



TYNE AND WEAR FIRE AND RESCUE AUTHORITY

FIRE AUTHORITY MEETING: 19 FEBRUARY 2024

SUBJECT: REVENUE BUDGET 2024/2025 AND MTFS 2024/2025 to 2027/2028

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

1 INTRODUCTION

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

- the Revenue Estimates for 2024/2025;
- the Authority's Council Tax Requirement for 2024/2025;
- the Council Tax Precept required to be levied on the District Councils in Tyne and Wear for 2024/2025, and
- an updated Medium Term Financial Strategy Statement for 2024/2025 to 2027/2028.

1.2 Although the report sets out a balanced revenue budget position for 2024/25, it should be noted that this process has been one of the most difficult in recent times and it is without doubt becoming more and more challenging each year. Unavoidable cost pressures, high inflation, limited revenue grant funding, a grant system that is arguably over complex and a general lack of capital investment in the fire service are all factors impacting on the services this Authority can provide to its community.

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

2 LOCAL GOVERNMENT FINANCE SETTLEMENT 2024/2025

2.1 The Final Local Government Finance Settlement for 2024/2025 was announced on 5th February 2024 and shows an improved position to the Provisional Settlement. The minimum funding guarantee grant will increase from a minimum increase in core spending of 3% in the provisional settlement to 4%, which generates additional funding of £0.562m and there is additional services grant of £0.010m. In total this is additional funding of £0.572m.

2.2 The Government's Core Spending Power (CSP) for Tyne and Wear Fire and Rescue Authority will increase by £3.120m or 5.22% in 2024/2025 with increases seen across most of the resources due to changes announced in the



- settlement. In addition, the government figures assume a Council Tax increase of 3.87%, made up from an increase in precept to the maximum allowed of 2.99% and an assumption that the Authority's Tax Base will grow by 0.88%.
- 2.3 The Government has unexpectedly continued the Service Grant for 2024/2025, although significantly reduced, which has still been allocated based on all authorities SFA's. The Authority will receive an allocation of only £0.109m, compared to £0.629m received in 2023/2024.
 - 2.4 The Government has provided a 4% increase in all local authorities Core Spending Power in 2024/2025 compared to 2023/2024 (known as the Minimum Funding Guarantee grant) before any decisions are taken about the use of reserves, efficiencies and council tax levels. Tyne and Wear along with another 32 Fire and Rescue Authorities will be allocated this funding out of a total of 44 authorities. This shows that CSP for the fire service is well below the national average allocation for 2024/2025.
 - 2.5 The Government's figures therefore continue to include growth forecasts for Council Tax. These increases boost the CSP measure each year and are considered overly optimistic by the Authority. As such, in the planning forecasts used by the Authority, a more realistic growth forecast based on local knowledge is used for service planning purposes.
 - 2.6 The Authority's Settlement Funding Assessment (SFA) allocation will increase by £1.418m in cash terms (+4.67%).
 - 2.7 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 (over a number of years now) in order to protect small businesses from the statutory inflationary increases. The amount has increased higher than expected in the 2024/2025 Settlement mainly due to the fact that the government froze all business rates once more for 2024/2025 and inflation was running at 6.7% (still significantly higher than expected) and has fully compensated local authorities through this grant mechanism for these changes as agreed. The amount for 2024/2025 is £3.217m, an increase over last year of £0.469m to fund the gap. The Authority had already uplifted the previous capped income to £2.802m in its MTFs, so the real net benefit to the Revenue Budget for 2024/2025 from this increase is an additional £0.415m worth of grant funding.
 - 2.8 This improved position however needs to be taken in the context of past settlements as there are still funding inequities in the current system which still need to be addressed. The fact that this is a further one year Finance Settlement with one-off funding included also means that it will make budget planning more difficult compared to a clear and transparent three year settlement that would have been much more helpful to the Authority in planning its services.



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 in February 2024.
- 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 any views of those consulted as they consider the budget proposals and the Medium Term Financial Strategy position.

4 REVENUE BUDGET UPDATE 2024/2025

- 4.1 The 2024/2025 Revenue Budget has been set taking full account of the funding available to the Authority this year. 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 at Appendix E.
- 4.2 Taking the resource position for 2024/2025 in to consideration, allows the Authority to propose a revenue budget for 2024/2025 of £63.373m and a Council Tax Requirement of £28.720m.

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 2024/2025 will increase to 301,966, and is a 1.39% increase (unexpected) from 2023/2024, which alone increases Council Tax precept income by £0.381m. This revised position has been taken into account in the MTFS and budget figures for 2024/2025. There is also a one-off net surplus on the Council Tax Collection Fund for 2023/2024 of £0.528m, which improves the financing of the 2024/2025 budget.
- 5.2 The Authority's local share of business rates income, as notified by the five District Councils within Tyne and Wear for 2024/2025, totals £3.710m. This compares unfavourably to the Government assessed business rates income total of £4.156m included in the settlement. Fortunately, the Authority had planned for a more realistic income collection and will receive an additional £0.216m from the District Councils as their share of the net surplus position of



the business rates element of the Collection Fund for 2023/2024. In total, therefore, the Business Rates income is £0.230m less than the Government's estimate.

- 5.3 Taking all government funding, precept income and the estimated local share of business rates into consideration, it is possible to construct a balanced budget on the assumption that a 2.99% increase in the Precept (within the capping criteria) is approved by Members. The proposed increase in Council Tax in 2024/2025 would result in a 'basic' Band D Council Tax of £95.11 from the previous years' precept of £92.35.
- 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 2023/2024, as summarised at Appendix A;
 - (b) Approve the proposed Revenue Estimates for 2024/2025, as summarised at Appendix A;



- (c) Note the Projected Pensions Account 2024/2025 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 and the proposed movements in 2023/2024;
- (f) Note the updated Medium Term Financial Strategy Statement for 2024/2025 to 2027/2028 detailed at Appendix E;
- (g) Note the Council Tax base of 301,966 (known as Item T) for the year 2024/2025, as notified by the billing authorities within Tyne and Wear under the regulations;
- (h) Approve the following amounts for the Authority for the year 2024/2025 which represents a Band D Council Tax increase of 2.99% for 2024/2025, in accordance with Sections 42A to 47 of the Local Government Finance Act 1992 as amended:
- (i) £70,702,800 - 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) £41,982,814 - 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) £28,719,986 - 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) £95.11 - 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 | 63.41 | being the amount given by multiplying the amount at (iv) |
| B | 73.97 | above by the number which, in the proportion set out in |
| C | 84.54 | Section 5(1) of the Act, is applicable to dwellings listed in a |
| D | 95.11 | particular valuation and divided by the number which that |



E	116.25	proportion is applicable to dwellings listed in valuation
F	137.38	band D, calculated by the Authority in accordance with
G	158.52	Section 47(1) of the Act, as the amounts to be taken into
H	190.22	account for the year in respect of categories of dwellings listed in different valuation bands.

- (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 2024/2025 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 £28,719,986 for the financial year beginning 1st April 2024, 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.



Appendix 1

DETAILED REVENUE BUDGET 2024/2025

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 in February 2024.
- 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 any views of those consulted as they consider the budget proposals and the Medium Term Financial Strategy position.

2. LOCAL GOVERNMENT FINANCE SETTLEMENT 2024/2025

- 2.1 The Final Local Government Finance Settlement for 2024/2025 was announced on 5th February 2024 and shows an improved position to the Provisional Settlement. The minimum funding guarantee grant will increase from a minimum increase in core spending of 3% in the provisional settlement to 4%, which generates additional funding of £0.562m and there is additional services grant of £0.010m. In total this is additional funding of £0.572m.
- 2.2 Based on the Government's Settlement, the key elements for 2024/2025 are summarised below:
 - An increase in the Government's Core Spending Power of £3.120m or 5.22%;
 - An increase in the Settlement Funding Assessment (SFA) of £1.418m or 4.67% in 2024/2025;
 - 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 Grant also now includes the Pensions Grant allocation of £2.593m which was paid to the Authority as specific grant funding in previous years (and as such is not new monies).



Only the Revenue Support Grant will increase by 6.62% in line with inflation continuing the government's policy of providing at least inflationary increases for public sector services;

- Business Rates is forecast at £4.156m, a slightly higher projection than that used by the government in 2023/2024;
- Government's figures include a 3.87% estimated increase in total council tax income for 2024/2025 through growth in the council tax base of 0.88% and an assumed precept increase of 2.99%;
- The Government has unexpectedly continued the Service Grant for 2024/2025, although significantly reduced, which has still been allocated based on the SFA of the Authority. The Authority will receive £0.109m, compared to £0.629m in 2023/2024;
- The Government has provided a 4% increase in all local authorities Core Spending Power in 2024/2025 compared to 2023/2024 (known as the Minimum Funding Guarantee grant) before any decisions are taken about the use of reserves, efficiencies and council tax levels. The Authority will receive £0.689m; and
- The Home Office have notified the Authority of their allocation of fire revenue grants for New Dimensions, Firelink and Protection Uplift for 2024/2025. These have been factored in to the budget.

2.3 It is recommended that Members note the Final Local Government Finance Settlement and the assumptions made at this stage.

3. REVENUE BUDGET 2024/2025

3.1 The 2024/2025 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 main 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 overall have seen a net increase of £0.445m for 2024/2025 largely due to inflationary increases in a number of ICT contracts, increased Fire Link costs, additional training requirements, and additional estates security and maintenance costs.

3.3 Appendix A shows the summary position for the Authority and the detailed budgets. The proposed revenue budget for 2024/2025 totals £63.373m with a 2.99% 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:

Efficiencies



- 3.5 The Authority continues to achieve best value in all that it does and any actions / additional income that it can generate or any budget efficiencies achieved will be used to allow the Authority to redirect its limited resources into service priorities such as its TWFRS25 programme of work.
- 3.6 The Authority was required to publish an Efficiency and Productivity Plan in 2023/2024 as part of the conditions of increasing Council Tax by the flat rate Band D £5 increase. In the Plan, the Service had to meet a minimum target of 2% efficiency savings. This is now an annual requirement that the Authority must comply with as part of the Annual Fire Framework requirements and the Plan will be updated for 2024/2025.

Fire Revenue Grants

- 3.7 The Home Office has advised that they will be continue to allocate New Burdens Fire Revenue Firelink grant funding until 2025/2026 but that this will reduce by 20% each year. The service will receive £0.104m for 2024/2025.
- 3.8 New Dimensions funding for 2024/2025 will continue to be paid in 2024/2025. The grant takes account of the changes to Enhanced Logistics Support (ELS) taking effect from April 2024, with an extra allocation of £0.003m.
- 3.9 The Protection Uplift Grant will reduce to £10m nationally with the allocation for the service for 2024/2025 being £0.179m compared to £0.211m in 2023/2024.

Service Pressures

- 3.10 A number of spending pressures were identified within the MTFs and have been incorporated into the final revenue budget for 2024/2025. These include:
- Pay - A provision of 3% has been built in to the base budget for both grey and green book pay awards. Any pay award in excess of these estimated levels will become a spending pressure for the Authority to manage.
 - National Living Wage (NLW) - The Government implemented the national living wage of £7.20 with effect from April 2016. This has increased annually and the Government announced that it will increase the NLW for individuals aged 21 and over by 9.8% to £11.44 an hour from 1 April 2024. This is a change from the previous age of 23 and over. This does not impact directly on any of the Authority's pay grades. There is the possibility of an upside risk to future pay awards to maintain pay differentials based on the higher NLW increases. This position will be monitored accordingly.
 - Local Government Pension Scheme – The last Triennial Actuarial review of the Local Government Pension Scheme resulted in a revised rate of 17.8% from 1st April 2023. This was a minor reduction from the previous rate of 17.9%. There was also no deficiency payments due. This rate will apply for the three years 2023/24, 2024/25 and 2025/26 with a further review for



2026/27. No new cost pressures are anticipated as a result until 2026/27 at the earliest.

- Firefighters Pension Scheme - All Fire Fighters are now in the 2015 scheme which has a current employer contribution rate of 28.8%. Changes in the employer contribution rates due to be implemented from April 2023 have been delayed to April 2024. The actuarial report shows that the employer contribution rate will rise 8.5% to 38.7% of pensionable pay from 1 April 2024 to 31 March 2027.

The Home Office will allocate grant to mitigate the impact of the increased employer contributions of which the Authority will receive £2.135m. This has been built in to the budget for 2024/2025. This grant is currently only confirmed for one year but the Home Office plan to make a case for this funding to continue in to the next Spending Review.

The specific Fire Pension Grant of £2.6m allocated for the past few years has now been included in the Local Government Finance Settlement as additional Revenue Support Grant.

- Apprenticeship Levy – The Apprenticeship Levy, introduced in April 2017 for large employers (over 250 employees) has been reflected in the base budget since 2017/2018. For Tyne and Wear Fire and Rescue Authority the cost in 2023/2024 continues to be in the region of £0.170m. The Authority has now put effective arrangements in place to fully utilise the government's levy funds made available each year to the Authority and the outcomes were reflected in the 2023/2024 base budget, which has helped reduce the budgeted cost of training for our recruits and other staff. This will continue in the base budget for 2024/2025.
- Energy Prices - Energy and vehicle fuel price increases have slowed down but they are still volatile. Prudent provision has therefore been included for continued annual increases in charges for gas, electricity and vehicle fuel over the medium term. However, it is also important to note that increases continue to be lower than anticipated because of the Authority's highly effective and proactive approach in respect of maintaining focus on reducing carbon emissions and implementing low voltage lighting on its property portfolio.
- General inflation - Inflation has fallen from a peak of 11% to 6.3% but is still considered significantly high. It is expected to fall further by the end of 2023/2024 to 4.5% and continue to reduce towards the government target of 2% in 2024/2025. High inflation impacts on the costs of most of the goods and services the Authority procures. The impact of inflation has been assessed and an amount set aside in contingencies.
- Capital Financing - No prudential borrowing has been included within the medium term financial position at this stage, but the position will be



continuously reviewed to ensure that the future use of resources reflects best value and can be adapted to enable strategic priorities of the Authority to proceed in the future as required. However the current position of using reserves to fund the Authority's Capital Programme in the longer term is not sustainable and borrowing will need to be considered as appropriate as the Authority assumes the government will continue its policy of not providing capital funding to the fire service.

Capital Programme

- 3.11 The 2024/2025 Capital Programme is presented for Members' attention elsewhere on today's Agenda. With no specific capital funding provided by the government since 2014/2015, it is proposed to fund the majority of the Programme through capital reserve and usable capital receipts as well as RCCO. The four year Capital Programme will exhaust the capital reserve and usable capital receipts at which point the Authority will have no option but to consider borrowing.

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 take into account the proposed £0.500m of RCCO in 2024/2025. This allocation may be reviewed during the financial year as required.

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 approximately £4.1million is considered prudent after taking into consideration the following:
- the unknown impact of future government funding settlements 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 cost changes;
 - 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 created by the continuing implications of the EU exit and its impact on both public sector funding and the cost of goods and services;
- continued uncertainty on the amount of business rates allocated from its constituent councils and its appropriateness to adequately fund local government especially in uncertain economic times;
- Any remedy to local authority (including Firefighter) pension schemes regarding McCloud / Sergeant that will impact on the Authority's finances.
- Financial Risks identified in the analysis included at Appendix C.

Minimum Level of General Fund Balances

- 3.15 The estimated balance of the General Fund as at 31st March 2024 and 31st March 2025 is £4.090m. Based on the Financial Risk Analysis attached to this report, a level of uncommitted general balances of £4.1m is considered reasonable. The current balance represents 6.45% of the proposed revenue budget for 2024/2025 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 Financial Risk Analysis. A Statement of the Estimated Earmarked Reserves and Provisions and their planned usage in 2024/2025 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 Finance Director, to ensure they are robust, appropriate and will meet the assessed financial risks of the Authority.
- 3.18 A number of the commitments in the Budget Carry Forward Reserve have now been included in the base budget, leaving an unallocated balance of £0.349m. It is proposed to transfer this to the Development Reserve to support the Capital Programme.
- 3.19 Following a review of the contingency budget for 2023/2024, it is deemed at this point in time that some of the monies set aside will not be required. It is proposed to appropriate £1m of the revenue contingency budget to the Mobilisation Smoothing Reserve to be used towards funding of the new business critical mobilisation system.
- 3.20 It is recommended that the Authority considers the above and approves the proposed revenue estimates for the year ended 31st March 2025 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 2024/2025 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 general economic position and especially the continued negative impact of the pandemic, War in Ukraine, EU Exit, the cost of living crisis and continuation of the high levels of inflation;
 - Specific Fire Revenue Grant announcements and their future but especially Fire Protection Uplift Grant, Building Risk Review, Grenfell Tower Infrastructure and Firelink Grants;
 - Any remedy to local authority (including Firefighter) pension schemes regarding McCloud / Sergeant that will impact on the Authority's finances;
 - Impact of continued higher inflation than government forecasts used to allocate grant funding and the higher costs of goods and services;
 - 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 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 Government plans in relation to any impact of their Fair Funding and Business Rates Retention reviews impacting on settlements beyond 2024/2025;
 - The level of business rates income receivable from each district and unpredictable future income generation;
 - The District Council's Collection Fund projected outturn positions for both Council Tax and Business Rates for 2023/2024;
 - Impact of continued higher inflation and pay awards than Government forecasts used to allocate grant funding;
 - Impact of the anticipated significant increases in costs (both capital and revenue) from the implementation of a new Operating Communications system that will go live in November 2025; and
 - The impact of national projects and any possible implications of a rebalancing of the regions throughout the UK.
- 4.3 There are 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 Finance Director, in his role as Finance Officer, states:

'Based upon the information used in determining this Revenue Budget 2024/2025 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 2024/2025 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 has set the threshold council tax limit to hold a referendum to under 3% for 2024/2025 for this Authority. 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 Band D Council Tax of 2.99%, complying 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 2024 on the billing authorities' Collection Funds in respect of Council Tax are as follows:

	£
Gateshead	14,344
Newcastle	260,956
North Tyneside	212,834
South Tyneside	71,675
Sunderland	(32,097)
Total Surplus	527,712

- 5.6 The estimated balances at the year ending 31st March 2024 on the billing authorities' Collection Funds in respect of Business Rates are as follows:

	£
Gateshead	165,756
Newcastle	102,176
North Tyneside	(52,743)
South Tyneside	(2,764)
Sunderland	3,228
Total Net Surplus	215,653



- 5.7 Assuming a net budget of £63,372,529 is approved, the calculation of the Council Tax Requirement (precept) is shown in the following table set out overleaf:

2024/2025	£	£
Fire Authority's Net Budget Requirement		63,372,529
Less: Revenue Support Grant	(13,471,373)	
Top-Up Grant	(12,713,020)	
SFA Adjustment	(3,216,517)	
Service Delivery Grant	(108,534)	
Funding Guarantee Grant	(689,183)	(30,198,627)
Local Share of Business Rates		(3,710,551)
		29,463,351
Less: Estimated net surplus on Collection Fund at 31 st March 2024 (Council Tax)	(527,712)	
Less: Estimated net surplus on Collection Fund at 31 st March 2024 (Business Rates)	(215,653)	(743,365)
Council Tax Requirement / (Precept)		28,719,986

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 2024/2025, 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	54,041	5,139,840
Newcastle	69,713	6,630,403
North Tyneside	64,471	6,131,837
South Tyneside	39,257	3,733,733



Sunderland	74,484	7,084,173
Total	301,966	28,719,986

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:

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

$$\frac{\underline{\pounds 28,719,986}}{301,966} = \pounds 95.11$$

5.11 A Basic Council Tax (at Band D) of £95.11 for the year 2024/2025 represents a 2.99% increase as compared to the 2023/2024 level.

5.12 Based on the Council Tax Requirement of £28,719,986 (known as Item R) and a basic Council Tax of £95.11 (R / T), it is recommended that the Authority adopts the following resolutions:

That for the year ended 31st March 2025:

- (i) the 'council tax base' for the whole of the Authority's area be noted as 301,966 (known as Item T);
- (ii) the 'basic amount of council tax' be £95.11 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	63.41
B	7/9	73.97
C	8/9	84.54
D	9/9	95.11



E	11/9	116.25
F	13/9	137.38
G	15/9	158.52
H	18/9	190.22

- (iii) Under Section 52ZB of the Local Government Finance Act, the increase in the Authority's relevant basic amount of council tax for 2024/2025 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 £28,719,986 for the financial year beginning 1st April 2024, 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.