STRATEGIC FINANCE MANAGER

1 INTRODUCTION

1.1 The purpose of this report is to present for consideration and approval by members:

- the Revenue Estimates for 2020/2021;
- the Authority's Council Tax Requirement for 2020/2021;
- the Council Tax Precept required to be levied on the District Councils in Tyne and Wear for 2020/2021, and
- an updated Medium Term Financial Strategy Statement for 2020/2021 to 2023/2024.

1.2 A more detailed report is included in Appendix 1 for information.

2 LOCAL GOVERNMENT FINANCE SETTLEMENT 2020/2021

2.1 The Final Local Government Finance Settlement for 2020/2021 at the time of writing this report had still not been announced and as such all figures included in the report assume no changes from those figures set out in the Provisional Settlement reported to the Fire Authority in January from the outcome of the one year Spending Round. Any changes will therefore need to be tabled at the meeting.

2.2 The Government's Core Spending Power (CSP) for Tyne and Wear Fire and Rescue Authority will increase by £1.350m or 2.79% in 2020/2021. The government figures assume a Council Tax increase of 3.51%, made up from the cap in place for 2020/2021, which allows an increase of below 2% (1.99%) for the fire service, and an assumption that the Authority's Tax Base will grow by 1.52%. This is the main reason for the increase in the Core Spending Power (CSP).

2.3 The Government's figures continue to include optimistic growth forecasts for both Business Rates and Council Tax. These increases boost the CSP measure each year and are considered over optimistic by the Authority. As such, in the planning forecasts, more realistic growth forecasts based on local knowledge are used for service planning purposes.

- 2.4 The Authority's Settlement Funding Assessment (SFA) allocation will increase by £0.393m in cash terms (+1.63%) now that austerity is over.
- 2.5 The Government continues to allocate the Authority Compensation for the under-indexing of Business Rates income which provides funding to make up the gap between the capped business rates increase applied by the government and the statutory inflationary increases.
- 2.6 As reported in January, while the Authority welcomes the increase in funding, it is important also to note that this Authority's increase is the lowest of all Fire Authorities. The more deprived areas, mainly the Metropolitan Fire Authorities, which saw the highest level of overall reductions to their funding from 2010/2011 to 2019/2020, are also seeing the lowest increases for 2020/2021.

3 BUDGET CONSULTATION

- 3.1 In compliance with the Authority's statutory obligations, Members and Officers have requested to meet with representatives of the North East Chamber of Commerce at the Service Headquarters in early February 2020.
- 3.2 The views of the meeting and any formal response from the North East Chamber of Commerce will be provided at the meeting of the Authority as appropriate.
- 3.3 It is recommended that Members take into account the views of those consulted as they consider the Budget proposals and the Medium Term Financial Strategy position as appropriate.

4 REVENUE BUDGET UPDATE 2020/2021

- 4.1 The 2020/2021 Revenue Budget has been set taking full account of the funding available to the Authority this year and the ongoing implications anticipated for the next three years. The future position can only be projected at this stage because of the unknown impact of the Comprehensive Spending Review 2020. There is also the added uncertainty that Brexit may have on public sector budgets. The MTFS will be updated as these developments become clearer.
- 4.2 The Chief Fire Officer undertakes a base budget review of all delegated Budgets on an annual basis, with the intention of ensuring resources are directed at key strategic priorities as informed by the Community Safety Strategy, as well as identifying efficiency savings, which have been built into the updated Medium Term Financial Strategy (MTFS) presented in Appendix E.
- 4.3 The 2020/2021 updated budget position has improved by almost £0.309m since that indicated in the Provisional Local Government Finance Settlement report presented to Authority in January. The main impact has been a number of positive outcomes received from the District Councils in respect of higher Council Tax and Business Rates Surpluses. The combined impact of taking all of these changes into consideration, allows the Authority to propose a revenue budget for 2020/2021 of £49.961m and a Council Tax Requirement of £24.523m.

5 FIRE AUTHORITY PRECEPT

- 5.1 The Council Tax Base and the Surplus / Deficit on Collection Funds have now been received from the five District Councils within Tyne and Wear. The Council Tax Base for 2020/2021 is 292,047, a 1.4% increase, which alone will increase Council Tax precept income by £0.332m. This has been taken into account in the MTFs and budget position for 2020/2021. There is also a one-off net surplus on the Council Tax Collection Fund for 2019/2020 of £0.412m, which improves the financing of the 2020/2021 budget.
- 5.2 The Authority's local share of business rates income, as notified by the five District Councils within Tyne and Wear for 2020/2021, totals £3.929m. This compares unfavourably to the Government assessed business rates income total of £4.088m included in the settlement. Fortunately, the Authority had planned for a more realistic income collection of £3.932m. In addition to this, the Authority will receive income of £0.077m in relation to the Authority's share of the net surplus position on the business rates element of the Collection Fund for 2019/2020. In effect, therefore, the actual Business Rates income is £0.074m more than that estimated in the MTFs, but £0.082m short of the Government's estimate.
- 5.3 Taking all Government funding, precept income and the local share of business rates into consideration, it is possible to construct a balanced budget on the assumption that a 1.99% increase in the Precept (within the capping criteria of 2%) is approved by members. The proposed increase in Council Tax in 2020/2021 would result in a 'basic' Band D Council Tax of £83.97, an increase of £1.64 from the previous years' precept of £82.33.
- 5.4 The Localism Act 2011 governs the calculation of the Council Tax Precept and the Authority has to set out its Council Tax Requirement annually, further details of which are set out in Section 5 of Appendix 1.

6. RISK MANAGEMENT

- 6.1 A risk assessment has been undertaken to ensure that the risk to the Authority has been minimised as far as practicable. The assessment has considered an appropriate balance between risk and control, the realisation of efficiencies, the most appropriate use of limited resources and a comprehensive evaluation of the benefits. The risk to the authority has been assessed as low utilising the standard risk matrix based on control measures being in place.

7. FINANCIAL IMPLICATIONS

- 7.1 The financial implications are set out in the report and more details are provided at Appendix 1.

8. EQUALITY AND FAIRNESS IMPLICATIONS

8.1 There are no equality and fairness implications in respect of this report.

9. HEALTH AND SAFETY IMPLICATIONS

9.1 There are no health and safety implications in respect of this report.

10. RECOMMENDATIONS

10.1 The Authority is recommended to:

- (a) Note the revised estimate for 2019/2020, as summarised at Appendix A;
- (b) Approve the proposed Revenue Estimates for 2020/2021, as summarised at Appendix A;
- (c) Note the Projected Pensions Account 2020/2021 detailed at Appendix B;
- (d) Note the associated risks and their mitigation as set out in Appendix C;
- (e) Approve the updated position on the General Reserves and Earmarked Reserves as set out in Appendix D;
- (f) Note the updated Medium Term Financial Strategy Statement for 2020/2021 to 2023/2024 detailed at Appendix E;
- (g) Note the Council Tax base of 292,047 (known as Item T) for the year 2020/2021, as notified by the billing authorities within Tyne and Wear under the new regulations;
- (h) Approve the following amounts for the Authority for the year 2020/2021 which represents a Council Tax increase of 1.99% for 2020/2021, in accordance with Sections 42A to 47 of the Local Government Finance Act 1992 as amended:
 - (i) £54,284,940 - being the aggregate of the amounts which the Authority estimates for the items set out in Section 42A(2)(a) to (d) of the Act;
 - (ii) £29,761,754 - being the aggregate of the amounts which the Authority estimates for the items set out in Section 42A(3)(a) to (b) adjusted for item of the Act;
 - (iii) £24,523,186 - being the amount by which the aggregate at (i) above exceeds the aggregate at (ii) above, calculated by the Authority in accordance with Section 42A(4) of the Act, as its Council Tax Requirement for the year, Item R in the formula in Section 42B of the Act;

(iv) £83.97 - being the amount at (iii) (Item R) above divided by the Council Tax Base (Item T), calculated by the Authority in accordance with Section 42B(1) of the Act, as the basic amount of its Council Tax for the year.

(v) **Valuation Bands**

£

A	55.98	being the amount given by multiplying the amount at (iv) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation and divided by the number which that proportion is applicable to dwellings listed in valuation band D, calculated by the Authority in accordance with Section 47(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.
B	65.31	
C	74.64	
D	83.97	
E	102.63	
F	121.29	
G	139.95	
H	167.94	

- (i) Note that under Section 52ZB of the Local Government Finance Act, the increase in the Authority's relevant basic amount of council tax for 2020/2021 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act (i.e. no referendum is required).
- (j) Approve that in accordance with Section 40 of the Local Government Finance Act 1992, the billing authorities within the area of this authority be issued with precepts in the amount of £24,523,186 for the financial year beginning 1st April 2020, the amount of the respective precepts to be issued to each billing authority's area in accordance with Sections 42A to 48 of the 1992 Act.

DETAILED REVENUE BUDGET 2020/2021

1. BUDGET CONSULTATION

- 1.1 In compliance with the Authority's statutory obligations, Members and Officers have requested to meet with representatives of the North East Chamber of Commerce at the Service Headquarters in early February 2020.
- 1.2 The views of the meeting and any formal response from the North East Chamber of Commerce will be provided at the meeting of the Authority as appropriate.
- 1.3 It is recommended that Members take into account the views of those consulted as they consider the Budget proposals and the Medium Term Financial Strategy position as appropriate.

2. LOCAL GOVERNMENT FINANCE SETTLEMENT 2020/2021

- 2.1 The Final Local Government Finance Settlement for 2020/2021 had not been released at the time of writing this report, therefore all figures are still considered provisional at this stage. All changes will however be reported and tabled at the meeting. The report therefore assumes all figures have remained unchanged to those released as part of the Provisional Settlement reported to the Fire Authority in January.
- 2.2 Based on the Government's Final Settlement, the key elements for 2020/2021 are summarised below:

- An increase in the Government's Core Spending Power of £1.350m or 2.79%;
- An increase in the Settlement Funding Assessment (SFA) of £0.393m or 1.63% in 2020/2021;
- Confirmation of the Revenue Support Grant element of the settlement. This includes core revenue grant funding allocations of Formula Grant and previous Council Tax Freeze Grants. This will increase by 1.63% in line with inflation which is the first time since austerity began in 2010/2011;
- Allocation of fire revenue grants for New Dimensions and Fire Link initiatives have yet to be announced;
- Confirmation that government Fire Pension Grant will be received in 2020/2021, although there is still no indication of the amount (or certainty for future years); again any changes that impact on the Revenue Budget will be tabled at the meeting;
- Government's figures include a 3.51% estimated increase in total council

tax income for 2020/2021 through growth in the council tax base of 1.52% and an assumed precept increase of 1.99%.

- 2.3 Where grant allocations are unknown, the previous year's figures have been assumed. Any variation will be reflected in strategic contingencies in the first instance, but reserves may need to be utilised depending on the variation of the actual grant allocations.
- 2.4 It is recommended that Members note the Local Government Finance Settlement and the assumptions made at this stage.

3. REVENUE BUDGET 2020/2021

- 3.1 The 2020/2021 Revenue Budget has been set taking full account of the funding available to the Authority this year and the ongoing implications anticipated for future years.
- 3.2 The Chief Fire Officer has also undertaken a base budget review of all delegated budgets. The overall intention of this is to ensure that resources are directed to address key strategic priorities as informed by the Community Safety Strategy. The delegated budgets have seen a net reduction of £0.055m, largely due to a restructure in ICT, reductions in the TSC budgets and an increase in anticipated vehicle and equipment sales. Increases have been necessary in Estates and Learning and Organisational Development to meet service needs.
- 3.3 Appendix A shows the summary position for the Authority and the detailed budgets. The proposed revenue budget for 2020/2021 totals £49.961m with a 1.99% increase in the Council Tax precept. The presentation of the budget information is determined by the requirements of the Service Reporting Code of Practice as it defines best professional practice in terms of financial reporting.
- 3.4 The proposed budget makes provision for the following:

Integrated Risk Management Plans

- 3.5 The focus of the new Integrated Risk Management Plan (IRMP) will be adjusted to redirect resources in to priority areas. Options for Day Crewing Close Call (DCCC) and their impact on the current response model will need to be considered and addressed in 2020/2021. A further report on proposed IRMP actions will be made to members in the new financial year.

Fire Revenue Grants

- 3.6 The Airwave contract relating to telecommunications services (Firelink) continues until December 2022 so fire and rescue services will continue to make use of these services. Accordingly, the Home Office has advised that they

will be allocating New Burdens Fire Revenue Firelink grant funding for 2020/2021. The precise level of this grant funding was not published in the settlement. Therefore, for planning purposes, the same level of Grant as 2019/2020 has been assumed until formal notification is received.

- 3.7 The allocation of New Dimensions funding for 2020/2021 is also still unknown. As in previous years, an assumption has been made that this will be at the same level as 2019/2020 and any variation will be met by a combination of strategic contingencies or reserves if necessary.
- 3.8 The Government has typically circulated the Fire Revenue Grant determinations to Fire and Rescue Authorities in the first quarter of the financial year. It is currently expected that the remaining actual 2020/2021 allocations will be published in a similar timescale, which is not considered helpful for setting the revenue budget.
- 3.9 The Government has retained the Fire Pension grant for 2020/2021 to help fire authorities meet the significant cost of changes to the pension discount factor for the firefighters pension scheme. However, allocations are not included in the settlement so the same level of grant as 2019/2020 has been assumed until further notification. Any material changes will be tabled at the meeting. There is also considerable uncertainty around this funding in future years as the Government has indicated that this element of funding will need to be considered as part of the wider context of its public sector spending plans (SR2020) and firefighter pension contributions.

Service Pressures

- 3.10 A number of spending pressures were identified within the MTFs and have been incorporated into the final revenue budget for 2020/2021. These include:
- Pay (green and grey book) – At this stage no formal pay offer has been made for 2020/2021 or future years. Pending a formal offer and, on the presumption that austerity is over, a prudent provision of 3% has been added in to the budget for both operational and corporate pay awards. Any pay award in excess of this estimated level will become a spending pressure for the Authority to manage and, depending on outcomes, could be significant;
 - Local Government Pension Scheme – a draft report of the outcome of the Triennial Actuarial review has now been received indicating an increase of employer contributions from 17.5% to 17.9% with effect from 1st April 2020. In addition the deficiency payment element of the Authority's contributions has been reduced to £0. Both of these factors have been reflected in the budget presented.
 - Firefighters Pension Scheme – the Quadrennial Actuarial review was completed for 2019/2020. The outcome of the valuation was an updated employer contribution rate to apply from April 2019 to March 2023 with the average employer contribution rate of 17.63% increasing to 30.2%. The average for Tyne and Wear for 2020/21 is estimated to be 30%. A specific grant of £2.6m was allocated for 2019/2020 to fund this increased
- rate. The settlement has confirmed that this grant will continue in to 2020/2021, but at this stage the exact allocation is not known. An assumption has been made that this will be of a similar level so, depending on the outcome, this could be a cost pressure to the Authority;

- Apprenticeship Levy – a cost of £0.126m has been built in to the 2020/2021 budget. The Authority is in the process of identifying how it can best utilise government levy funds available to the Authority. The outcomes will be reflected in the 2020/2021 budget as plans are developed with a chosen provider;
- Energy Prices - energy and vehicle fuel prices continue to fluctuate. Prudent provision has been made but overall increases are lower than anticipated because of the Authority's proactive approach and actions it has taken in developing and implementing its carbon management policy;
- Capital Financing - No prudential borrowing has been included within the medium term financial position. However, because of the one-off nature of the surpluses on the Collection Funds 2020/2021 reported by the district councils and the inflationary increase in government funding not being guaranteed pending the outcome of the SR2020, the Authority is able to increase the Revenue Contribution to Capital Outlay (RCCO) in year by a one-off £1.400m which will be used to invest in business critical schemes identified by the Chief Fire Officer. This will help to support the Authority's Capital Programme in the absence of any further capital grant funding from government. The position will be monitored continuously to ensure that the use of the Authority's resources reflects best value and can be adapted to enable strategic priorities of the Authority to proceed in future years as the funding position becomes clearer.

Capital Programme

- 3.11 The 2020/2021 Capital Programme is presented for Members' attention elsewhere on today's Agenda. With no specific capital funding, it is proposed to fund the majority of the Programme through earmarked Capital and other Reserves, as well as RCCO. The Authority continues to monitor its available resources to fund the Capital Programme.

Revenue Implications of the Capital Programme

- 3.12 The Capital Programme has been reviewed to identify any revenue implications. These can be contained within the Revenue Budget as presented and takes into account the proposed total £1.650m of RCCO in 2020/2021 (£0.250m in the Base budget plus the additional one-off amount of £1.400m).

General Balances and Earmarked Reserves

General Balances Policy

- 3.13 In considering a prudent minimum level of balances, the Authority considers:
- known commitments against balances in future years;
 - volatile elements of service delivery, which make accurate prediction of expenditure more difficult;
 - financial risks faced by the Authority and the measures in place to mitigate them or meet them financially, as outlined in the Financial Risk Analysis at Appendix C.

3.14 Taking account of the level of risk within this Authority, which has increased under the new government funding regime, the retention of a minimum level of general fund balances of up to £4 million is now considered prudent after taking into consideration the following:

- the unknown impact of future government funding reductions on the Fire and Rescue Authority;
- a significant modernisation programme which brings with it both financial and change management risks;
- the uncertainty regarding price and pay inflation, including energy prices and the impact of potential further changes in interest base rates;
- uncertainty regarding the future funding for national projects;
- uncertainty of the impact of the localised council tax benefit scheme on the amount of precept income;
- uncertainty of Brexit and its impact on both public sector funding and the cost of goods and services;
- uncertainty of the proposed changes to how local government is to be funded from 2022/22 and the implications of SR2020;
- expectations to grow Council Tax by 4% despite a reduction in the government assessed tax base;
- uncertainty on the amount of business rates allocated from its constituent councils;
- the Financial Risk Analysis included at Appendix C.

Minimum Level of General Fund Balances

3.15 The estimated balance of the General Fund as at 31st March 2020 and 31st March 2021 remains at £3.943m. Based on the Financial Risk Analysis attached to this report, a level of uncommitted general balances of between £3.5m to £4.0m is considered reasonable. The current balance represents 7.9% of the proposed revenue budget for 2020/2021 and is within the range specified.

Earmarked Reserves

3.16 The Authority retains an appropriate level of earmarked reserves as determined by the Authority's MTFs and Risk Analysis. A Statement of the Estimated Earmarked Reserves and Provisions and their planned usage in 2020/2021 is provided at Appendix D for information.

3.17 The reserves have been subject to a thorough review by senior management of the Authority, including the Strategic Finance Manager, to ensure they are robust, appropriate and will meet the assessed financial risks of the Authority.

3.18 It is recommended that the Authority considers the above and approves the proposed revenue estimates for the year ended 31st March 2021 as detailed in Appendix A.

4. MEDIUM TERM OUTLOOK

4.1 An updated Medium Term Financial Strategy Statement is set out at Appendix E. This has been prepared taking account of all available supporting Strategies and Plans and the following main areas:

- National Economic Context – announcements regarding future funding, precept expectations and national economic prospects and projects;
- Local Funding Position:
 - the budget decisions made in finalising the 2020/2021 Revenue Budget;
 - the position and policies in relation to General Fund Balances and Major Reserves;
- Spending Pressures and Commitments; and
- Revenue implications of the Capital Programme.

4.2 The projected budgets in future years are based on a series of assumptions and there is a large degree of uncertainty regarding a number of factors, including:

- the sustainability of public sector resources into the Medium Term and whether austerity is finally over – there are conflicting views across the sector and also independent financial experts opinions differ;
- there is also concern that Ministers were reported to have leaked that some government departments were having to make 5% reductions which could cast doubt on future public sector resources into the medium term;
- the Government's "aim" to localise 75% of business rates and to implement a new needs assessment;
- the changes to funding of local government in terms of the SR2020 from central government and the shift towards local self-sufficiency;
- the outcome of the Government's Fair Funding Review;
- the future of Fire Service revenue grant funding for New Dimensions, and Firelink and Fire Pension Grant;
- any remedy to local authority (including Firefighter) pension schemes regarding McCloud/Sergeant that could impact on the Authority's finances. The revenue budget has been developed with the assumption that Government will bear any costs arising from this;
- the government's optimistic assumptions of high and sustained levels of growth in the council tax base and annual increases to the precept in line with CPI;
- the extension of flexible use of capital receipts (from the sale of assets generated between 1st April 2016 to 31st March 2019) to fund revenue costs of projects;
- the level of pay awards;
- the level of inflation;
- the impact of the BREXIT and future Government austerity measures on the national economy;
- the impact of national projects;

- the actual level of the Council Tax Base in each district which will continue to be affected by the current economic position and the localisation of council tax benefit arrangements;
- the level of business rates income receivable from each district, and
- the level of deficits on the Collection Fund that create a budget pressure to the Fire Authority.

4.3 There is a range of options to be explored and, if necessary, implemented, to meet the demands placed on the budget, including:

- reducing the base budget, through the generation of further efficiency savings, implementing alternative financing options, or reducing services on a risk assessed basis;
- utilisation of balances to meet cost pressures and through other means to offset costs;
- generating additional income, including maximising resources through external funding streams;
- working with other Fire and Rescue Authorities and other key partners to increase collaboration, co-operation and agree actions that will lead to improvements in efficiency and generate cost savings; and
- identifying areas of priority for additional investment if resources are available to achieve ongoing revenue savings (Invest to Save Initiatives).

4.4 In accordance with Part 2 of the Local Government Act 2003, there is a requirement for the Finance Officer to report upon the robustness of the estimates and the minimum level of reserves. In making the statement, the Finance Officer relies on information provided to him by other officers of the Authority, as part of the budget setting process. This process involves reasonable checks and other verification, which are undertaken in accordance with the overall system of internal control to validate the information provided.

4.5 A full risk analysis has been undertaken on the level of general balances and reserves held by the Authority. Further information is given in Appendix D regarding the adequacy of the reserves.

4.6 The Strategic Finance Manager, in his role as Finance Officer, states:

'Based upon the information used in determining this Revenue Budget 2020/2021 report, including specifically:

- the Risk Analysis set out at Appendix C;
- the Earmarked Reserves and Provisions set out at Appendix D, and
- the updated Medium Term Financial Strategy summary set out at Appendix E.

the Revenue Budget is considered robust and the level of reserves is considered to be sufficient for 2020/2021 after an assessment of the financial risks faced by the Authority has been taken into account.'

- 4.7 It is recommended that Members note the updated Medium Term Financial Strategy Statement and the Finance Officer's comments on the robustness of the estimates, the adequacy of reserves and the risks in the Revenue Budget.

5. FIRE AUTHORITY PRECEPT

Council Tax Options

- 5.1 The Government reduced the threshold council tax limit to hold a referendum from 3% back to 2% for 2020/2021. The Localism Act 2011 provides for the provision of referendums to allow a veto of 'excessive' council tax increases. This effectively places a limit on council tax increases and if authorities exceed the government limits, the public will be able to vote to agree or veto any considered 'excessive' increase.
- 5.2 The potential additional costs of a referendum and rebilling would be significant (in excess of £1m). Therefore, any proposal to increase council tax above the Government's principles would need careful consideration as, regardless of the outcome of the vote, there would be costs which could, in effect, negate the benefits from the proposed council tax increase.
- 5.3 Taking these factors into account, alongside the revenue resources, the base budget and efficiency proposals in year, it is proposed that members agree an increase in Council Tax by 1.99%, in order to comply with the council tax 'referendum' regulations.

Calculation of the Precept

- 5.4 The calculation of the Council Tax Requirement (precept) takes into account the Authority's proposed Net Revenue Budget, Government funding and the local share of business rates. Allowance also has to be made for the Authority's share of any surplus or deficit on the five District Council's council tax collection fund and business rates collection fund.
- 5.5 The estimated balances at the year ending 31st March 2020 on the billing authorities' Collection Funds in respect of Council Tax are as follows:

	£
Gateshead	76,029
Newcastle	243,100
North Tyneside	33,374
South Tyneside	10,507
Sunderland	48,620
Total	411,630

- 5.6 The estimated balances at the year ending 31st March 2020 on the billing authorities' Collection Funds in respect of Business Rates are as follows:

	£
Gateshead	52,493
Newcastle	20,688
North Tyneside	(13,370)
South Tyneside	(6,702)
Sunderland	24,596
Total	<u>77,705</u>

- 5.7 Assuming a net budget of £49,961,245 is approved, the calculation of the Council Tax Requirement (precept) is shown in the following table overleaf:

2020/2021	£	£
Fire Authority's Net Budget		49,961,245
Less: Government Funding:		
Revenue Support Grant	(8,939,544)	
Top-Up Grant	(11,457,053)	
SFA Adjustment	(623,056)	(21,019,653)
Local Share of Business Rates		(3,929,071)
		25,012,521
Less: Estimated net surplus on Collection Fund at 31st March 2019 (Council Tax)	(411,630)	
Add: Estimated net surplus on Collection Fund at 31 st March 2019 (Business Rates)	(77,705)	(489,335)
Council Tax Requirement / (Precept)		24,523,186

Council Tax Base

- 5.8 The 'council tax bases' of the five District Councils are used to calculate the proportion of the Fire Authority's total precept to be levied on each Authority. The tax base is the estimated full year equivalent number of chargeable 'Band D' dwellings with two or more liable adults in respect of which tax will be received.
- 5.9 The 'council tax bases' for 2020/2021, as notified to the Fire Authority, and the total precepts proposed to be levied are set out in the table below:

District Council	Council Tax Base	Precept £
Gateshead	52,454	4,404,562
Newcastle	67,429	5,662,013
North Tyneside	61,870	5,195,224
South Tyneside	38,958	3,271,303
Sunderland	71,336	5,990,084
Total	292,047	24,523,186

Calculation of Fire Authority's Basic Council Tax

5.10 The Basic Council Tax for the Fire Authority is calculated by dividing the total precept by the aggregate of tax bases as shown below:

$$\frac{\text{Council Tax Requirement}}{\text{Total Council Tax Base}} = \text{Basic Council Tax (at Band D)}$$

$$\frac{\underline{\pounds 24,523,186}}{292,047} = \pounds 83.97$$

5.11 A Basic Council Tax (at Band D) of £83.97 for the year 2020/2021 represents a 1.99% increase as compared to the 2019/2020 level.

5.12 Based on the Council Tax Requirement of £24,523,186 (known as Item R) and a basic Council Tax of £83.97 (R / T), it is recommended that the Authority adopts the following resolutions:

That for the year ended 31st March 2021:

- (i) the 'council tax base' for the whole of the Authority's area be noted as 292,047 (known as Item T);
- (ii) the 'basic amount of council tax' be £83.97 and the amount of council tax for each category of dwelling be approved as set out below:

Valuation Band	(Proportion of 'Basic Amount')	Council Tax
		£
A	6/9	55.98
B	7/9	65.31
C	8/9	74.64
D	9/9	83.97
E	11/9	102.63
F	13/9	121.29
G	15/9	139.95
H	18/9	167.94

- (iii) Under Section 52ZB of the Local Government Finance Act, the increase in the Authority's relevant basic amount of council tax for 2020/2021 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act (i.e. no referendum is required).
- (iv) Approve that in accordance with Section 40 of the Local Government Finance Act 1992, the billing authorities within the area of this authority be issued with precepts in the amount of £24,523,186 for the financial year beginning 1st April 2020, the amount of the respective precepts to be issued to each billing authority's area in accordance with Sections
- (v) 42A to 48 of the 1992 Act.

